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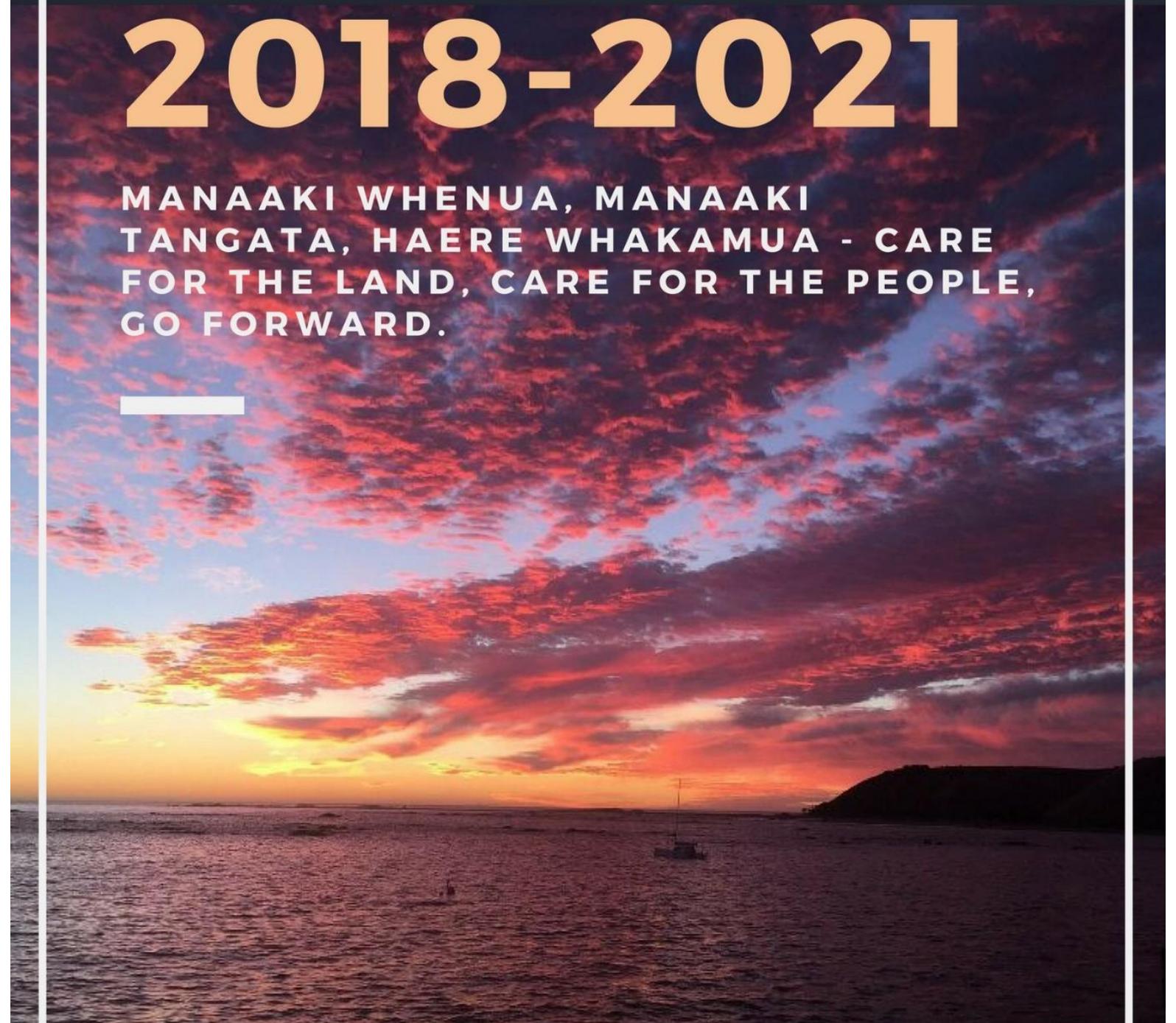


# 3 YEAR PLAN

# 2018-2021

MANAAKI WHENUA, MANAAKI  
TANGATA, HAERE WHAKAMUA - CARE  
FOR THE LAND, CARE FOR THE PEOPLE,  
GO FORWARD.

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## Our Community

The usually resident population of the Kaikoura district dropped 1.9% from 3,621 people in the 2006 Census to 3,552 in 2013. Over the same census period, total population (including non-residents and visitors) fell from 4,884 to 4,467; that's 417 fewer people. Despite this, the number of rateable properties within the Kaikoura district increased markedly over the same period, and the capacity for overnight visitors has also increased.

This suggests four things. We now have a higher proportion of property owners who live outside our district, visitor numbers had dropped (at least at the time the census was taken), our demand for residential development appears to be well-met for the foreseeable future and our small population base means that minor changes in population can have a significant effects on our perceived growth.

At this stage we do not have the latest census information post the November 2016 earthquake but despite building consents still being issued we have assumed that the population has remained fairly static.

Agricultural activities, particularly dairying, but also the potential for vineyards and urban sprawl, can have a large impact on resources (especially water) and impact the size and frequency of traffic on our local roads. We anticipate that approximately 7200km<sup>2</sup> of land area has been directly affected by the earthquake through:

- fault ruptures – horizontal and vertical displacement
- 80,000-100,000 landslides
- slumping and unstable slopes, on what was already steep and broken country
- large-scale soil surface cracking
- bank collapse and lateral spread along waterways
- vulnerability to erosion and washing of sediment into streams and rivers
- dryland hill country farmers are investigating different ways to farm, including alternative land uses for both damaged and undamaged land

It is anticipated that this will lead to land use changes – some farmlands may be converted into wetlands while others may be considered for potential forestry and for the growth of Manuka for honey production.

While we do not expect there to be significant population growth in the term of this Three-Year Plan, some of our services – notably the South Bay harbour – are already struggling to cope with the number of users and the size of some boats. In other words, the past impact of growth is yet to be addressed.



# Foreword from the Mayor and Chief Executive

## Our Three-Year Plan 2018-2021

The Maori proverb “Manaaki whenua, Manaaki tangata, Haere whakamua (Care for the land, care for the people, go forward)” provided the guiding themes for our plan.

We believe this plan provides what’s needed for our people, our environment, our land and the future of our District. It will help us create a district that can live up to the ‘Reimagine Kaikoura’ Recovery plan and move forward as a great place to live, with a strong, well-connected community that is ecologically exemplary and economically prosperous.



Residents and visitors enjoy an improved quality of life in our District.



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



We value, protect and enhance Kaikōura’s unique natural environment and biodiversity and sustainably manage disposal of waste.



Our community is resilient, safe and well and has their essential needs met.



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.



Our community participates in decisions and planning in a way that benefits our future

As part of the plan, Council adopted 6 community outcomes (shown above). These are drawn from Kaikōura’s ‘Reimagine Kaikōura’ Recovery Plan. They will be used by Council to help ensure that the work delivered throughout 2018-2021 supports the growth and development of our ratepayers and our district.

Council is very pleased to have heard from numerous passionate organisations and individuals through 133 submissions on the draft plan. During their deliberations, Councillors considered over 350 issues raised within these submissions. The key areas of interest were the future of our community pool, community facilities and of course the proposed rates rises.

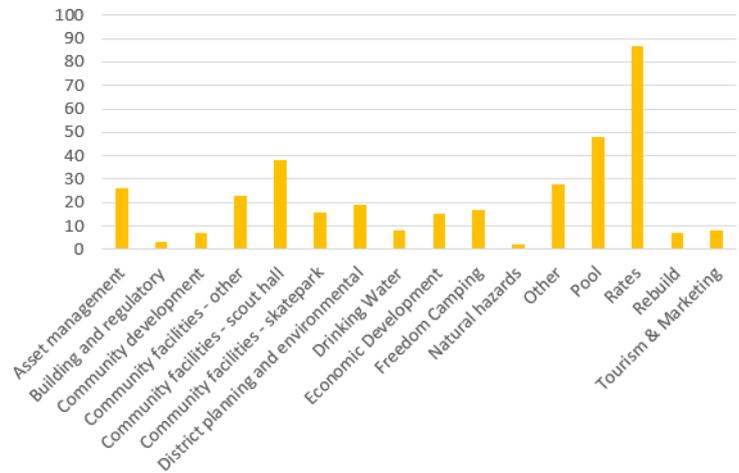
## Changes between the draft and final 3 Year Plans

Some of the changes made as a result of the submissions and deliberations are to:

- use \$600,000 of the forestry reserve to reduce the rates increases faced by ratepayers in year 1 and 2
- seek funding for the upgrade of the Scout Hall to make it weatherproof and safe to use and to work with the dedicated community forum to find a way forward for this much loved and used building (\$225,000)

- provide additional funding to key community areas including
  - \$8,000 for youth
  - \$42,000 for sport and recreation
  - \$147,500 for community facilities / infrastructure
- allocate \$200,000 of additional funding to Councils roading budget to enable Council to respond to effectively to severe weather events without affecting our ability to deliver planned work
- adjust how funding for economic development will be raised. Those ratepayers that Council believes will benefit from economic development pay a larger share.

Number of submissions by general topic



A more detailed summary of all changes is included on pages 9-11.

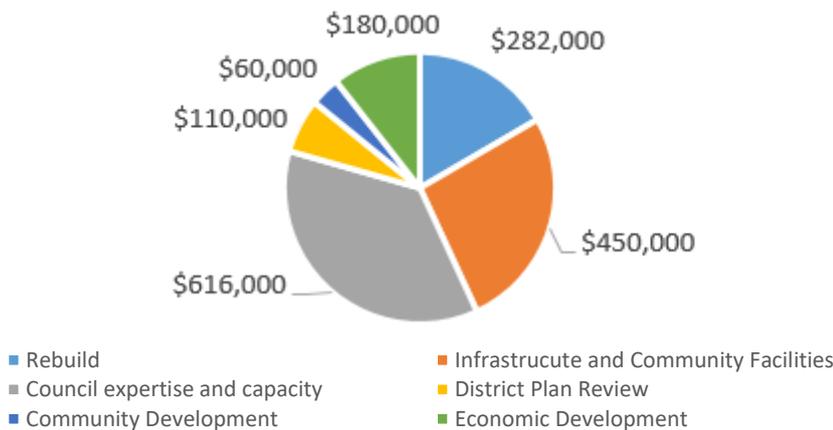
Despite the feedback on the pool, Council did not feel it had the technical and financial information it needs to make an informed decision on plans for a news pool. The decision has been deferred until December 2018 and the pop-up pool will continue to operate in the meantime.

The Council is also in the process of forming a Responsible Camping Working Group to tackle the issue of Freedom Camping in Kaikoura. Relevant information from submissions about Freedom Camping will be passed on to the working group to consider.

### What this means for our ratepayers

The final Three Year Plan has taken community priorities on board and remains positive and forward thinking. It sets big work programmes to tackle some of our Districts' biggest challenges. It's also realistic and honest about what this work will cost our ratepayers.

Additional annual spending by area



In the past Council had moderate rate increases and a corresponding lack of change in the services it delivers.

To improve our services, address deferred maintenance and infrastructure deficits and ensure council has the expertise and capacity it needs to make good decisions and work effectively for the future of our District, Council has to meet additional annual costs of \$1.7million. This means that an increase in rates is unavoidable.

Area of spend	What it will deliver for ratepayers
<b>Rebuild</b>	<ul style="list-style-type: none"> <li>- repairs for earthquake damaged roads and bridges, water supplies, sewerage and stormwater assets</li> </ul>
<b>Council expertise and capacity</b>	<ul style="list-style-type: none"> <li>- improved management of Council assets including the ability for Council to ensure contractors deliver cost effectively and efficiently</li> <li>- improved regulatory services that do more to keep the community safe</li> <li>- improved financial management to ensure ratepayer money is spent effectively and financial decisions are transparent, and plan for the long term</li> <li>- a Council that can make informed decisions about complex issues such as natural hazard</li> <li>- information and engagement on key matters ensuring that community opinions, needs and feedback shapes the work Council does</li> </ul>
<b>Infrastructure and community facilities</b>	<ul style="list-style-type: none"> <li>- safe drinking water and improved infrastructure that meets National Drinking Water Standards</li> <li>- adequately funded maintenance, renewal and upgrades of roads/footpaths, sewer and other assets</li> <li>- community buildings that are safe and well maintained</li> </ul>
<b>Community development</b>	<ul style="list-style-type: none"> <li>- one staff member to replace five externally funded recovery outreach staff, focusing on helping the community with grant applications, connections with support services and organisations and other support.</li> </ul>
<b>District Plan Review</b>	<ul style="list-style-type: none"> <li>- a District Plan that is updated to reflect the changes the earthquake made to our Districts natural hazards and risks</li> </ul>
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>- support for core district priority projects</li> <li>- support for long term sustainable development and investment in the district</li> </ul>

Our district has a small ratepayer base with a lower than average median income and an aging demographic. Rates affordability remains an ongoing significant challenge and was the core dilemma for Council in developing this final plan.

Council has taken several steps to reduce the rates burden.

We worked with the Crown and agencies to secure external funding. As part of the Government's 2018 budget Kaikōura District Council was allocated \$5.3 million of funding over the next two years to help the costs of repair and rebuild work for Kaikōura's drinking water, storm water and wastewater systems, financially assist with funding the final repairs for our harbour and make a partial contribution towards helping our most severely affected residents manage significant natural hazard life safety risks.

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*Rates affordability remains an ongoing significant challenge and was the core dilemma for Council in developing this final plan.*

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Council also adopted a financial strategy that smoothes the introduction of the new higher rates by using cash flow loans to pay for some of the operating expenses in the short term. This is a deliberate temporary move to help our community through the next period of rebuild and recovery, while allowing Council to reset rates to where they need to be.

As mentioned above, Council also agreed to use a \$600,000 of the forestry reserve to reduce the rates increases in year 1 and 2 of the 3 Year Plan.

What this means is that we have been able to fund additional projects like the Scout Hall, provide for future severe weather events without significantly impacting the rates affordability impact to our ratepayers:

Ratepayer	\$ Impact				Average p.a.
	2016/2017	2018/2019	2019/2020	2020/2021	
<b>Residential (Medium value - \$420k)</b>	2,316.37	2,574.97 Increase \$258	2,919.15 Increase \$344	3,140.61 Increase \$221	\$ 275
<b>Commercial (Medium value - \$730k)</b>	6,507.02	6,841.88 Increase \$335	7,410.26 Increase \$568	7,844.33 Increase \$434	\$ 446
<b>Farm (Medium value - \$4m)</b>	7,400.03	7,784.17 Increase \$384	8,471.12 Increase \$687	9,823.98 Increase \$1,353	\$808

### Working for future financial sustainability

We are also undertaking work to review and, where possible, reduce future rates increases. As part of the Government's 2018 budget Kaikōura District Council was provided with funding to work toward becoming financially sustainable.

This work is still in its earliest stages but will include identifying how Council can improve and optimise its financial position. This will include:

- considering if the cost of debt financing could be lowered
- a strategic review of all assets to identify assets which could be divested to build reserves
- ongoing reviews of fees and charges where costs can be passed directly to those who use the services
- investigations to identify new revenue opportunities
- a rating review after the revaluation in November 2018 to make sure that our rating model is equitable and fit for purpose
- an investigation to determine what Kaikoura District Council structure needs to be fit-for-purpose in the future.

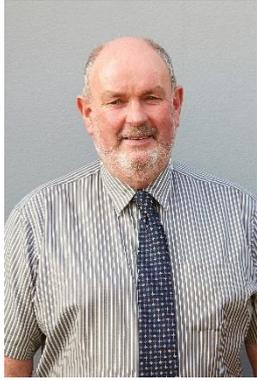
#### Thank you for your support

We are working hard to become an effective, modern Council. For us, this means actively planning to tackle the District's long standing issues, improving the quality of the services Council provides, improving the quality of life for those who live here and taking a forward looking approach to incorporating the four wellbeing's into our work.

We thank the community for engaging with us to develop and finalise this plan. Public meetings and drop in sessions were held throughout the District and the feedback received during the submission process gave Councillors a much clearer picture of your priorities, dreams and aspirations for our District.

We look forward to a busy three years as we finalise our infrastructure rebuild, restore and rejuvenate community facilities, deliver service improvements and help ensure sustainable growth across the Kaikoura District.

Ngā manaakitanga



A handwritten signature in black ink, appearing to read 'Winston Gray'.

Winston Gray  
Mayor



A handwritten signature in blue ink, appearing to read 'A Oosthuizen'.

Angela Oosthuizen  
Chief Executive Officer

# What we're working for - our Community Outcomes

## What we value

Our values are the foundation for all we do. They represent what is important to us as a community. We use community outcome statements to express our values and guided by our values, we are able to make difficult decisions about Kaikoura's future, and formulate the priorities and actions.

This Three-Year Plan is Council's most thorough Plan produced since the earthquake. Its development has involved a review of all spending, fees charged and services provided. We've also spent time working with key local stakeholders to better understand their plans, needs and ideas.

As such, this Three-Year Plan represents a step-change for Kaikoura District Council. It is therefore appropriate to take this opportunity to ensure our vision and community outcome statements are still fit for purpose.

Up until March 2018 Council had two sets of Community Outcomes statements the ones that were set in the 2016/17 "Reimagine Kaikoura Recovery Plan" and those from the 2006 Long Term Plan. Common themes from the two sets of outcome statements were;

- Protecting the environment
- Growth and development
- Access to quality fit for purpose infrastructure, facilities and housing
- A proactive approach to District planning.

## Why have we reviewed our community outcomes?

There are two previous sets of community outcome statements that we have used to inform the development of the community outcomes for the Three Year Plan 2018-2021. These were the set from the 2016/17 'Reimagine Kaikoura Recovery Plan' and the 2006 Kaikoura District Council Long Term Plan. We have now discussed and reviewed these to arrive at the new outcomes below.

The outcome and vision statements developed for the Three Year Plan 2018-2021 have been developed to clarify Council's strategic vision and to guide our decision making.

## What are our new community outcomes?

Community outcome statements are a tool Council can use to measure its performance against its legal responsibilities, community needs and its own strategic goals.

- We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.
- Our community is resilient, safe and well and has their essential needs met.
- Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.
- Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.
- Our community participates in decisions and planning in a way that benefits our future.
- Residents and visitors enjoy an improved quality of life in our District.

## Runanga Engagement

*Kaikōura was named after the explorer Tama Ki Te Rangi who travelled Te Waipounamu in the time of Tamatea Pokaiwhenua. On his way from the North Island, Tama ki Te Rangi stopped in the area now known as Kaikōura and ate some of the kōura that populated the area, over an open fire. From Tama Ki Te Rangi's feast on kōura, the area was named, Te Ahi Kaikōura a Tama ki Te Rangi – the fires where Tama Ki Te Rangi ate crayfish.*

*The Kaikōura area was highly populated in pre-European times. There are more than 14 pā sites on the Kaikōura Peninsula alone. Numerous other pā existed along the southern coast from Kahutara to Tūtae Putaputa, at places such as Peketa, Tahuna Torea, Omihi and Oaro. The special relationship of Ngāi Tahu with the Kaikōura coastal area, Te Tai o Marokura, in terms of cultural, spiritual, historical and traditional associations, is statutorily acknowledged under the NTCSA 1998 (see Section 3.6 Te Tai o Marokura).*

**From Te Puhu o Tohu Raumati – Te Runanga o Kaikoura Environmental Management Plan. December 2005**

Kaikoura District Council has recognised the importance of the Kaikoura takiwa or area to *Te Runanga o Kaikoura*, and as such has fostered the special relationship *Te Runanga o Kaikoura* have with the whenua/land and moana/sea.

As such, Kaikoura District Council invite Te Runanga o Kaikoura to appoint representatives on Community decision making Committees. Those Committees include;

- Kaikoura Earthquake Recovery Committee
- The District Plan Committee
- The Road Naming Committee
- The Hearings and Applications Committee

Kaikoura District Council will continue to build this relationship by initiating two meetings per month.

## Changes as a Result of Community Feedback

The draft Three-Year Plan proposed big work programmes to tackle some of the districts biggest and long standing issues. It also made it clear that delivering these improvements would come at a cost to ratepayers and mean an increase in rates.

Council made extensive efforts to consult openly and transparently with the community about the work, and costs, that were proposed. As a result, Council received over 130 submissions, a 50% increase on previous years and something of a record for our district. During deliberations, Councillors considered over 350 issues. Affordability has proven to be a key issue and Council remains committed to doing everything it can to manage the impact of the plan on ratepayers and make sure that Council delivers the services our ratepayers expect as cost effectively as possible.

Councillors and Council staff have dedicated significant time and energy to ensure all issues raised through submissions have been properly considered and that all options for solutions to the issues were investigated. To ensure Council had the time it needed to complete its work properly - both finalising the plan and setting rates - the adoption of the plan was delayed. This has meant the Council has made the best decision it could in the circumstances. The community has been asking for improvements to Councils services for some time and Council is pleased to have worked on a plan that paves the way for significant change.

### Changes as requested by submitters

Summary of the decision	Change to budget	Funded by
<b>Roading:</b> Provide for emergency works, in roading, in acknowledgement of the increase in weather events and potential for ongoing aftershocks	Add \$200,000 to roading opex budget for all three years	51% funded by NZTA subsidy, 49% roading rates
<b>Parks &amp; reserves:</b> Install another rubbish bin, at a location yet to be confirmed, and to relocate the recycling station currently in the Memorial Gardens	Add \$5,000 to parks & reserves opex in 2018/2019	Funded from general rates
<b>Kaikoura Urban &amp; Fernleigh water supplies;</b> install UV protection as a matter of public health	Add \$6,000 to Urban and \$6,000 to Fernleigh capex in 2018/2019	Kaikoura Urban water annual charge and Fernleigh water unit charge
<b>East Coast rural water supply;</b> defer the capital project to install water treatment on the scheme, pending an investigation into setting up a rural agricultural water supply	Deduct \$109,100 from capital work in 2018/2019	Loan no longer required
<b>Scout (Drill) Hall:</b> Provide for \$225,000 to make the hall weatherproof and safe to use. The Council may consider working with a focused community group to decide ownership options for the Hall.	Add \$225,000 in capex in 2018/2019, delete \$10,000 opex to close and secure	Grants to be sought from all available sources, shortfall of \$20,000 from the Earthquake Recovery Fund
<b>Memorial Hall:</b> proceed with \$1.5 million of capex improvements (\$750k per year 18/19 and 19/20), clarify the availability of material damage funds and any external sources of funding	No change to cost, clarified use of material damage	\$1.19 million available from material damage, balance to be sourced from grants
<b>25 Beach Road (Cuddons/OpShop):</b> reduce capex budget for building upgrade and clarify the use of material damage funds	Reduce capex budget from \$225k to \$200k	Material damage funds held in reserves
<b>Airport terminal:</b> proceed with \$1.16 million capex building repair crossing two years in 18/19 and 19/20, and to clarify funding sources	No change to cost	50% funded from material damage, 50% from loan

<b>Tennis courts:</b> provide to remove, level and seal lower courts and reinstate to tennis courts; multi-use courts will require community fundraising	Increase budget by \$10,000 (to \$10,000) for sealing tennis courts	Funded from Earthquake Recovery Fund
<b>Communications:</b> microphones or a sound system are required for the Council chambers to enhance audio (very difficult to hear)	Add \$2,000 to purchase audio system	General rates
<b>Street lights:</b> contribute to the undergrounding of power cables	Add \$125,000 capex for undergrounding power cables	Loan
<b>Youth Council Coordinator:</b> confirm support for the position by funding the position 100% (had previously needed 50% external funding, which had been withdrawn)	Add \$8,000 for salaries/wages	General rates
<b>Economic Development:</b> confirm support for this new activity, and amend the funding split between rates types	No change to cost (\$180k per annum)	Change funding split to; 60% commercial (was 20%) 40% general rate (was 80%)
<b>Sport Tasman:</b> increased budget for sports coordination to provide for increased hours of work and further programmes, particularly in 2018/2019	Increase opex budget to \$41,500 2018/19 and \$25,000 ongoing	General rates

In addition, funding arrangements with government have been confirmed with some changes to the funding assumptions prepared in the Draft Three-Year Plan.

#### Changes as confirmed by Crown funding agreements

Summary of the change	Change to budget	Funded by
\$2.3M in year one, plus a further \$0.5M in year two, from the Department of Internal Affairs for ongoing natural hazards work and to conduct a financial sustainability review	Add expenses for financial review and change timing of natural hazards to align with funding	Match with grant revenue \$2.3M in 18/19 and \$0.5M in 19/20

#### Corrections and updates to reflect other known changes since the Draft was prepared

Budget adjustments	Change to budget	Funded by
<b>Roading:</b> add budget for NCTIR haul routes to be maintained in 2018/2019	Add \$500,000 to roading opex and \$500,000 to roading subsidies for all three years	100% NZTA subsidy (this work is done at no cost to Council)
<b>Airport:</b> provide for the carryover of \$26,800 unspent from 2017/2018 for sealing turnaround areas	Add \$26,800 to airport capital projects	Funded from reserves
<b>Swimming Pool:</b> reduce budget for Sport Tasman pool management contract (had been increased as an inflationary provision)	Deduct \$2,000 from swimming pool budget	Saving in the uniform annual general charge
<b>Financial Services:</b> remove budget for legal advice for insurance settlement, as all insurance claims have now been settled	Delete \$25,000 from Finance opex budget	Savings in corporate overheads
<b>Traffic Control:</b> Increase revenue to acknowledge the increase in parking infringements issued	Increase revenue by \$35,000 for parking infringements	Savings in commercial rates and general rates

<b>Building Navigator:</b> Move this role from Community & Customer Services to Building & Regulatory to reflect a change in organisation structure	No change to budget (movement between groups of activities)	This position is 100% funded by Lotteries Earthquake grants
<b>District Plan:</b> defer budget for hearing panel legal expenses and independent commissioners, to be more realistic about when these costs will occur	Reduce district plan opex by \$70,000 in 2018/2019	Savings in district planning rate
<b>Economic Development:</b> confirmation from MBIE that grant can be applied to training and leadership support	Provide for \$21,500 revenue from grants	Savings in commercial rates and general rates
<b>Horizontal Infrastructure Rebuild:</b> the rebuild programme is subject to constant review and approval from the Rebuild Steering Group. The timing and costs of the rebuild were updated to the most recent forecasts. The most significant changes were a reduction in contingencies as costs are better known, and the timing of projects spread over a longer time period (but not beyond June 2020)	Various movements in costs and timing	Substantially funded by NZTA, the Crown, MCDEM, and DIA; with Council contribution from earthquake rates & levies, and the balance by loan
<b>Forestry Reserves:</b> apply \$300,000 in years one and two to smooth rates increases in those years; this depletes the forestry fund to \$400,000 which must then be kept for future forestry costs (2021 onward)	Add a transfer from forestry reserves \$300,000 in 2018/19 and 2019/20	Savings in general rates and the uniform annual general charge
<b>Cashflow Loans:</b> adjust cashflow loans to smooth rates increases, now able to hold rates increases to less than 13% per annum	Cashflow loans of \$720,000 2018/2019 \$380,000 2019/2020	Savings in general rates and the uniform annual general charge

## Key Issues

### Rates, financial management and affordability for residents

The rates rise is caused by a combination of earthquake issues and a legacy of underspending on key assets and services.

Historically, Kaikoura has had very low rates. According to Statistics New Zealand in 2017 the national average for rates was \$53.10 per week (\$2,761.20 per year). In Kaikoura it was \$41.48 (\$2,156.97 per year). This low base means that, even with rate rises, our rates will remain similar to other Councils and more in line with the national average.

Where we can, we've kept costs down, sought funding from central government and others and looked at how we can raise new revenue or pass costs on more directly to those who use our services. We believe our plan is well thought out, prudent, affordable and sustainable.

The baseline for our rates take has increased from \$6.1 m in 2017/2018 to \$7.8m in 2018/2019 and increasing to \$8.3m in 2021/2022.

Area	Explanation	Cost per year \$000's
Higher levels of service	Drinking water standards, and poorly maintained facilities, mean it is now essential to increase the standard of our water supplies and our community buildings. Once this work in undertaken, this will ensure compliance with drinking water standards	\$450
Rebuild	Repairing earthquake damaged roads and bridges, water supplies, sewerage and stormwater assets	\$350
Staff/resources	Increased capabilities – particularly asset management, engineering, finance and commercial management, communications, regulatory services, HR and health and safety	\$616
District plan	The District Plan needs to be fully reviewed, including provision for legal advice, hearings and commissioners	\$80
Economic development	A new focus for the district to promote and facilitate investment and core district projects	\$180
Community development	Social recovery is likely to take several years, so this secures an existing position that will no longer be externally funded. This will replace the five externally funded positions that cease midway through year one	\$60
	Total rates increase	\$1,736
Cash flow loans	The Council will need to raise cash flow loans to spread the overall rates increase over two years	\$(758)
	These cash flow loans incur loan interest expense (the amount for 2018/2019 is shown)	\$43
	Total rates increase in dollar terms net of cash flow loans	\$1,021

### Horizontal Infrastructure rebuild (roads and bridges, stormwater, sewer and water supply)

The total horizontal infrastructural rebuild is forecasted to be \$37.9m (excluding earthquake damage to our community facilities). New Zealand Transport Agency (NZTA) funds 95% of the costs of all eligible earthquake related local roading and bridge repairs.

Central Government, represented by the Ministry of Civil Defence and Emergency Management (MCDEM) covers 60% of eligible water, stormwater and wastewater infrastructure costs, and the Crown announced in May that it has added \$5.3 million in funding for three-waters and natural hazards work over the first two years of the Plan. Council and its insurers fund the balance. We're also working with agencies such as the Lotteries Commission, Department of Internal Affairs and Sport Tasman to make sure we get all the financial help we can.

### Improving the quality of our drinking water

In 2016, drinking water contamination in Havelock North made over 500 people unwell, many seriously. The Government launched an enquiry and has indicated it will be strengthening its expectations and guidance around how Councils ensure that drinking water in their district is safe and well treated.

Over the next three years we need to:

- Get the four current boil water notices lifted as soon as possible
- Improve Kaikoura's drinking water systems to comply with the Drinking Water Standards New Zealand.
- Chlorinate all our supplies and introduce UV treatment where necessary
- Ensure we've got the right systems, people and training in place to make sure we can quickly and effectively monitor our water quality and alert residents when things go wrong.

### Rationalising our community facilities

A number of our Council-owned community facilities were damaged by the earthquake. Assessments carried out since the earthquake have found that, as well as repairing earthquake damage, some facilities need improvement work to bring them up to the building code and other standards.

Although Council will receive some funding from our insurers, it will be around \$1.9 million less than the cost of repairing and improving our facilities. Council considered several options and decided on a plan that will allow our community to continue to have useable, safe community facilities without taking on more debt or work than it can sustain.

### Replacing the pool

The Lions swimming pool on the Esplanade was closed in 2016 after it was damaged by the earthquake. Community Recovery Plan consultation in early 2017 showed a strong desire for a new pool facility and for a community hub, although no cost estimates were available at the time. Sport Tasman commissioned an independent pool feasibility study and provided the report to Council in late 2017.

Council is working closely with Sport Tasman to develop all the recent pool-related work to date into a final pool feasibility study. We are committed to developing designs and to consulting with the community about the options to find a long-term solution.

Depending on the final design and location, a new pool may cost between \$6 million and \$14 million. Council expects that for the District to be able to afford this, large amounts of fundraising and external funding would be required. Once built, the cost of running and maintaining a new pool would be passed on to ratepayers and users through both ticket sales and future rates rises. The current feasibility, planning and consultation work is expected to take between 3 and 5 years and require significant fundraising and external funding before any construction could start. In the meantime, we are committed to making sure the community has access to a pool. Council anticipates that it will have all the required information to make a decision in December 2019.

### District Plan review

Our District Plan is now 10 years old and we are now legally required to review it. The natural hazards chapter will be the first chapter to be reviewed. Reviewing natural hazards requires expert advice. Where possible we are working with Environment Canterbury and crown agencies to minimise costs.

### Natural Hazards

Due to the earthquake and related land damage or natural hazard changes Council has identified 14 properties that are likely to be at unacceptably high life risk from adjacent hazards. In addition, about 25 properties at Lyell Creek may be on land that has been damaged so significantly it is now uneconomical to be built on.

The properties themselves may not be substantially damaged, meaning there may be a shortfall between insurance and EQC settlements and the value of the property. Council is not in a financial position to be able to financially assist these property owners. Council will continue to work with various agencies to find a way forward. Regardless of any external assistance, Council still has a duty to ensure the impact of hazards are recognised within the District Plan.

### Economic development

Efforts over the past 30 years to grow Kaikoura have focused heavily on economic growth across industries including tourism and agriculture. Economic development is different. It looks at the bigger picture for Kaikoura, planning where we are going for the next 20 years.

Over the last 30 years, whilst our GDP and house numbers have grown, our population has remained the same. Pre-earthquake, Kaikoura had only 3.3% unemployment – half the national average. Businesses of all sizes struggled with staffing, hindering many businesses and increasing their running costs.

Many local industries are seasonal. We need to create Kaikoura as an all year round destination with sustainable revenue and employment opportunities that help us to retain our innovative and vibrant community. This new role will facilitate and advocate for core district projects.

### Becoming an effective modern Council that delivers quality services

Tackling some of our Districts long standing issues, improving the quality of the services we provide and improving the quality of life for those who live here needs an effective, modern Council.

For your services to improve, we need to pay for:

- a short term increase in spending on our assets to bring things up to the level our ratepayers expect
- a permanent increase to our yearly spend on renewing our roads/footpaths, sewer and other assets to keep our assets in good condition and make sure we don't build up big bills through deferring maintenance.

For Council to do our job the best we can, we need to pay for:

- more staff for our asset management/engineering team, our assets are the biggest part of our responsibilities and our services, we need a team that's big enough to keep them running smoothly
- a new asset management tool/system to help us keep our assets in better condition, notice and fix problems more quickly and save the ratepayer money and hassle

- specialised financial management advice and support to make sure we're complying with our financial strategy and plan and managing our spending effectively
- specialised advice on earthquake issues, that's staff, contractors and consultants who are experts in areas like dealing with natural hazards, providing legal advice about recovery related issues and working with government
- communications & engagement staff to help ratepayers get the information they need, start discussions about big issues and continue to make sure community opinions, needs and feedback shapes the work Council is doing.

Over the next 3 years we'll continue to change our structure and size to keep costs to a minimum while meeting the needs and expectations of our community and delivering quality services.

# Financial Strategy

This financial strategy is vital to ensure that Council sustainably delivers quality services to our community, without placing an unnecessary rates burden on ratepayers.

The financial challenges facing the Council post-quake are substantial. This strategy also considers whether the financial plans and mechanisms to deal with these challenges are affordable, prudent and sustainable for our Council and our community.

The strategy outlines the key strategic drivers, the financial parameters and limits that the Council will operate within. This strategy sees our debt levels increase, requiring our debt limit to also increase during the three-year period, as we endeavour to support the infrastructural rebuild and community facilities.

It is Council's view that this financial strategy is prudent and sustainable.

If Council were to fund all of the increased operational costs and rebuild associated with the earthquake in one year, Council acknowledges that rates increases would be substantial. As such Council had to carefully review levels of service provision and associated costs (operational and capital). It also reviewed what financial mechanisms could be used to smooth rates increases.

## Strategic drivers

This financial strategy plans for our community to be in the position, by the end of 2021, where:

- Current levels of service are maintained, and asset renewals are planned at a more appropriate level so as to ensure assets are not deteriorating
- The infrastructure rebuild has been completed within the three-year plan period
- A more resilient sewerage main has been constructed as part of the rebuild
- Frequently used local bridges are improved to address safety issues
- Critical repairs have been done to all core community facilities
- In-depth community consultation is still required to take place with regard to an indoor pool complex, and feasibility studies undertaken during 2018/2019. Concept designs, including identifying a suitable site, and then detailed designs, will need to be produced in 2019-2021, with construction not expected to commence before 2021/2022 (outside the Three-Year planning period).
- Council water supplies have been upgraded to comply with new drinking water standards

In order to achieve this position by 2021, the Council's key financial strategy is to ensure;

- Council's total debt is no more than \$15 million. Debt is planned to reach \$10 million, but the additional capacity has been factored in to allow for flexibility in the event of a disaster. It is based on 175% of total revenue of approximately \$8 - \$9 million (our average income in a "normal" year).
- Council's loan interest expense will be no more than 10% of total revenue
- Cash flow loans will be used to pay for operational expenses as a tool to smooth the rates requirement
- Earthquake-related loans will be repaid within 30 years (the balance of loans to be repaid within 20 years)

- External funding will need to be sourced for the integrated sports hub and swimming pool, and also the upgrade of the Memorial Hall, in order for those projects to commence
- Council will review its properties and assets, with the intention to either increase revenues from those properties or sell those which are not meeting targeted returns
- The Statement of Financial Position forecasts negative cash balances in years two and three of the Three-Year Plan, however surplus properties will be sold in a planned divestment strategy, so as to alleviate pressure on cash, and these sale proceeds have not been factored into the balance sheet until returns are able to be estimated.
- More sources of revenue are found; including grants & subsidies, user fees, contributions from key stakeholders, etc.

## Key Financial Issues

### Horizontal Infrastructure Rebuild

Our Council is facing a sizeable horizontal infrastructure rebuild of \$37.9 million. This is significant – not just for the Council but for the community as well.

	Total Rebuild estimate \$000s	Spent as at 30 June 2018 \$000s	2018/2019 \$000s	2019/2020 \$000s	2020/2021 \$000s
Project management	1,796	715	762	319	-
Water supplies	3,468	2,772	390	306	-
Stormwater	740	109	621	10	-
Wastewater	11,013	3,480	7,037	496	-
Roading	2,491	11,220	5,454	5,817	-
	39,508	18,296	14,264	6,948	-

*The above table includes operational costs such as project management and temporary repairs; not just capital projects.*

While subsidies and funding assistance (particularly from the government and NZTA) are substantial, the Council is likely to be facing a shortfall of around \$5 million for roads, water and sewerage rebuild, and a further \$1 million for community facilities – excluding the indoor swimming pool. To mitigate the financial impact, the Council will be funding the cost of the capital projects over 30 years.

### Other key Issues

The Council is facing a legacy of under-investment in asset renewals, property maintenance, asset management capabilities and inadequate resourcing. In order to address that under-investment, and provide sustainable levels of service into the future, the Council is reframing itself as a modern territorial authority. This means there is an increase in the cost of doing business; improved asset management and estimated renewals, additional resourcing to deal with the consequences of the earthquake and ensuring improvement in operational processes.

Areas of improvement include;

- Strategic financial management
- Addressing the under-resourced Infrastructure and Operations Team
- Investment in community development to support social recovery issues
- Improved asset management and increased asset renewals to address and remediate infrastructure deficits
- Addressing increasing compliance standards e.g. Drinking Water Standards

- Increased focus on economic development
- Communications & engagement staff
- Assistance in dealing with complexity of issues & financial sustainability

#### Capital projects to renew existing assets

The November 2016 earthquake caused substantial infrastructural damage, and a significant portion of the earthquake repairs and remediation is dedicated to maintaining current levels of service.

Group of Activities	2018/2019 \$000s	2019/2020 \$000s	2020/2021 \$000s
Roading	283	625	644
Water supplies	22	422	435
Wastewater	20	80	20
Stormwater	10	10	11
Refuse & recycling	8	265	266
Community facilities	920	581	581
Leadership & governance	48	53	58
Community services	26	26	27
Horizontal infrastructure rebuild	13,249	8,369	-
	14,585	10,431	2,042

#### Capital projects to improve levels of service

Some projects will improve the service provided, such as improving drinking water quality by installing new or upgraded treatment systems.

Group of Activities	2018/2019 \$000s	2019/2020 \$000s	2020/2021 \$000s
Roading	152	29	29
Water supplies	239	371	157
Refuse & recycling	311	-	-
Community facilities	975	750	-
Commercial properties	200	-	-
Leadership & governance	40	41	42
Community services	2394	400	-
Horizontal infrastructure rebuild	152	29	29
	4,310	1,590	228

#### Capital projects to meet demands from growth

Some projects are intended to provide for demands from an increase in population.

Group of Activities	2018/2019 \$000s	2019/2020 \$000s	2020/2021 \$000s
Roading	100	51	53
Stormwater	0	100	0
Community facilities	951	21	421
Horizontal infrastructure rebuild	100	51	53
	1,051	172	474

### Asset sales

The Council will undertake a strategic review of its assets during 2018/2019. This is to determine which properties are strategic versus which properties should be divested so their sale proceeds may be used to repay other debts, or be set aside for future asset purchases.

The Council is also considering the sale of any unused and/or surplus sundry land holdings (such as road reserves) with the intention to sell these if the Council gets a fair price. This will effectively assist in reducing debt.

### Financial limits on rates and debt

#### *Limits on rates increases*

In the last LTP 2015-2025, the Council was aiming to cap annual rates increases to no more than the Local Government Cost Index (LGCI) plus 3%. This self-imposed limit had been in place since 1 July 2012 (the 2013 financial year and the first year of the Long Term Plan 2012-2022).

In this Three-Year Plan the Council faces an increase in costs of over \$1.7million; this is a new cost baseline that does not disappear once the rebuild is complete.

In response to public feedback on the proposed rates increases, the Council has opted to cashflow loan the first two years of the Three-Year Plan, but to repay those cashflow loans over five years. This keeps the rates increase in year one at 12.4%, year two at 13.3% and year three at 10.0%. The actual limits in the table below are slightly higher than this, to allow for changes in the rates database.

Current forecasts suggest that rates increases beyond the Three-Year Plan will then be maintained at less than 5% per year.

#### *Limits on total rates*

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Rates % increase	5.8%	14.0%	14.0%	10.0%	5.0%	5.0%
Rates \$ limit	6,120m	6,977m	7,954m	8,749m	9,186m	9,646m

### Balanced budget

Having a balanced budget means having sufficient operating revenue to cover operating expenses. While the Three-Year Plan forecasts significant surpluses in years 2018/2019 and again in 2019/2020, in reality these surpluses are due to the substantial grants and subsidies we anticipate receiving from NZTA and the government to assist with rebuilding our earthquake damaged roads, water and sewerage assets. Without these grants and subsidies, the Council would not have a balanced budget (operating revenue would be less than operation expenses). In order to achieve a balanced budget, the Council would need to set the rates increase to circa 28%.

Instead, the Council will smooth the rates increases to ensure that the rates increases remain affordable to our community. This means that the Council will be utilising cash flow loans to pay for operating expenses. This is a temporary measure, to see the community through the tough period of the rebuild, while resetting our new baseline to address the legacy of under-investment in assets and resources.

These cash flow loans are being applied to the following:

- Recovery resourcing

- Funding shortfalls on rebuild resource
- Resources as a consequence of the earthquake
- Resources and expenditure to effect improvements in asset management and associated renewals, health and safety, human resources
- Strategic financial management
- Adequately resource infrastructure and maintenance
- Address prior infrastructure deficits
- Increasing compliance e.g. Drinking Water Standards
- Communications & engagement

The Council's ability to have a balanced budget is also influenced by the decision not to fund depreciation. Depreciation is an operating expense, although it has no cash impact. The Council takes the view that it will not fully fund depreciation, because we do not see any point in unnecessarily accumulating funds when there are other options for funding renewal and/or capital work.

Instead the Council considers that, when assets do need to be replaced, we will seek alternative sources of funding such as grants or subsidies in the first instance, or raise loans if no other funds are available. Rates may be used to fund the net cost of renewals on an ongoing basis provided the annual renewal cost is equal to or less than the annual depreciation for that asset category.

#### Repayment of cash flow loans

As the cashflow loans will be used to fund operating expenses, repayment of them in a structured way is very important to ensure that the financial approach is prudent and sustainable.

#### Repayment profile

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Loan principle	10	164	306	312	345	20
Loan interest	46	53	50	31	12	1

This essentially means that financial discipline to repay the loans as planned, as well as stringent budget control, are important as smoothing the rates increases to maintain affordability locks in future rate increases. Any future projects not provided for within this Three-Year Plan will need to be carefully considered before incorporating into future plans and budgets.

These financial forecasts represent a conservative view, in that no provision has been made for potential assets sales or new revenue streams.

#### Limits 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, interest expenses would remain less than 10% of total revenue provided the interest rate is less than 7% overall.

#### External environment, economy and context

We begin this Three Year Plan (2018-2021) as our community transitions post-earthquake from a recovery mode to our new normal. We still have a large proportion of our residents and businesses finalising their scope of works for their rebuild and finalising their insurance settlement process.

In 2017 the isolation caused by the State Highway closures had a dramatic impact on our local economy with businesses applying for wage subsidy support and their recovery grants. Since the finalisation of the remediation of the harbour and the opening of State Highway One (north and south) we have seen tourism slowly recover.

Tourism spend dropped sharply from 2016 from \$121m to \$76m in 2017. While the state highway is now open 24hrs a day, north and south, it remains vulnerable to severe weather events and the impact of intermittent closures has impacted the economic recovery process.

### Changes in population

The usually resident population of the Kaikoura district dropped 1.9% from 3,621 people in the 2006 Census to 3,552 in 2013 (per latest census data available). Over the same census period, total population (including non-residents and visitors) fell from 4,884 to 4,467; that's 417 fewer people. Despite this, the number of rateable properties within the Kaikoura district increased markedly over the same period, and the capacity for overnight visitors has also increased.

Since the November 2016 earthquake there has been an influx of road remediation contractors and the establishment of a NCTIR village of 300 workers. The change in demographics and resident population change is only temporary and will vary over the rebuild period.

At this stage we do not have the latest census information post the November 2016 earthquake but we have assumed that population has remained fairly static.

### Visitors

While we anticipate very little residential subdivision activity over the life of this Three-Year Plan, there are a number of tourism-related developments that may be poised to commence as soon as confidence returns to the economy. As indicated above tourism spend dropped off markedly post the November 2016 earthquake and confidence is returning slowly.

The remediation of the harbour on 14 November provided for certain enhancements in that it provided berthage for larger vessels, a tender cruise-ship terminal to allow for safer disembarking of cruise passengers. This will grow tourism further as we anticipate the arrival of some larger cruise liners to our harbour.

With opening of the road and as the resilience of the road improves, we anticipate that confidence will return and we will return to pre-quake visitor levels. As the NZTA improvements are also delivered over the next year we also anticipate that this will attract further visitors and that we will growth over the next three years. It is difficult to predict what that growth will look like.

### Changes in land use

#### Rural Land Use

Agricultural activities, particularly dairying, but also the potential for vineyards and urban sprawl, can have a large impact on resources (especially water) and impact the size and frequency of traffic on our local roads. We anticipate that approximately 7200km<sup>2</sup> of land area has been directly affected by the earthquake through:

- fault ruptures – horizontal and vertical displacement
- 80,000-100,000 landslides
- slumping and unstable slopes, on what was already steep and broken country

- large-scale soil surface cracking
- vulnerability to erosion and washing of sediment into streams and rivers
- dryland hill country farmers are investigating different ways to farm, including alternative land uses for both damaged and undamaged land

It is anticipated that this will lead to use changes – some farmlands may be converted into wetlands while others may be considered for potential forestry and for the growth of Manuka for honey production.

While we do not expect there to be significant population growth in the term of this Long Term Plan, some of our services – notably the South Bay harbour – are already struggling to cope with the number of users and the size of some boats. In other words, the past impact of growth is yet to be addressed.

### Commercial activity

Although several developments have been mooted for some time, such as Whale Watch Kaikoura's proposed visitor centre, hotels, and even potentially new land-based activities, the isolation caused by the extended and intermittent road closures, most commercial operators have decided to delay any potential upgrades for the duration of this Three Year Plan. In the period since the consultation document was released, there has been an announcement of a consent having been granted for a new hotel in Kaikoura, and this may boost confidence again for other new developments.

### Securities for borrowing

Like any other borrower, the Council has to offer lenders some security, and like most other Councils, we secure our debt against our rates revenue. Council has in place a borrowing facility with the Bank of New Zealand, secured by negative pledge. The full policy on giving securities can be found in the liability management policy on Council's website [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz).

### Managing our investments

#### *Investments in subsidiaries*

The Council owns 100% of the Kaikoura Enhancement Trust (KET), which in turn owns 100% of Innovative Waste Kaikoura Ltd (IWK). The reasons for holding the equity interest in these companies and trusts is principally to achieve efficiency and community outcomes; not to receive a financial return on investment.

IWK manages the landfill and resource recovery operations, deliver recycling services, and in 2015 was contracted to provide public toilet cleaning services within the district and maintenance for Three Waters. Council is in the process of determining the life of the landfill given the impact of earthquake demolition waste on the remaining life of the landfill. The future of the landfill and the setup of a transfer station will be a significant project for Council going forwards.

KET is a charitable trust established for the purpose of progressing environmental projects and accessing external funds to achieve that goal.

### Cash & term deposits

Generally, the Council's cash management practices are to invest cash in term deposits whenever there are surplus balances left over, having met all short term commitments. Cash balances are held at an appropriate level to support the balance of special funds and reserves – although from

time to time some of this cash may be used to reduce external debt, but only for short term cash management purposes.

#### Leased properties

The Council owns three key investment properties.

##### *Commercial building at 25 Beach Rd*

Council purchased this property in 2004 because at the time it was the site most favoured to house the Kaikoura Museum. It has been poorly maintained ever since, and will be brought up to building code in 2019.

##### *Fisheries at Wakatu Quay*

Council owns the land and buildings at the North Wharf formerly occupied by Pacifica Fisheries. Council will review its ownership and/or potential lease opportunities as part of a strategic asset review in 2018/19.

##### *Former Council offices on the Esplanade*

The status of the Esplanade office building will be assessed as part of the strategic asset review. In the meantime, rather than undertake substantial repairs, the building will be secured and closed.

#### Forestry

The Council owns a small pinus radiata forest on freehold land at South Bay. It also owns an 11.5% share in the Marlborough Regional Forestry joint venture, with the Marlborough District Council as the other major shareholder.

Historically the Council's forestry assets were the Council's key investments, and have 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.

For this reason, the target return on investment for the South Bay forest is balanced over a ten-year period. 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). This will be considered as part of the strategic review of assets.

#### Shares in Civic Assurance

Council owns 10,000 shares at a cost of \$9,000 from Civic Assurance.

#### Targeted return on investments

Our Investments	Principal reason for investment	Annual targeted net return
Shareholding in subsidiaries	Innovative Waste Kaikoura Ltd; efficiently manage landfill and recycling facilities and progress environmental projects  Kaikoura Enhancement Trust; source external funding to progress environmental projects	> 2% return on equity
Cash & term deposits	Cash management	> 2%

Leased properties	Optimise value and return, with sale of properties to be used to realise strategic objectives	25 Beach Rd = NIL 34 Esplanade = NIL Wakatu Quay > 5%
Forestry – South Bay	Generate cash surpluses after having covered all costs associated with the activity	> \$30,000 within a 10 year period
Forestry – Marlborough Regional Forestry joint venture	Generate cash surpluses. These will be used to offset the rates requirement in years One and Two of the Three-Year Plan	2019 > \$290,000 2020 > \$180,000 2021 no return forecast

# Revenue and Financing Policy

## Objective

*Provide the funding mechanisms to ensure the equitable distribution of costs to those who benefit, and to provide for the financial sustainability of the activities undertaken.*

## Financial management

The Kaikoura District Council will ensure that each year's projected revenues are set at a level sufficient to meet that year's projected operating expenses. In other words, it will aim to produce a balanced budget.

The Council will manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The Council will make adequate and effective provision to meet the expenditure needs of the district, which have been identified in its Long-Term Plan, and in its Annual Plan where applicable.

In determining the sources of funding which will be used, in relation to each activity to be funded, the Council has considered;

- (a) The community outcomes to which the activity contributes; and
- (b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- (c) The period over which those benefits are likely to occur; and
- (d) The extent to which the actions (or inaction) of any individual or group may contribute to the need to undertake the activity; and
- (e) The costs and benefits of funding the activity from other activities

Appendix A is a summary of the Council's considerations on these matters.

Having considered the most appropriate sources of funding in relation to each activity, the Council has then considered 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.

## Funding of operating expenses

The Council's policies and practices as regards the funding of its operating expenses are set to ensure that it complies with applicable legislation and generally accepted accounting practice.

In general terms the Council will use a mix of revenue sources to meet operating expenses, with major sources being general rates, targeted rates, subsidies, and fees and charges. The Council recognises that there are certain circumstances that may allow it to seek alternative sources of funding, and these alternatives will be explored wherever possible.

The following sources of revenue are applied to the Council's operational activities, in order of preference from left to right:

Significant activities	Fees & charges	Grants & subsidies	Interest & other	Targeted rates	General rates
Roads & bridges		✓	✓	✓	
Footpaths & cycleways		✓		✓	
Streetlights		✓		✓	
Water supplies	✓	✓		✓	
Sewerage	✓	✓		✓	
Stormwater	✓	✓		✓	
Refuse & recycling		✓	✓	✓	✓
Parks & reserves	✓	✓		✓	✓
Community property	✓	✓	✓	✓	✓
Airport	✓				✓
Harbour activities	✓			✓	✓
Leased property	✓		✓		
Forestry			✓		✓
Governance	✓	✓			✓
Support services	✓	✓	✓		
Communications	✓	✓			✓
Library services	✓	✓			✓
Building control	✓				✓
Traffic control	✓			✓	✓
Dog & stock control	✓			✓	✓
Liquor licensing	✓			✓	✓
Civil Defence		✓			✓
Environmental health	✓			✓	✓
Community services		✓			✓
District planning	✓			✓	
Statutory planning	✓				✓
Environmental planning	✓	✓			✓
Tourism & marketing	✓	✓		✓	
Economic development	✓	✓		✓	✓
Community grants		✓	✓	✓	✓
Earthquakes and other emergency events		✓		✓	✓

## Basis for selection of mechanisms to fund operating expenses

**Fees & charges** are used for services where there is a benefit to an individual. If it is possible to efficiently charge a fee, the Council does so on the basis of either recovering the full cost of the service, the marginal cost added by users, or a rate that the market will pay. The market rate becomes an issue to limit the potential for charging, and applies to circumstances where the Council believes that a charge set too high will reduce use and therefore diminish the value of the facility to the community, such as library fees.

**Grants & subsidies** are used where they are available.

**Interest & other revenue** includes logging sales, petrol tax, environmental levies and rental revenue, and is used to;

- offset operational expenditure of the specific activity generating the revenue
- increase the size of the capital base of the specific activity generating the revenue
- offset the cost of provision of other services or activities.

**Targeted rates** are used to fund services where the Council believes there is a public benefit, and that benefit or service is limited to a geographical area, such as properties within a water scheme area, or to a demographic type of property, such as to commercial properties and visitor accommodation. Targeted rates may also be used to separately identify a particular activity for transparency, such as the roading rate and the Kaikoura Hospital uniform charge. Where a targeted rate is used to fund or partially fund any significant activity, the revenue is only to be used for that activity and a special fund or reserve will be established to isolate that revenue from general funds.

**General rates** are used to fund public benefit services, even though it may not be to the whole community. General rates typically fund "public goods" for which there is no practical method for charging individual users.

In this policy, general rates includes the general rate, which is calculated based on the capital value of the rateable property, and the uniform annual general charge, which is a fixed amount per rateable property.

Note that development contributions, although intended to fund capital expenditure, can also be applied to loan principal and interest expense, where the loan has been raised to undertake capital works for which a development contribution has been calculated. The Council will use development contributions to fund interest expense, where this is the case.

## Funding of capital expenses

The Council's policies and practices as regards the funding of its capital expenditure are set to ensure that it complies with applicable legislation and generally accepted accounting practice.

In general terms the Council will use a mix of funding sources to meet capital expenditure, with major sources being targeted rates, financial/development contributions, borrowings, reserves (particularly depreciation reserves) and funding assistance such as grants and subsidies. Funding from general rates is applied to specific activities, such as community facilities.

The following sources of revenue are applied to the Council's capital programmes, in order of preference from left to right:

Significant activities	Grants & subsidies	Dev. cons	Reserves & property sales	Term loans	Rates (general or targeted)
Roads & bridges	✓	✓	✓	✓	✓
Footpaths & cycleways	✓	✓	✓	✓	✓
Streetlights	✓	✓	✓	✓	✓
Water supplies	✓	✓	✓	✓	✓
Sewerage	✓	✓	✓	✓	✓
Stormwater	✓	✓	✓	✓	✓
Refuse & recycling	✓		✓	✓	✓
Parks & reserves	✓	✓	✓	✓	✓
Community property	✓	✓	✓	✓	✓
Airport	✓		✓	✓	✓
Harbour activities	✓		✓	✓	✓
Leased property	✓		✓	✓	
Forestry	✓		✓	✓	
Library services	✓		✓	✓	✓
Vehicles, furniture and equipment	✓		✓	✓	✓
Earthquakes & other emergency events	✓		✓	✓	✓

## Basis for selection of mechanisms to fund capital expenses

**Grants & subsidies** are used where they are available.

**Development contributions** (Dev. Cons) fund capital projects included in the Development Contribution Policy, and to the cost of servicing debt that has been raised to undertake those projects.

**Reserves & property sales** may be used to fund capital works or to repay debt.

**Term loans** (borrowing) may be used to fund capital works where the only other alternative is rates. The Council is aware, however, that it does not have unlimited capacity to borrow, nor does the community have unlimited capacity to service debt. All borrowing is therefore subject to the limits set by the Councils Financial Strategy.

**Rates** (whether general rates or targeted rates) will be used in an ongoing replacement programme and may be used to fund a portion of the capital work. This will be balanced against the affordability of the current ratepayer, and the extent to which the capital or renewal work is even over the period of the plan.

The following pages demonstrate, in relation to each activity, an analysis of who most benefits from the provision of each activity, the extent to which these groups or individuals benefit, and the community outcomes to which each activity relates. This explains why the Council has chosen the funding mechanisms it has, and why it is appropriate for each activity.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Roads & bridges	<ul style="list-style-type: none"> <li>Community is resilient, safe and well and essential needs met</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	100% community as a whole, on a property basis	Maintenance annually, capital work over the life of the asset	Development places extra demands on the existing infrastructure, as does heavier traffic resulting from land use such as forestry and dairying.	User fees are not practical. Subsidies are available for operating and capital work. Loans and development contributions are appropriate for capex. Depreciation reserves are held for renewal projects.
Footpaths & cycleways	<ul style="list-style-type: none"> <li>Community is resilient, safe and well and essential needs met</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	100% community as a whole, properties in the urban area have the greatest benefit, then semi-rural, then rural properties	Maintenance annually, capital work over the life of the asset	Development places demands to extend infrastructure, as does increased visitors and expectations for improved access using sustainable transport.	User fees are not practical. Subsidies will be sought wherever possible. Loans and development contributions are appropriate for capital work.
Streetlights	<ul style="list-style-type: none"> <li>Community is resilient, safe and well and essential needs met</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	100% community as a whole, properties in the urban area have the greatest benefit, then semi-rural, then rural properties	Maintenance annually, capital work over the life of the asset	Development places demands to extend infrastructure.	User fees are not practical. Partial subsidies are available for operating and capital work. Loans and development contributions are appropriate for capital work.
Water supplies	<ul style="list-style-type: none"> <li>Community is resilient, safe and well and essential needs met</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	100% water consumers	Maintenance annually, capital work over the life of the asset	Extraordinary users on the Kaikoura supply are metered so consumption can be assessed and invoiced. All properties connected to a water supply can be identified and contribute to costs.	Meters are expensive to install and maintain. Loans and contributions are appropriate for capex. Depreciation reserves are held to fund capital renewal projects. Grants are applied for wherever possible.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Sewerage	<ul style="list-style-type: none"> <li>Community is resilient, safe and well and essential needs met.</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> <li>Value, protect and enhance our unique natural environment</li> </ul>	100% properties connected to (or able to be connected to) the Kaikoura sewerage system, both on a per property and a per pan basis	Maintenance annually, capital work over the life of the asset	Development places demands to extend or increase the capacity of existing infrastructure. All properties connected to the Council sewerage system can be readily identified and contribute to costs.	User fees are not practical. Loans and development contributions are appropriate for capex. Depreciation reserves are held to fund capital renewal projects. Grants are applied for wherever possible.
Stormwater	<ul style="list-style-type: none"> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> <li>Value, protect and enhance our unique natural environment</li> </ul>	100% properties within the Kaikoura urban area (which includes Ocean Ridge).	Maintenance annually, capital work over the life of the asset	Development places demands to extend or increase the capacity of existing infrastructure.	User fees are not practical. Loans and development contributions are appropriate for capex. Depreciation reserves are held to fund capital renewal projects. Grants are applied for wherever possible.
Refuse & recycling	<ul style="list-style-type: none"> <li>Sustainably manage disposal of waste</li> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> <li>Value, protect and enhance our unique natural environment</li> </ul>	100% community as a whole, but only some properties receive the kerbside recycling collection.	Maintenance annually, capital work over the life of the asset	Retail shops, dairies, food premises, etc, create the need for rubbish bins to be provided in public places. Properties in Kaikoura township, Ocean Ridge and Oaro receive kerbside collection services.	Landfill charges are collected by Innovative Waste, the landfill operator.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Community property	<ul style="list-style-type: none"> <li>Community facilities are accessible, cost effective and able to withstand natural hazards</li> <li>Residents /visitors enjoy and improved quality of life in our district</li> </ul>	30% individuals and identifiable groups (such as elderly housing tenants, hall hirers, and swimming pool users), 70% community as a whole (museum, library and civic offices)	Maintenance annually, capital work over the life of the asset	This varies according to the nature of the property.	Hall hires and swim fees would be unaffordable if expectations were to cover all costs. Housing for the elderly is self-funding.
Parks & reserves	<ul style="list-style-type: none"> <li>Community properties are accessible, cost effective and able to withstand natural hazards</li> <li>Residents /visitors enjoy and improved quality of life in our district</li> <li>Value, protect and enhance our unique natural environment</li> </ul>	75% community as a whole, 25% user fees & charges (via lease fees, rentals, etc). Clubs and organisations through leasing of specific reserves.	Indefinitely	There is a public expectation for parks & reserves, sports clubs rely upon grounds for their sporting pursuit, public toilets and public car parks are necessary for visitors	User fees are only an option where reserves are leased. Grants will be sought wherever possible. Development contributions and loans are appropriate to fund capital work and/or new parks and reserves
Library services	<ul style="list-style-type: none"> <li>Community facilities are accessible, cost effective and able to withstand natural hazards</li> <li>Residents /visitors enjoy and improved quality of life</li> </ul>	75% community as a whole, on an equal basis, 25% individuals on a user pays basis.	The lifetime of the library collection	Library users contribute 100% to the need for this activity, but it is not equitable to fund this on a user-pays basis.	Grants & donations are sought wherever possible.
Airport	<ul style="list-style-type: none"> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	100% individuals or identifiable groups, on a user pays basis	Maintenance annually, capital work over the life of the asset	The commercial sector benefits the most from the provision of airport facilities, along with the Aero Club and passing aviators	The activity should be self-funding, if it creates deficits then the general rate would be the last option.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Harbour activities	<ul style="list-style-type: none"> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> <li>Value, protect and enhance our unique natural environment</li> </ul>	35% community as a whole, on a property basis, 65% individuals and operators, on a user pays basis	Maintenance annually, capital work over the life of the asset	Commercial operators have the most need for this activity, and the greatest demand on the level of service.	Loans are appropriate to fund upgrades.
Leased properties	<ul style="list-style-type: none"> <li>Community properties are accessible, cost effective and able to withstand natural hazards</li> </ul>	100% individuals or organisations (i.e. the lessee)	Annually	The lessee is liable for any costs relating to the property through the terms of their lease	Lease revenues ensure these properties are self-funding, and may generate surpluses
Forestry	<ul style="list-style-type: none"> <li>Affordable access to quality community facilities</li> </ul>	100% community as a whole. Logging revenues are used to offset rates, generate funds for other developments, or to reinvest in investment activities.	Annually	None	Forestry revenues generate surpluses
Governance	<ul style="list-style-type: none"> <li>Community properties are accessible, cost effective and able to withstand natural hazards</li> <li>Residents /visitors enjoy and improved quality of life in our district</li> <li>Value, protect and enhance our unique natural environment</li> <li>Community participates in decision and planning in a way that benefits out future</li> </ul>	100% community as a whole, on an equal basis.	Annually	The benefit (and cost) of representation accrues to all residents of the Kaikoura district. Kaikoura District Council undertakes the local elections including those on behalf of the Canterbury District Health Board and Environment Canterbury.	User fees and charges are not appropriate. Election expenses are subsidised by the district health board and Environment Canterbury.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Support services	<ul style="list-style-type: none"> <li>Our community has their essential needs met.</li> </ul>	100% community as a whole	Annually	None	Overhead allocations are used to distribute the net costs of Support Services over the activities supported
Statutory planning	<ul style="list-style-type: none"> <li>Value, protect and enhance our unique natural environment</li> </ul>	80% individuals on a user pays basis, 20% community as a whole, on a property basis	Over the life of their development to the individual, annually to the community	Resource consents are fully funded by the applicant	User fees & charges are appropriate for consent applications
Building control	<ul style="list-style-type: none"> <li>Infrastructure, housing and community facilities are accessible, cost effective and able to withstand natural hazards</li> </ul>	80% individuals on a user pays basis, 20% community as a whole, on a property basis	Over the life of their building to the individual, annually to the community	Building consents are fully funded by the applicant	User fees & charges are appropriate for consent applications
Traffic control	<ul style="list-style-type: none"> <li>Infrastructure is accessible, cost effective and able to withstand natural hazards</li> </ul>	20% community as a whole on a property basis, 50% commercial sector, 30% individuals on a user pays basis	Annually to the community, immediately to individuals	The commercial sector (retail shops, food premises, etc) benefit the most from provision of car parks and traffic control.	Infringement fees and car parking fees are appropriate for this activity
Dog & stock control	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met.</li> <li>Residents/visitors enjoy an improved quality of life</li> </ul>	80% individuals (dog and stock owners), 20% community as a whole (protection from wandering dogs and stock).	Annually	Dog and/or stock owners create the need for these activities. Stock control is needed outside of the urban area, where the stock is located.	Dog registration fees fund the bulk of the dog control activity, and cost recoveries or fines cover costs where corrective actions are required.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Liquor licensing	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met.</li> <li>Residents/visitors enjoy an improved quality of life</li> </ul> Sustainable development	100% licensed premises	Annually	Registered premises create the need for this activity	Fees are set by legislation, there is no opportunity to increase fees or source alternate funds
Civil defence	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met</li> </ul>	100% community as a whole, on an equal basis	Annually	None	No options for alternate funds for day to day operations
Environmental health	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met</li> </ul>	60% community as a whole, on an equal basis 40% individuals on a user pays basis	Annually	Registered premises benefit and create the need for this activity	Many fees are set by legislation, there is some opportunity to increase some fees, but no source of alternate funds
Land transport safety	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met</li> </ul>	100% community as a whole	Annually	Road users create the need for education of safe road use	User fees & charges are not practical. Partial subsidies are available.
Community development	<ul style="list-style-type: none"> <li>Our community is resilient, safe and well and has their essential needs met</li> </ul>	100% community as a whole	Annually	None	In many instances, such as Violence Free and Youth Coordination, grants are available from Ministry of Social Development and others. User fees & charges are not practical.
Environmental planning	<ul style="list-style-type: none"> <li>Value, protect and enhance our unique natural environment</li> <li>Community participates in decision and planning in a way that benefits out future</li> </ul>	100% community as a whole, except for consent advice	Indefinitely	Individual landowners may benefit or create the need for this activity, where they have areas of biodiversity interest on their land	Grants & subsidies are sought wherever possible

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
District planning	<ul style="list-style-type: none"> <li>• Infrastructure, housing and community properties are accessible, cost effective and able to withstand natural hazards</li> <li>• Residents /visitors enjoy and improved quality of life in our district</li> <li>• Value, protect and enhance our unique natural environment</li> <li>• Community participates in decision and planning in a way that benefits out future</li> </ul>	100% community as a whole, except for plan changes where the applicant directly benefits	Indefinitely	None	User fees & charges are appropriate where plan changes are initiated by developers
Tourism & development	<ul style="list-style-type: none"> <li>• Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity</li> </ul>	100% commercial premises, but individuals to benefit from employment and economic development	Annually	Local businesses benefit from increased visitor numbers, and individuals benefit from having employment and higher revenues	Grants & subsidies are sought wherever possible
Economic development	<ul style="list-style-type: none"> <li>• Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity</li> </ul>	40% community as a whole, 60% commercial sector.	Annually	The community benefits from having a stable economy, jobs, etc. The commercial sector benefits from mentoring and support.	Contributions from private sector organisations and government subsidies will be sought wherever possible.

Significant activity	Outcomes	Who benefits?	Period over which benefits accrue	Extent of identifiable groups or individuals contributing to costs	Costs & benefits of funding from other sources
Community grants	<ul style="list-style-type: none"> <li>• Infrastructure, housing and community properties are accessible, cost effective and able to withstand natural hazards</li> <li>• Our community is resilient, safe and well and has their essential needs met</li> </ul>	100% community as a whole benefits from clubs and organisations being adequately funded. The grant paid to KITI benefits the commercial sector.	Annually	Local clubs and organisations, events and projects create the need for this activity	Grants & subsidies are sought wherever possible, and redistributed through this activity.
Earthquakes and other events	<ul style="list-style-type: none"> <li>• Infrastructure, housing and community properties are accessible, cost effective and able to withstand natural hazards</li> </ul>	100% community as a whole, and visitors also benefit.	Immediately, and for the duration of recovery and rebuild	Those most affected, such as in need of evacuation, emergency supplies, temporary housing, etc, and areas where the damage is the most prevalent.	Emergency subsidies will be sought wherever possible, Council insurance (including LAPP, material damage and business interruption) will be claimed where available.

# Financial Information

## Forecast Statement of Comprehensive Revenue & Expense

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Revenue</b>				
Rates revenue	5,983	6,852	7,679	8,378
Water meter charges	170	130	134	137
User fees & charges	1,406	1,443	1,576	1,947
Grants & subsidies	771	20,676	8,930	889
Development contributions	80	-	82	84
Interest income	63	75	20	5
Other revenue	1,042	1,247	785	173
<b>Total revenue</b>	<b>9,515</b>	<b>30,423</b>	<b>19,206</b>	<b>11,613</b>
<b>Expenses</b>				
Personnel	1,852	3,499	2,895	2,618
Depreciation & amortisation	1,999	2,043	2,396	2,542
Financing expenses	645	572	588	596
Other expenses	4,768	11,396	7,054	6,098
<b>Total expenses</b>	<b>9,264</b>	<b>17,510</b>	<b>12,933</b>	<b>11,854</b>
<b>Net surplus / (deficit)</b>	<b>251</b>	<b>12,913</b>	<b>6,273</b>	<b>(241)</b>
<b>Other comprehensive income</b>				
Gains on asset revaluation	-	14,332	-	-
Financial assets at fair value through equity	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>14,332</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>251</b>	<b>27,244</b>	<b>6,273</b>	<b>(241)</b>

## Forecast Statement of Financial Performance (by Activity)

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Revenue</b>				
Roading	1,680	2,249	1,938	1,962
Water supplies	936	1,190	1,561	1,629
Sewerage	609	715	794	759
Stormwater	135	136	124	130
Refuse & recycling	150	576	255	265
Community facilities	1,140	2,404	1,406	1,691
Commercial activities	1,163	1,217	759	147
Leadership & governance	103	834	548	35
Regulatory services	409	818	540	542
Community development	255	94	68	70
Strategy & policy	420	2,402	736	708
Earthquake event	-	15,311	7,660	213
Kaikoura Hospital	260	-	-	-
General rates	2,255	2,402	2,797	3,457
Interest revenue	-	75	20	5
<b>Total Revenue</b>	<b>9,515</b>	<b>30,423</b>	<b>19,206</b>	<b>11,613</b>
<b>Expenses</b>				
Roading	1,640	2,606	2,111	2,147
Water supplies	1,056	1,453	1,402	1,484
Sewerage	770	919	1,015	1,057
Stormwater	154	188	172	176
Refuse & recycling	403	616	571	606
Community facilities	1,855	2,293	2,313	2,309
Commercial activities	866	1,056	681	311
Leadership & governance	651	1,988	1,424	795
Regulatory services	736	1,069	981	995
Community development	461	930	707	735
Strategy & policy	537	2,832	1,145	1,139
Earthquake event	-	1,560	411	100
Kaikoura Hospital	135	-	-	-
<b>Total Expenses</b>	<b>9,264</b>	<b>17,510</b>	<b>12,933</b>	<b>11,854</b>
<b>Net surplus/(deficit)</b>	<b>251</b>	<b>12,913</b>	<b>6,273</b>	<b>(241)</b>

## Forecast Statement of Movements in Equity

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
Equity opening balance	164,712	163,414	190,659	196,932
Net surplus/(deficit)	251	12,913	6,273	(241)
Asset revaluations	-	14,332	-	-
Net movement	251	27,245	6,403	(320)
Equity closing balance	<b>164,963</b>	<b>190,659</b>	<b>196,932</b>	<b>196,691</b>

## Forecast Statement of Financial Position

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Current assets</b>				
Cash and cash equivalents	2,565	1,832	9	432
Trade & other receivables	1,165	3,742	2,365	1,431
Prepayments	98	98	98	98
Other financial assets	-	-	-	-
<b>Total current assets</b>	<b>3,828</b>	<b>5,672</b>	<b>2,472</b>	<b>1,961</b>
<b>Non-current assets</b>				
Other financial assets	-			
Forestry assets	2,583	2,583	2,583	2,583
Investment property	2,408	2,313	2,313	2,313
Property, plant & equipment	168,035	192,025	201,822	202,024
<b>Total non-current assets</b>	<b>173,027</b>	<b>196,922</b>	<b>206,719</b>	<b>206,921</b>
<b>Current liabilities</b>				
Trade & other payables	1,116	1,955	1,488	1,375
Employee entitlements	100	100	100	100
Borrowings - current	2,492	616	844	862
<b>Total current liabilities</b>	<b>3,708</b>	<b>2,671</b>	<b>2,432</b>	<b>2,337</b>
<b>Non-current liabilities</b>				
Borrowings – non-current	7,619	8,699	9,263	9,289
Other term debt	565	565	565	565
<b>Total non-current liabilities</b>	<b>8,184</b>	<b>9,264</b>	<b>9,828</b>	<b>9,854</b>
<b>Net assets</b>	<b>164,963</b>	<b>190,659</b>	<b>196,932</b>	<b>196,691</b>
<b>Equity</b>				
Ratepayers equity	81,291	107,427	116,426	116,585
Special funds & reserves	2,244	78,251	78,251	78,251
Asset revaluation reserve	81,428	4,981	2,255	1,855
<b>Total equity</b>	<b>164,963</b>	<b>190,659</b>	<b>196,932</b>	<b>196,691</b>

## Forecast Statement of Cash Flows

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Operating activities</b>				
<i>Cash was provided from:</i>				
Rates	5,983	6,852	7,679	8,378
Interest revenue	63	75	20	5
Other	3,515	22,761	12,883	4,164
<i>Cash was applied to:</i>				
Interest expense	(645)	(572)	(588)	(596)
Operating expenses	(6,606)	(14,290)	(10,416)	(8,829)
<b>Net cash flow from operating</b>	2,310	14,826	9,578	3,122
<b>Investing activities</b>				
<i>Cash was provided from:</i>				
Sale of investment properties	-	-	-	-
Sale of assets	-	-	-	-
<i>Cash was applied to:</i>				
Purchase of investment properties	-	(200)	-	-
Purchase of assets	(2,903)	(19,746)	(12,193)	(2,744)
<b>Net cash flow from investing</b>	(2,903)	(19,946)	(12,193)	(2,744)
<b>Financing activities</b>				
<i>Cash was provided from:</i>				
Drawdown of borrowings	1,297	2,323	1,408	888
<i>Cash was applied to:</i>				
Repayment of borrowings	(1,290)	(397)	(616)	(844)
<b>Net cash flow from financing</b>	7	1,927	792	44
<b>Total net cash flows</b>	<b>(586)</b>	<b>(3,193)</b>	<b>(1,823)</b>	<b>422</b>
<b>Opening cash balance</b>	3,151	5,025	1,832	9
<b>Closing cash balance</b>	<b>2,565</b>	<b>1,832</b>	<b>9</b>	<b>432</b>

# Statement of Accounting Policies

## Reporting Entity

Kaikōura District Council is a territorial local authority governed by the Local Government Act 2002.

The Kaikōura District Council group (KDC) consists of Kaikōura District Council and its subsidiary, the Kaikōura Enhancement Trust, a charitable Trust controlled by the Council. That Trust in turn owns 100% of Innovative Waste Kaikōura Ltd. The Kaikōura Community Facilities Trust was established in 2009 with the objective to determine what facilities the community requires and where these are best located. That Trust has been active in terms of driving the project, but is financially dormant; meaning it currently has no financial transactions, assets, or liabilities. The Council has an 11.5% interest in the Marlborough Regional Forestry joint venture.

The primary objective of the 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 for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The forecast financial statements of the Council are for the year 1 July 2018 to 30 June 2021.

## Basis of preparation

### *Statement of Compliance*

This Three-Year Plan and the financial statements contained therein have been prepared in accordance with the Hurunui/Kaikōura Earthquakes Recovery (Local Government Act 2002 – Kaikōura District 3-Year Plan) Order 2008. That Order provides the Kaikōura District Council with certain concessions against the Local Government Act 2002, specifically that the Council does not need to prepare a Long Term (10-Year Plan) or an Infrastructure Strategy. The Order has been given in acknowledgement that the earthquakes have created significant uncertainty as to the condition of assets and the cost of providing services beyond the three-year period.

The Council has prepared this Three-Year Plan to meet the specific requirements of that Order, including the Local Government Act (2002) as applicable under the Order, the Local Government Rating Act 2002, and the Local Government (Financial Reporting and Prudence) Regulations 2014 as they relate to long-term plans. This 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, on the basis that the Kaikōura District Council have expenses of more than \$2 million and less than \$30 million, and is not publicly accountable. 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 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.

#### *Joint ventures*

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

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

#### *Revenue*

Revenue is measured at the fair value of consideration received.

##### *Rates revenue*

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of Environment Canterbury are not recognised in the financial statements as the Council is acting as agent for Environment Canterbury.

##### *Other revenue*

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

##### *Government Grants*

The Council receives government grants from NZ Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

##### *Provision of Services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

##### *Sale of Goods*

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale (excluding GST).

### *Vested Assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

### *Agency Arrangements*

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

### *Interest and Dividends*

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

### *Development Contributions*

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

### *Borrowing Costs*

Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

### *Grant Expenditure*

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### *Foreign currency transactions*

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### *Income Tax*

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

## *Leases*

### *Finance leases*

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

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

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

### *Operating leases*

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

## *Cash and Cash Equivalents*

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

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

## *Debtors and Other Receivables*

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or

liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

#### *Derivative financial instruments and hedge accounting*

The Council does not engage in the use of derivative financial instruments and hedging activities.

#### *Other financial assets*

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

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

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

- Fair value at fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- 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.

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 into 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 through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. 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 into 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 or 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, with the exception of 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, plant and equipment, and motor vehicles.
- Restricted assets  
Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets  
Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping 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.

#### *Operational land and buildings*

Several key properties; the Council office, memorial hall, pensioner flats and the swimming pool, were valued to component level by Sarah Rowse, (ANZIV, SPINZ) of Quotable Value NZ as at 30 June 2013. The balance of land and buildings were valued effective as at 30 June 2013 by Sarah Rowse, (ANZIV, SPINZ) 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.

### *Restricted land and buildings*

The most recent valuation was performed by Sarah Rowse, (ANZIV, SPINZ) of Quotable Value NZ, and the valuation is effective as at 30 June 2013 at fair value as determined from market-based evidence. Subsequent additions are recorded at cost.

### *Infrastructure*

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. MWH New Zealand Ltd performed the most recent valuation of road assets, water, sewer and stormwater infrastructure, valued as at 30 June 2013.

### *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 have been estimated as follows:

<b>Infrastructural Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
<i>Roading</i>		
Land and Road Formation		Not Depreciated
Base Course		Not Depreciated
Bridges	50	1.93%
Sealed Top Layer	7	15.46%
Kerb and Channels	50	2.72%
Drainage	50	1.73%
Traffic Facilities	4	20.2%
Seawalls	50	2.09%
Footpaths – Structure		Not Depreciated
Footpaths – Surface	25	5.39%
Street Lighting	17	5.79%
<i>Sewerage</i>		
Equipment & Oxidation Ponds	50	From 0.28% to 5.03%
Pump Stations	17 - 100	From 2.51% to 6.67%

Catchment Mains & Reticulation	25 – 77	From 1.13% to 2.71%
<i>Water</i>		
Pump Stations	12 – 25	From 4.22% to 7.74%
Pipes & Reticulation	7 – 99	From 1.19% to 13.14%
<i>Stormwater</i>		
Catchment Mains & Reticulation	70 – 99	From 1% to 1.42%
Structures	19 – 75	From 5.26% to 1.33%

<b>Operational Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
Buildings – Structure	50	2%
Buildings – Services	15 - 33	From 3% to 6.67%
Buildings – Internal Fit out	4 - 33	From 6.67% to 25%
Harbour Seawall & Wharf	30 – 50	From 2.0% to 3.45%
Computer Equipment	5	20%
Plant, Vehicles and Machinery	5 - 50	From 2% to 20%
Land		Not Depreciated
Library books	12	8%
Library non-books	5	20%

<b>Restricted Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
Parks and Reserves Buildings	50	2%
Parks and Reserves Land		Not Depreciated
Parks Furniture & Other Assets	8 – 50	From 2% to 12.5%
Artwork		Not Depreciated

In relation to infrastructural assets, depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by 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 Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations are performed by Merrill & Ring Ltd. 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 are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

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

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

### *Intangible Assets*

#### *Emissions Trading Scheme (ETS) – Marlborough Regional Forestry*

Marlborough Regional Forestry (MRF) (in which the Council holds a share as a joint venture) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holdings of "post 1989" forests.

Pre 1990 emission units (NZU's) received under the ETS Allocation Plan are recognised at cost and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

Post 1989 NZU's received for carbon stored are recognised at cost and subsequently measured at cost subject to impairment. Where there is an obligation to return units when carbon is lost the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required. If operations proceed as planned there will always be post 1989 units on hand in excess of any liability.

Any future cash flows associated with units receivable/payable will be taken into consideration in determining the valuation of the forest estate.

#### *Emissions Trading Scheme (ETS) – Council Forestry*

In addition to its share of forestry in MRF, Council holds forestry assets in its own right. However, the Council is not the landowner of the Clarence forest, and is therefore ineligible to enter the scheme. The small forest at South Bay does not meet the minimum criteria to enter the scheme.

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

Council's landfill entered the ETS from 1 January 2013. Council has purchased 2,000 carbon credits to meet its immediate obligations arising from landfill emissions.

#### *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.

#### *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.

## *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 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 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 are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 31.

### *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 on a percentage of use basis.

### *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 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.

### *Cost of Service Statements*

The cost of service statements, as provided in the Statements of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

### *Critical Accounting Estimates and Assumptions*

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Landfill aftercare provision*

The exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision has not been considered; the impact is likely to be minimal in this Annual Plan year.

#### *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 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.

#### *Changes in Accounting Policy*

There have been no significant changes in accounting policies.

## Notes to the Forecast Financial Statements

The November 2016 earthquake resulted in substantial impairment of roads, water, sewerage and stormwater assets, and this has affected (and assumed to have reduced) depreciation for those asset categories. A full revaluation and reassessment of remaining useful lives has not been undertaken for this Three-Year Plan. The next revaluation is due as at 30 June 2019.

### Depreciation & amortisation expenses

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Depreciation expense</b>				
Roading	822	814	946	983
Water supplies	383	341	370	397
Sewerage	307	294	401	428
Stormwater	67	62	68	69
Refuse & recycling	-	1	1	1
Community facilities	326	428	489	524
Commercial activities	-	-	-	-
Leadership & governance	62	70	85	102
Regulatory services	-	-	-	-
Community development	32	33	35	38
Strategy & policy	-	-	-	-
Earthquake event	-	-	-	-
Kaikoura Hospital	-	-	-	-
<b>Total Depreciation expense</b>	<b>1,999</b>	<b>2,043</b>	<b>2,396</b>	<b>2,542</b>

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

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
Water meter consumption charges	154	114	117	121
Water meter maintenance charges	16	16	16	16
<b>Total water meter charges</b>	<b>170</b>	<b>130</b>	<b>133</b>	<b>137</b>

Water meter charges are separately identified in the Statement of Comprehensive Revenue and Expense (page 9), but are included in targeted rates in the Forecast Funding Impact Statement (page 39), as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. Water meter charges are defined as a targeted rate in the Local Government (Rating) Act 2002.

## Capital Works Programme

	Long Term Plan 2017/2018 \$000s	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Roading</b>				
Bridge replacement	95	-	-	-
Beach Rd aesthetics	110	-	-	-
West End aesthetics	110	-	-	-
Sealed pavement renewals	105	105	108	111
Unsealed pavement renewal	63	63	65	67
Kerb & channel renewal	53	53	54	56
Pavement rehabilitation	316	-	308	318
Minor improvements	53	100	51	53
Traffic services	11	12	38	40
Footpath renewals	-	50	51	53
Streetlight replacements	27	27	29	29
Undergrounding power	-	125	-	-
	943	535	704	727
<b>Water Supplies</b>				
Kaikoura main upgrade	330	54	56	-
Kaikoura pipe renewal	84	-	400	412
Kaikoura structure upgrade	550	-	-	-
Kaikoura UV treatment	-	6	-	-
Suburban intake upgrade	-	156	3	50
Ocean Ridge upgrades	-	1	54	-
East Coast upgrades	-	-	7	-
Kincaid renewals	16	22	22	23
Kincaid intake upgrade	-	6	9	50
Fernleigh upgrades	-	6	5	2
Oaro upgrades	5	7	10	55
Peketa upgrades	-	3	226	-
	985	261	792	592
<b>Sewerage</b>				
Sewer pipe renewals	44	20	80	20
	44	20	80	20
<b>Stormwater</b>				
Stormwater upgrades	220	-	100	-
Stormwater renewals	28	10	10	11
	248	10	110	11
<b>Refuse &amp; recycling</b>				
Landfill site development	-	311	257	258
Aftercare	8	8	8	8
	8	319	265	266
<b>Community facilities – includes earthquake repairs</b>				
Tennis courts	-	30	-	-
Public toilets	-	276	-	-
Pensioner flats refurbish	-	98	21	21

Walkways & cycleways	20	100	-	-
Airport taxiway seal	-	27	-	-
Airport terminal	-	-	581	581
Airport hangar	-	190	-	-
New Pool (design only)	-	-	-	400
Repair Lions Pool	-	700	-	-
South Bay harbour	-	300	-	-
North Wharf safety improve	-	150	-	-
Drill (Scout) Hall upgrade	-	225	-	-
Memorial Hall upgrade	550	750	750	-
	570	2,846	1,352	1,002
<b>Commercial Activity</b>				
25 Beach Rd upgrade	-	200	-	-
Forestry planting/thinning	5	-	-	-
	5	200	-	-
<b>Leadership</b>				
Office furniture & equipmt	11	14	14	15
Computers & software	21	40	41	42
Vehicles & plant	32	34	38	44
	64	88	93	101
<b>Community services</b>				
Library books	43	26	26	27
	43	26	26	27
<b>Total Non-Earthquake projects</b>	<b>2,903</b>	<b>4,303</b>	<b>3,424</b>	<b>2,744</b>

## EARTHQUAKE INFRASTRUCTURE REBUILD PROJECTS

<b>Roading</b>				
Roads contingency	-	-	790	-
Bridges contingency	-	-	589	-
External resources	-	124	-	-
Sealed pavement	-	237	-	-
Drainage	-	482	-	-
Traffic services	-	-	-	-
Bridge renewals	-	6,142	4,349	-
Bridge betterment (2 lane)	-	399	-	-
Footpaths	-	192	-	-
Streetlights	-	89	-	-
	-	7,665	5,728	-
<b>Water supplies</b>				
<b>Kaikoura urban</b>				
Reticulation contingency	-	-	176	-
Structure contingency	-	-	62	-
Reticulation renewal	-	66	-	-
Reticulation improvements	-	22	-	-
Structure renewals	-	236	-	-
Structure improvements	-	673	200	-
	-	997	438	-
<b>Sewerage</b>				
Reticulation contingency	-	-	162	-
Structure contingency	-	-	181	-
Reticulation renewal	-	2,462	2,049	-

Structures renewal	-	2,599	-	-
Betterment projects	-	1,300	200	-
	-	6,360	2,592	-
<b>Stormwater</b>				
Reticulation contingency	-	23	6	-
Structure contingency	-	20	5	-
Reticulation renewal	-	296	-	-
Structure renewals	-	282	-	-
	-	621	11	-
<b>Total Earthquake Projects</b>	-	<b>15,643</b>	<b>8,769</b>	-
<b>Total All Capital Projects</b>	<b>2,903</b>	<b>19,946</b>	<b>12,193</b>	<b>2,744</b>

## Special Funds & Reserves

	Three-year Plan 2018/2019 \$000s	Three-year Plan 2019/2020 \$000s	Three-year Plan 2020/2021 \$000s
<b>Roading Reserve – to fund net costs associated with district roads and bridges</b>			
Opening Balance	22	22	22
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	22	22	22
<b>Kaikoura Water Reserve – to fund costs for the Kaikoura, Ocean Ridge, Peketa and Oaro water supplies</b>			
Opening Balance	3	3	3
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	3	3	3
<b>East Coast Water Reserve – to fund costs for the East Coast water supply</b>			
Opening Balance	(12)	(8)	(8)
Interest	-	-	-
Transfers in/(out)	4	-	-
Closing Balance	(8)	(8)	(8)
<b>Kincaid Water Reserve - to fund costs for the Kincaid water supply</b>			
Opening Balance	7	-	(9)
Interest	-	-	-
Transfers in/(out)	(7)	(9)	(50)
Closing Balance	-	(9)	(59)
<b>Fernleigh Water Reserve - to fund costs for the Fernleigh water supply</b>			
Opening Balance	2	2	2
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	2	2	2
<b>District Plan Reserve – to fund the review of the Kaikoura District Plan</b>			
Opening Balance	(18)	(18)	(18)
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	(18)	(18)	(18)
<b>Stormwater Reserve – to fund costs associated with Kaikoura and Ocean Ridge stormwater systems</b>			
Opening Balance	13	13	23
Interest	-	-	-
Transfers in/(out)	-	10	10
Closing Balance	13	23	33

<b>Sewerage Reserve – to fund costs associated with Kaikoura and Ocean Ridge sewerage systems</b>			
Opening Balance	1	1	27
Interest	-	-	-
Transfers in/(out)	-	26	26
Closing Balance	1	27	53
<b>Social Services Fund – to fund social projects</b>			
Opening Balance	5	5	5
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	5	5	5
<b>Tourism Fund – to fund costs associated with tourism and district marketing</b>			
Opening Balance	30	30	30
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	30	30	30
<b>George Low Fund – to provide funding assistance for recreational facilities associated with youth</b>			
Opening Balance	57	57	57
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	57	57	57
<b>Forestry Fund – to fund the purchase of strategic investments, land, buildings and other assets, or to offset rates</b>			
Opening Balance	1,054	763	466
Interest	9	3	-
Transfers in/(out)	(300)	(300)	-
Closing Balance	763	466	466
<b>Reserves Development Fund – to fund the upgrading of parks, reserves, playgrounds, walkways, etc</b>			
Opening Balance	70	41	49
Interest	1	-	-
Transfers in/(out)	(30)	8	9
Closing Balance	41	49	58
<b>Property Fund – to fund the net costs of property holdings and purchase or upgrade new property or reduce borrowings associated with properties</b>			
Opening Balance	11	11	11
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	11	11	11
<b>Community Facility Fund – to fund the net costs of developing or upgrading community facilities such as the Memorial Hall, public toilets, and swimming pools</b>			
Opening Balance	2,995	1,572	306

Interest	27	7	1
Transfers in/(out)	(1,450)	(1,273)	(400)
Closing Balance	1,572	306	(93)
<b>Vehicle &amp; Plant Fund – to fund the purchase of vehicles and plant</b>			
Opening Balance	3	3	3
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	3	3	3
<b>Earthquake Outreach Fund – to fund the Outreach team</b>			
Opening Balance	53	-	-
Interest	-	-	-
Transfers in/(out)	(53)	-	-
Closing Balance	-	-	-
<b>Landfill Site Aftercare Fund – to fund landfill closure, capping and site development</b>			
Opening Balance	93	94	94
Interest	1	-	-
Transfers in/(out)	-	-	-
Closing Balance	94	94	94
<b>Landfill Development Fund – to fund upgrading and reconfiguration of the landfill and plant/equipment</b>			
Opening Balance	81	82	82
Interest	1	-	-
Transfers in/(out)	-	-	-
Closing Balance	82	82	82
<b>Library Donations Fund – to fund the purchase of library books, furniture and equipment</b>			
Opening Balance	26	1	1
Interest	-	-	-
Transfers in/(out)	(25)	-	-
Closing Balance	1	1	1
<b>Mayoral Earthquake Relief Fund – donated revenue being used to provide emergency assistance to people in financial hardship</b>			
Opening Balance	89	-	-
Interest	1	-	-
Transfers in/(out)	(90)	-	-
Closing Balance	-	-	-
<b>Pensioner Flats Fund – rental surpluses on the pensioner flats (if any) are used to fund refurbishment and upgrading of housing for the elderly</b>			
Opening Balance	101	3	3
Interest	-	-	-
Transfers in/(out)	(98)	-	-
Closing Balance	3	3	3

<b>Earthquake Fund – donated revenue to provide general assistance in recovery and rebuild following the 2016 earthquake, such as funding assistance for the skate park, Mayfair Theatre, blue penguin habitat and other projects</b>			
Opening Balance	62	-	-
Interest	1	-	-
Transfers in/(out)	(63)	-	-
Closing Balance	-	-	-
<b>Three Waters Earthquake Fund – the government subsidies to repair and rebuild water, sewer and stormwater infrastructure damaged by the 2016 earthquake</b>			
Opening Balance	2,954	2,048	749
Interest	28	8	2
Transfers in/(out)	(934)	(1,307)	-
Closing Balance	2,048	749	751
<b>Footpaths and Streetlights Fund – to renew and upgrade footpaths and streetlights</b>			
Opening Balance	2	2	2
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	2	2	2
<b>Registered Premises Fund – to fund the net costs of environmental health for licenced premises</b>			
Opening Balance	56	-	-
Interest	-	-	-
Transfers in/(out)	(56)	-	-
Closing Balance	-	-	-
<b>Town Centre Fund – to fund town centre maintenance, loan servicing costs and upgrades</b>			
Opening Balance	155	156	156
Interest	1	-	-
Transfers in/(out)	-	-	-
Closing Balance	156	156	156
<b>Stock Control Fund – to fund costs associated with responding to and controlling stock wandering, etc</b>			
Opening Balance	25	25	25
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	25	25	25
<b>Significant Natural Areas Fund – to fund specific projects associated with areas of significant biodiversity</b>			
Opening Balance	29	29	29
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	29	29	29
<b>Waste Minimisation Levy – to fund waste minimisation projects</b>			
Opening Balance	26	26	26

Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	26	26	26
<b>Creative Communities Fund – to provide funding assistance for individuals and groups to bring art, dance and music opportunities to the district</b>			
Opening Balance	6	6	6
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	6	6	6
<b>Communications Fund – to fund a Communications Officer</b>			
Opening Balance	38	-	-
Interest	-	-	-
Transfers in/(out)	(38)	-	-
Closing Balance	-	-	-
<b>Family Violence Fund – to fund Violence Free coordination and projects</b>			
Opening Balance	15	15	15
Interest	-	-	-
Transfers in/(out)	-	-	-
Closing Balance	15	15	15
<b>TOTAL SPECIAL FUNDS &amp; RESERVES</b>	<b>4,981</b>	<b>1,796</b>	<b>1,391</b>

# Financial Forecasting Assumptions

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

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

## Interest rates

- Interest rates for new loans raised are forecast to be 6.0%
- For existing loans, current interest rates are applied up to the point of maturity
- Interest revenue on term deposits is forecast to be 2.0%.

## Marlborough Regional Forestry revenues

- Council receives a capital distribution from the Marlborough Regional Forestry joint venture, assumed \$338k in 2018/2019 – of which we issue 13.38% to Environment Canterbury. These funds are used to cover all expenses relating to Council's forestry activities in the first instance, with the balance (\$297k) used to fund general activities of the Council, and therefore reduce the total rates requirement. In previous years, forestry revenue has been used to accumulate as a special fund, which can then be used for strategic purposes, such as investing in property, or reducing debt.

## Taxation

The commercial nature of the South Bay marina makes the harbour a taxable activity. Council has unused tax losses at 31 March 2017 of \$220k. It is assumed that the activity will be managed on a balanced budget basis; therefore no surpluses will be generated to create a tax liability.

## Grants and subsidies

- The government is assumed to be paying 60% of all water, sewer and stormwater repairs and renewals for earthquake damaged infrastructure.
- The government is also assumed to be providing several other funding support packages, for statutory activities, community and economic development, and demolition/hazardous waste projects.
- NZ Transport Agency subsidies are assumed to be 95% for all earthquake repairs and renewal of roads and bridges, and 51% for all other maintenance, including streetlight electricity. No subsidies are available for seal extensions or aesthetic improvements.
- SPARC, George Low, and Creative Communities funding are assumed to continue at current levels.

## District Valuation

The latest District valuation for rating purposes was undertaken in September 2015, and this valuation, combined with the value of any construction work completed during the year, forms the basis upon which rates for 2018/2019 will be set. The next valuation is due to take place in September 2018, to take effect for the 2019/2020 year. The District valuation has no effect on Council's prospective financial statements, but can have a significant effect on individual rateable properties, as most of the Council's rates are applied to the capital value of property. There is a high

risk of significant movements in property values following the effect of the earthquake on land stability in certain parts of the district.

#### Inflation

The Council has not relied upon BERL forecasts of price level changes to adjust future year's costs, relative to the type of expenditure, instead reviewing its expenditure forecasts based on known actual costs where possible, and estimates of costs where actuals are unknown.

#### Useful life of significant assets

The useful lives of significant assets are disclosed in the Statement of Accounting Policies, and are used as the basis for the calculation of depreciation. Useful lives have not been re-estimated following the 2016 earthquake, although various assets – notably roads, bridges, water, sewer and stormwater – were impaired or written off in the 2016/2017 financial year.

#### Landfill capacity

The capacity of the landfill to take more waste is limited and, with substantial amounts of demolition waste already landfilled and much more expected, it could potentially reach full capacity within the next few years. This Three-Year Plan currently assumes that the landfill will remain able to take waste the period covered by the 2018-2021 years, but in 2018/2019 the Council will undertake a site review and options report for reconfiguring the site to a transfer station. If the landfill is full earlier than expected, there is the risk that the Council will face significant costs to reconfigure the site while still coping with financial pressures from the earthquake and its effects.

#### Emissions trading scheme

While the Emissions Trading Scheme may result in increased fuel and electricity costs, specific increases in budgeted expenditure as a direct result of the scheme have not been included.

#### Short term loans

From time to time the Council may need to raise short-term loans to manage its cash flows and to pay commitments to suppliers. The earthquake cash-flow loans are an example, and those loan have been specifically provided for within this Three-Year Plan. The Council retains the right to raise other unspecified cash advances for periods not exceeding 12 months, and for amounts not exceeding \$1.2 million, for cash management purposes.

#### Uncertainty and risk of forecasting assumptions

The significant earthquake-related projects currently underway, and forecast to occur during the next three years and beyond, are of a magnitude previously unseen in the Kaikoura district. The timing of these projects, the costs to complete them, the actual amounts we receive in subsidies, are all subject to our best estimate. The Council has also based its assumptions around there being no further damaging earthquakes, aftershocks or weather events.

The actual results are extremely likely to vary from the forecast information, and such variations are likely to be material.

## Forecast Funding Impact Statement

	<i>For the years ended 30 June</i>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>,000s</b>	<b>,000s</b>	<b>,000s</b>	<b>,000s</b>
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	2,255	2,402	2,797	3,457
Targeted rates (incl. water meter charges)	3,897	4,580	5,016	5,058
Subsidies & grants for operating purposes	422	5,143	1,308	550
Fees & charges	1,406	1,404	1,537	1,907
Interest and dividends from investments	63	75	20	5
Fuel tax, infringement fees, & other receipts	1,042	1,286	824	213
<b>Total operating funding (A)</b>	<b>9,086</b>	<b>14,890</b>	<b>11,502</b>	<b>11,190</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	6,494	14,896	9,943	8,725
Finance costs	645	572	595	609
Other operating funding application	63	-	-	-
<b>Total application of operating funding (B)</b>	<b>7,202</b>	<b>15,468</b>	<b>10,537</b>	<b>9,335</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>1,883</b>	<b>(578)</b>	<b>965</b>	<b>1,855</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	349	15,533	7,622	339
Development & financial contributions	80	-	82	84
Increase/(decrease) in debt	7	1,927	792	44
Gross proceeds from sale of assets	330	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>766</b>	<b>17,460</b>	<b>8,496</b>	<b>467</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	1,015	1,051	172	474
Capital expenditure - improve level of service	985	4,310	1,590	228
Capital expenditure - replace existing assets	903	14,585	10,431	2,042
Increase/(decrease) in reserves	(254)	(3,064)	(2,732)	(422)
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>2,650</b>	<b>16,882</b>	<b>9,461</b>	<b>2,322</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(1,883)</b>	<b>578</b>	<b>(965)</b>	<b>(1,855)</b>
<b>Total operating funding (A - B) + (C-D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Rating Funding Impact Statement

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

## Definitions

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

## Commercial property

All rateable properties in the District;

- Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or
- Used principally for visitor accommodation for commercial reward for **not less than five persons**, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”<sup>1</sup>; or
- Used as licensed premises under the Sale and Supply of Alcohol Act 2012.

## General Rate

The general rate is a rate set for all rateable properties within the District, and is based on the property’s capital value. The Council introduced a differential of 0.9:1 on the general rate for rural and semi-rural properties, which took effect from the 2016/2017 financial year onwards. The objective of the differential rate is to acknowledge that rural and semi-rural properties are predominantly farmland with high capital values (in comparison with their urban counterparts) but that their capital value does not necessarily reflect the services they receive or have access to.

## Self-contained and serviced

All rateable properties within the area serviced by the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.

## Separately used or inhabited part of a rating unit

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

- *Any portion of a rating unit used or inhabited by any person, other than the ratepayer or member of the ratepayer’s household, having a right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement, or*
- *Any part or parts of a rating unit that is/are used or occupied by the ratepayer for more than one single use.*

For clarification, this means that each flat within a block of flats, or each shop within a block of shops, for example, would be rated a uniform annual general charge. The same would apply to a farm with more than one dwelling (i.e. worker accommodation), or a residential property with a separate fully self-contained unit available for visitor accommodation.

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<sup>1</sup> As defined in the Kaikoura District Plan

### Small accommodation property

All rateable properties providing short-term accommodation for commercial reward, but not meeting the criteria of a commercial property. For the avoidance of doubt, this means (having not met the criteria of a commercial property in the first instance), all rateable properties that provide short-term visitor accommodation, and which are;

- **not used principally and exclusively** for commercial or industrial purposes (other than for visitor accommodation). Examples may include a residential dwelling where the principal use is residential, but visitor accommodation is also provided on the property (whether within the dwelling or in separate units); or a residential dwelling where the principal use is a holiday home for the owner, which is rented out as a holiday home for commercial reward (including Air B&B style accommodation); or any other property not principally commercial/industrial, but which provides visitor accommodation, or
- if they are used principally for visitor accommodation, the property only provides for **no more than four persons**. This includes any property providing short-term accommodation such as small bed & breakfasts, but not including long-term rental accommodation.

### Targeted Rates

Targeted rates enable the Council to identify specific properties that it considers receive the greatest benefit from, or create the greatest need for, the Council's various activities.

Targeted rates can be applied on a number of categories of rateable property, including (for example);

- the use to which the land is put,
- the provision of a service to the land,
- the availability of a service to the land,
- the location of the land

Targeted rates may be either a rate based on a property's value, or a set dollar amount per annum. Unless otherwise specified throughout the following pages, where a targeted **rate** is applied, this is a rate based on a property's capital value; and where a targeted **charge** is applied, this refers to a set dollar amount per annum.

The Council has chosen to apply most of its targeted charges to separately used or inhabited parts of a rating unit, to remain consistent with the principles of the uniform annual general charge. In some instances, however, such as the registered premises charge, or sewerage charges, these are applied subject to certain other factors.

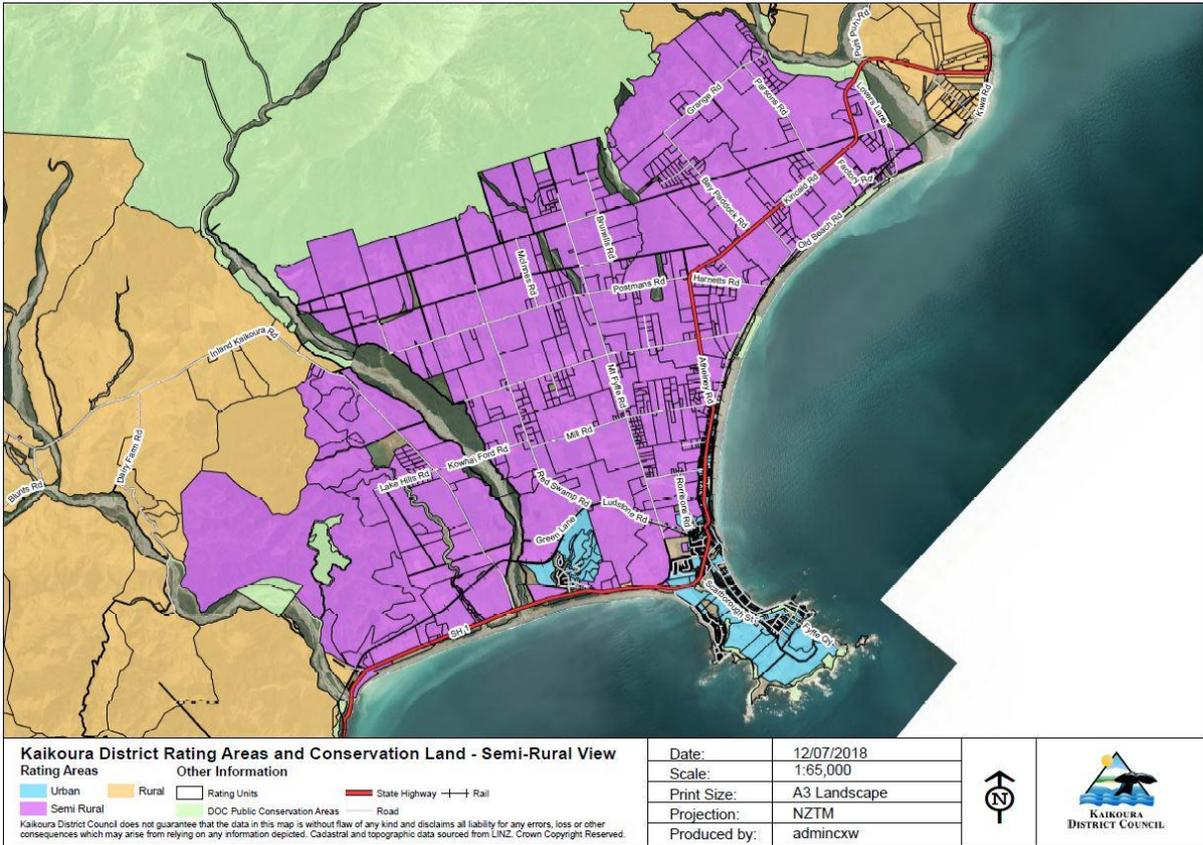
The Council will not be inviting lump sum contributions in respect of any targeted rates.

### Uniform Annual General Charge

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

### Rating Areas

Throughout these pages there is reference to properties within defined areas (urban, semi-rural and rural rating areas).



The above map shows each of the rating areas. The bulk of the District is rural, portrayed in pale orange. The purple area is the semi-rural area for rating purposes. It is an area defined for its proximity to urban services, and has no relationship to the size, land use, or value of individual properties within, or outside of, this area. The semi-rural area extends to the Hapuku River in the north, and to the Kahutara River to the south (thereby including the villages of Hapuku and Peketa). This area also extends inland to the foothills of Mt Fyffe, abutting the Dept of Conservation land.

The pale blue area is the current urban area for rating purposes. As the town grows, this area may be extended to incorporate new areas as appropriate to meet the intent of these rates – i.e. in areas where footpaths, streetlights and/or stormwater is developed. The rating boundaries shown in the above maps are approximate, and for indicative purposes only.

## Rates for 2018/2019

### General Rates & Uniform Annual General Charges

General Rates and the Uniform Annual General Charge apply to all rateable land. In 2016/2017 the Council introduced a differential on the general rate of 0.9:1 for all properties, except for utilities, in the rural and semi-rural areas (i.e. outside the urban area). A map on page 51 indicates those rating areas.

<b><i>General Rate: to fund the general operations of Council, including general management, community services, communications, strategy &amp; policy, economic development, environmental planning, the net costs of statutory planning, building control, dog control, community facilities, general parks and reserves, the airport, and a portion of public toilets and traffic control.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the urban area, and all rateable properties classified as utilities	\$0.00084147 per dollar of rateable capital value	\$610,620
All rateable properties outside the urban area, except for properties classified as utilities	\$0.00075732 per dollar of rateable capital value	\$575,730
<b>Total</b>		<b>\$1,186,350</b>
<b><i>Uniform Annual General Charge: to fund the general operations of Council, including landfill and recycling operations, governance, library services, sports fields, playgrounds, cemetery, walkways, public halls, swimming pool, general environmental health and civil defence preparedness.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$519.85 per separately used or inhabited part of a rating unit	\$1,575,668

### Targeted Rates

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

<b><i>Earthquake Rate: to fund the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>

All rateable properties within the District	\$0.00013204 per dollar of rateable capital value	\$196,902
<b><i>Earthquake Levy: to build resilience reserves which can be used for current and future emergency event response and rebuilding.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$45.00 per separately used or inhabited part of a rating unit	\$136,395
<b><i>Roading Rate: to fund the net costs of upgrading and maintenance of the district bridges and roading network</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$0.00053906 per dollar of rateable capital value	\$803,882
<b><i>District Planning Rate: to fund the costs of District Planning for the Kaikōura District.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$0.00020650 per dollar of rateable capital value	\$307,947
<b><i>Civic Centre charge: to fund the net costs of the museum, library and Council office building.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$67.92 per separately used or inhabited part of a rating unit	\$205,876

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

<b><i>Kaikōura Water Annual Charge: to fund the costs of the supply, treatment, upgrading and maintenance of the Kaikōura water supply, including the Suburban water scheme, as well as to partially subsidise the net costs of the Ocean Ridge, East Coast, Peketa and Oaro water supplies.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<b>Full Charge:</b> All rateable properties connected to the Kaikōura water supply.	\$396.92 per separately used or inhabited part of a rating unit	\$697,383

<u>Half Charge</u> : All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	\$198.46 per separately used or inhabited part of a rating unit	\$35,028
<b>Total</b>		<b>\$732,411</b>
<b><i>Kaikōura Water Loan Charge: to fund the loan servicing costs of the Kaikōura water supply.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	\$47.96 per separately used or inhabited part of a rating unit	\$92,904

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

<b><i>Ocean Ridge Water Annual Charge: to fund the costs of the supply, treatment, and maintenance of the Ocean Ridge water supply.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<u>Full Charge</u> : All rateable properties connected to the Ocean Ridge water supply.	\$396.92 per separately used or inhabited part of a rating unit	\$17,067
<u>Half Charge</u> : All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply.	\$198.46 per separately used or inhabited part of a rating unit	\$21,235
<b>Total</b>		<b>\$38,302</b>
<b><i>Rural Water Charges to fund the supply, treatment, upgrading, and maintenance of the following water supply areas.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
East Coast Rural Water Charge: all rateable properties connected to the East Coast rural water supply.	\$690.00 per water unit (1,800 litres per day)	\$99,360

Kincaid Rural Water Charge: all rateable properties connected to the Kincaid rural water supply.	\$267.40 per water unit (1,000 litres per day)	\$156,162
Oaro Rural Water Charge: all rateable properties connected to the Oaro rural water supply.	\$396.92 per separately used or inhabited part of a rating unit	\$26,990
Peketa Rural Water Charge: all rateable properties connected to the Peketa rural water supply.	\$396.92 per separately used or inhabited part of a rating unit	\$7,541
Suburban Water Charge: all rateable properties within the Suburban water area.	\$277.84 per water unit (1,000 litres per day)	\$30,007
Fernleigh Rural Water Charge: all rateable properties connected to the Fernleigh rural water supply	\$108.24 per water unit (1,000 litres per day)	\$31,390

A “water unit” refers to a certain water connection, generally a rural water connection, that restricts the quantity of water supplied to a property, to the quantity of litres per day as specified.

<b><i>Stormwater Rate: to fund the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the Kaikōura urban area.	\$0.00022382 per dollar of rateable capital value	\$152,961
<b><i>Sewerage Loan Rate: to fund the loan servicing costs of the Kaikōura Sewerage scheme.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the area serviced by the Kaikōura sewerage system, or within 100 metres of any part of that system.	\$0.00020946 per dollar of rateable capital value	\$151,374
<b><i>Sewerage Charge: to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>

All rateable properties within the area serviced by the Kaikōura sewerage system, not being either commercial or self-contained and serviced (see definition on the following page).	\$290.84 per separately used or inhabited part of a rating unit, and  \$145.42 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.  <i>A rating unit used primarily as a residence for one household will not be treated as having more than one water closet or urinal.</i>	\$492,101
<u>Half Annual Charge:</u> All rateable properties situated within 100 metres of any part of the Kaikōura sewerage system, but not connected to the system.	\$145.42 per separately used or inhabited part of a rating unit.	\$49,152
<b><i>Sewerage Charge (continued): to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<u>Self-contained and serviced:</u> all rateable properties within the area serviced by the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.	\$290.84 per separately used or inhabited part of a rating unit, and  \$105.00 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	\$40,740
<u>Commercial:</u> All rateable properties within the Kaikōura urban area used principally for commercial and/or industrial purposes; or used as a licensed premise under the Sale of Liquor Act 1989; or used for providing short term accommodation for commercial reward, but not including rateable properties defined as Self Contained and Serviced.	\$290.84 per separately used or inhabited part of a rating unit, and  \$189.00 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	\$53,676

<b>Total</b>	<b>\$635,668</b>
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The next two charges pertain to whether or not a property has access to the weekly kerbside collection service. More properties may be charged the kerbside recycling charge if the service is extended over a wider area.

<b><i>Kerbside Recycling Charge: to fund the costs of the weekly kerbside recycling collection service.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties that have access to the kerbside recycling collection service (including Oaro)	\$104.00 per separately used or inhabited part of a rating unit	\$204,672
<b><i>Rural Recycling Charge: to fund the net costs of the rural weekly recycling collection service which is made available at various pickup points around the District, and the residual costs of recycling facilities available at the landfill.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties other than those that have access to the kerbside recycling collection service	\$40.76 per separately used or inhabited part of a rating unit	\$42,432

## Commercial Rates and Charges

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

<b><i>Commercial Rate: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<p>All rateable properties in the District;</p> <ul style="list-style-type: none"> <li>Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>Used principally for visitor accommodation for commercial reward for <b><i>not less than five persons</i></b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”<sup>2</sup>; or</li> <li>Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	\$0.00261534 per dollar of rateable capital value	\$406,659
<b><i>Accommodation Sector Charge: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties providing accommodation for commercial reward, but not meeting the criteria of a commercial property, and for the avoidance of doubt, including any property providing short-term accommodation such as small bed & breakfasts, baches rented out as holiday homes, and other visitor accommodation such as Air B&B-style, but not including long-term rental accommodation.	\$400.00 per separately used or inhabited part of a rating unit	\$73,200

<sup>2</sup> As defined in the Kaikoura District Plan

***Public Rubbish Bin Charge: to fund the costs of providing a public rubbish bin collection service at various locations around the District.***

Category	Calculation	Amount required (including GST)
All rateable properties in the District; <ul style="list-style-type: none"> <li>• Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>• Used principally for visitor accommodation for commercial reward for <b><i>not less than five persons</i></b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”<sup>3</sup>; or</li> <li>• Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	\$155.93 per separately used or inhabited part of a rating unit	\$36,800

***Registered Premises Charge: to fund the net costs of liquor licensing, food and health safety inspections, and environmental health.***

Category	Calculation	Amount required (including GST)
All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors or hairdressers.	\$337.05 per license	\$42,132

Please refer to the sewerage charges on page 79 as they pertain to certain commercial properties, and also to the water meter charges on page 85 for commercial properties that are metered.

<sup>3</sup> As defined in the Kaikoura District Plan

## Rating Areas

Throughout these pages there is reference to properties within defined areas (urban, semi-rural and rural rating areas).

Please refer to the definitions and map of rating areas, on page 74-75.

These rating areas apply differentials to acknowledge that it is the properties within the urban area that benefit most from urban-type services, properties on the outskirts of the township benefit to a lesser extent, and properties further away from the town benefit least of all. Therefore, for each of the following three targeted rates (harbour rate, town centre rate, and footpath & streetlighting rate) a differential has been applied thus:

	Harbour Rate	Town Centre Rate	Footpath & Streetlights Rate	General Rate
Urban	1:1	1:1	1:1	1:1
Semi-rural	0.5:1	0.5:1	0.5:1	0.9:1
Rural	0.25:1	0.25:1	0.2:1	0.9:1
Utilities	N/A	N/A	N/A	1:1

<b><i>Harbour Rate: to fund 50% of the net costs of operating the harbour facilities, including South Bay and the North and Old Wharves, including loan servicing costs.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b><i>urban</i></b> area.	\$0.00008206 per dollar of rateable capital value	\$59,545
All rateable properties within the <b><i>semi-rural</i></b> area.	\$0.00004103 per dollar of rateable capital value	\$16,904
All rateable properties within the <b><i>rural</i></b> area.	\$0.00002051 per dollar of rateable capital value	\$7,143
Total		\$83,592
<b><i>Town Centre Rate: to fund the net costs of town centre maintenance, including cleaning and servicing the West End toilets, and the loan servicing costs of the West End upgrading loans.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b><i>urban</i></b> area.	\$0.00011362 per dollar of rateable capital value	\$82,449
All rateable properties within the <b><i>semi-rural</i></b> area.	\$0.00005681 per dollar of rateable capital value	\$23,407
All rateable properties within the <b><i>rural</i></b> area.	\$0.00002840 per dollar of rateable capital value	\$9,890

Total		\$115,746
<b><i>Footpath &amp; Streetlight Rate: to fund the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b>urban</b> area.	\$0.00027690 per dollar of rateable capital value	\$200,934
All rateable properties within the <b>semi-rural</b> area.	\$0.00013845 per dollar of rateable capital value	\$57,045
All rateable properties within the <b>rural</b> area.	\$0.00005538 per dollar of rateable capital value	\$19,283
Total		\$277,262

One targeted rate also relies upon these definitions of rating areas to determine which properties the rate applies to, by excluding the urban area. Note the Rural Fire Control Rate no longer applies, due to the transition of rural fire services to a new national organisation, Fire & Emergency NZ.

<b><i>Stock Control Rate: to fund the net costs of stock control.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties <b>outside the urban area</b> (i.e. including both semi-rural and rural properties).	\$0.00003844 per dollar of rateable capital value	\$29,227

The previous pages identify each rate for the 2018/2019 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 72) exclude GST.

## Other Rates & Charges

### Water Meter Charges

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

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

Meter read date:	For the period:	Due date for payment:
1 <sup>st</sup> week July	January to June	20 August 2018
1 <sup>st</sup> /2 <sup>nd</sup> week January	July to December	20 February 2019

For practical reasons, the meter reading dates and the period they cover are approximate.

### Rates Penalties

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

An additional 10% penalty will be added to all previous year's rates unpaid as at 25 July and 25 January (up to 20% pa in total).

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

	For the period:	Last date for payment:	Penalty date:
Instalment 1:	1 July 2018 to 30 September 2018	20 September 2018	21 September 2018
Instalment 2:	1 October 2018 to 31 December 2018	20 December 2018	21 December 2018
Instalment 3:	1 January 2019 to 31 March 2019	20 March 2019	21 March 2019
Instalment 4:	1 April 2019 to 30 June 2019	20 June 2019	21 June 2019

### Penalties on targeted water rates charged by volume (water meter charges)

In the past the Council has not charged penalties on overdue water meter charges, however these charges are a targeted rate and therefore come under the provisions of the Local Government Rating Act, which provides for penalties to apply. The Council is now signalling that it will review its penalty regime for water meter charges, with a view to commence adding penalties in the 2019/2020 year.

### Environment Canterbury Rates

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

## Rates for 2018/2019

	Rates 2017/2018 \$	Rates 2018/2019 \$	Change %
General Rate (Urban & Utility)	0.00094653	0.00084147	- 11.10%
General Rate (Rural & Semi-rural)	0.00085188	0.00075732	- 11.10%
Uniform Annual General Charge	490.86	519.85	+ 5.91%
Earthquake Rate	0.00017465	0.00013204	- 24.40%
Earthquake Levy	45.00	45.00	-
Kaikōura Water Loan Charge	58.60	47.96	-18.15%
Kaikōura Water Annual Charge	273.88	396.92	+ 44.92%
Kaikōura Water Half Annual Charge	136.94	198.46	+ 44.92%
Sewerage Loan Rate	0.00024437	0.00020946	- 14.29%
Sewerage Charge (1 Pan)	278.95	290.84	+ 4.26%
Sewerage Half Charge	139.47	145.42	+ 4.26%
Sewerage Charge <sup>4</sup>	139.47	145.42	+ 4.26%
Sewerage Commercial Charge <sup>4</sup>	189.00	189.00	-
Sewerage Self Contained Charge <sup>4</sup>	105.00	105.00	-
Stormwater Rate	0.00018026	0.00022382	+ 24.16%
Ocean Ridge Water Annual Charge	496.88	396.92	- 20.12%
Ocean Ridge Water Half Charge	248.44	198.46	- 20.12%
Roading Rate	0.00034831	0.00053906	+ 54.76%
Footpath & Streetlight Rate			
Urban	0.00023776	0.00027690	+ 16.46%
Semi-rural	0.00011888	0.00013845	+ 16.46%
Rural	0.00004755	0.00005538	+ 16.46%

<sup>4</sup> For each subsequent pan where there is more than one pan

## Rates for 2018/2019

	Rates 2017/2018 \$	Rates 2018/2019 \$	Change %
Kerbside Recycling Charge	52.11	104.00	+ 99.58%
Rural Recycling Charge	28.13	40.76	+ 44.90%
Public Rubbish Bin Charge	175.00	155.93	- 10.90%
Stock Control Rate	0.00001679	0.00003844	+ 128.98%
Rural Fire Control Rate	0.00003001	N/A	- 100%
Commercial Rate	0.00249952	0.00261534	+ 4.63%
Accommodation Sector Charge	320.00	400.00	+ 25.00%
Registered Premises Charge	308.08	337.05	+ 9.40%
Civic Centre Charge	60.15	67.92	+ 12.92%
Town Centre Rate - Urban	0.00013716	0.00011362	- 17.16%
Town Centre Rate - Semi-rural	0.00006858	0.00005681	- 17.16%
Town Centre Rate - Rural	0.00003429	0.00002840	- 17.16%
District Planning Rate	0.00017159	0.00020650	+ 20.35%
Harbour Rate - Urban	0.00007559	0.00008206	+ 8.55%
Harbour Rate - Semi-rural	0.00003779	0.00004103	+ 8.55%
Harbour Rate - Rural	0.00001890	000002051	+ 8.55%
East Coast Water Charge	690.00	690.00	-
Kincaid Water Charge	160.54	267.40	+ 66.56%
Fernleigh Water Charge	23.86	108.24	+ 353.65%
Oaro Water Charge	273.88	396.92	+ 44.92%
Peketa Water Charge	273.88	396.92	+ 44.92%
Suburban Water Charge	191.72	277.84	+ 44.92%
Water Meter Charge (per m <sup>3</sup> )	1.00	1.00	-
Water Meter Maintenance Charge	50.00	50.00	-

All rates are shown GST inclusive.

## Impact of Rates on Benchmark Properties

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The District rating valuation was completed as at 30 September 2015, which means that all property rates will be assessed on that valuation, plus the value of any construction work (or less the value of demolition work) completed since that date. Changes in rating values have an impact on individual property rates beyond any changes to rates from this Three-Year Plan, these changes in rating values are outside the Council’s control.

In previous years, we have used a sample set of benchmark properties – *actual* properties in the district; and this sample set has been used for over fifteen years. The benchmark properties we are now using are a *theoretical* set of properties, designed to give indicative rates impacts for high, medium, and low value properties across the district, and therefore should be more useful for comparisons.

Note CV is Capital Value; the total value of each property including land and buildings, for rating purposes.

		2017/18	2018/19	2019/20	2020/21
<b>Residential Urban CV \$580,000</b>	Change %		10.15%	12.11%	8.43%
	Total rates	2,718.96	2,994.94	3,357.76	3,640.95
	Change \$		275.98	362.82	283.19
<b>Residential Urban CV \$420,000</b>	Change %		11.16%	13.37%	7.59%
	Total rates	2,316.37	2,574.96	2,919.15	3,140.61
	Change \$		258.59	344.20	221.46
<b>Residential Urban CV \$255,000</b>	Change %		12.66%	15.17%	6.40%
	Total rates	1,901.19	2,141.85	2,466.84	2,624.65
	Change \$		240.66	324.99	157.81
<b>Residential Semi-Rural CV \$580,000</b>	Change %		5.55%	9.06%	13.88%
	Total rates	1,733.75	1,829.94	1,995.65	2,272.73
	Change \$		96.18	165.71	277.09
<b>Residential Semi-Rural CV \$420,000</b>	Change %		5.83%	9.21%	13.24%
	Total rates	1,427.65	1,510.93	1,650.11	1,868.59
	Change \$		83.28	139.18	218.48
<b>Residential Semi-Rural CV \$255,000</b>	Change %		6.29%	9.46%	12.21%
	Total rates	1,111.98	1,181.95	1,293.78	1,451.81
	Change \$		69.97	111.83	158.03

## Impact of Rates on Benchmark Properties

		2017/18	2018/19	2019/20	2020/21
<b>Commercial – urban – 30 room motel CV \$4,200,000</b>	Change %		4.30%	2.06%	7.29%
	Total rates	25,906.69	27,020.55	27,576.53	29,588.03
	Change \$		1,113.86	555.98	2,011.50
<b>Commercial – urban – 12 room motel CV \$730,000</b>	Change %		5.15%	8.31%	5.86%
	Total rates	6,507.02	6,841.87	7,410.26	7,844.33
	Change \$		334.85	568.39	434.07
<b>Commercial – urban – Retail shop CV \$1,430,000</b>	Change %		5.55%	6.05%	7.58%
	Total rates	8,863.05	9,355.04	9,920.93	10,673.22
	Change \$		492.00	565.89	752.28
<b>Commercial – urban – Retail shop CV \$510,000</b>	Change %		6.72%	12.55%	6.55%
	Total rates	4,248.55	4,534.01	5,103.19	5,437.25
	Change \$		285.46	569.18	334.06
<b>Farm Rural CV \$ 8,350,000</b>	Change %		5.07%	8.75%	16.32%
	Total rates	14,768.82	15,516.99	16,875.35	19,629.18
	Change \$		748.17	1,358.36	2,753.82
<b>Farm Rural CV \$4,000,000</b>	Change %		5.19%	8.82%	15.97%
	Total rates	7,400.03	7,784.17	8,471.12	9,823.98
	Change \$		384.14	686.94	1,352.86
<b>Farm Rural CV \$1,800,000</b>	Change %		5.45%	8.97%	15.27%
	Total rates	3,673.28	3,873.32	4,220.70	4,865.03
	Change \$		200.04	347.38	644.33

\* Rural water charges have been excluded from this table where they apply to rural and semi-rural properties, so as to make comparisons easier, because other farms in the District may or may not have these charges. Urban properties are subject to urban water charges, and these have been included in the above table where applicable.

## Schedule of Fees & Charges

For the 2018-2021 Three Year Plan we've reviewed all our fees and charges. Where needed, we've changed our fees and charges to make sure:

- What we're charging covers the cost of the service we're providing; for example, a TV costs IWK an estimated \$45 to recycle, we'd only been charging \$3
- The way we structure our charges passes costs on to the people who are actually using the service. Our building fees and charges have increased to help us make sure that those doing building work cover more of the related costs rather than all ratepayers through the general rate
- Our fees and charges compare fairly with other Councils and meet our legal responsibilities. E.g. the introduction of a penalty for late dog registrations.

### Administration Fees

	Price (including GST)	
	Black & White	Colour
A4 Photocopying/printing	20c per sheet	\$1.00 per sheet
A4 Photocopying/printing double-sided	25c per sheet	\$2.00 per sheet
A3 Photocopying/printing	35c per sheet	\$2.00 per sheet
A2 Photocopying/printing	\$4.00 per sheet	\$10.00 per sheet
A1 Photocopying/printing	\$5.00 per sheet	\$15.00 per sheet
Debtors Booking Fees	\$25.00	
Property File Lookups (if not your own property)	\$20.00	
GIS map production (if it takes more than 10 minutes to produce)	\$90.00 per hour	
GIS map production for bona fide community groups	First 30 minutes no charge	
Other GIS services	\$90.00 per hour	

### Airport Landing Fees

Fee/charge	Price per landing (inc GST)
Up to 800kg gross take-off weight	\$7.00
800-1500kg	\$10.00
1500-2000kg	\$14.00
2000-3000kg	\$20.00
3000-4000kg	\$30.00
4000-5000kg	\$40.00
Aerial spray contractors	\$7.00 per tonne

### Animal Control Fees

The Dog Control Act 1996 provides for a number of infringement fees such as for failing to register dogs, failing to keep a dog under control, and other provisions relating to dog attacks. Those fees and remedies are in addition to the above fees and charges.

Part refunds of dog registration fees may be given following death of a dog (proof required).

Fee/Charge	Price (inc GST)
<b>Registration Fees</b>	
Standard	\$50.00 per dog
Neutered or Spayed Dogs	\$40.00 per dog
Menacing/Dangerous Dogs	\$100.00 per dog
Working Dogs (three or more) <sup>5</sup>	\$110.00
Working Dogs (less than three)	\$38.00 per dog
Guide Dogs	-
Licence Fee for keeping more than two dogs in a residential area (Kaikōura Township, Oaro, Goose Bay, Peketa, Hapuku, Rakautara, Clarence and Kekerengu)	\$40.00
<b>Late Registration Penalty</b>	
A 50% penalty will be applied if a registration has not been completed by the owner by 20 August of each year	
<b>Microchipping</b>	
Microchipping as a service (dogs only)	\$50.55
<b>Impoundment Fees</b>	
Impoundment First Offence	\$70.00
Impoundment Second Offence	\$100.00
Impoundment Third Offence	\$150.00
Daily Impoundment Fee	\$20.00 per day
Investigative fee	\$135.00 per hour
Licence Fee for keeping more than two dogs in a residential area (Kaikōura Township, Oaro, Goose Bay, Puketa, Hapuku, Rakautara, Clarence and Kekerengu)	\$40.00

### Building Control Fees

**The following building control fees are a deposit only.** They include processing times and inspections. The fees are not determined until all processing is complete, then an invoice may be produced and any extra fees will be required to be paid before the consent is issued.

External consultants such as Fire Engineers, Structural Engineers, Environmental Health Officers are not included in the deposit, but may be required for some consent processing for example commercial buildings

Further fees may accrue throughout the building process, e.g. re-inspection for failed inspections. The following fees are not fixed costs or final costs.

Fee/Charge	Price inc. GST
<b>Residential Building Consent Applications</b>	
New Dwelling – large > 250m <sup>2</sup>	\$3,854.00
New Dwelling – small < 250m <sup>2</sup>	\$2,954.00
Dwelling alterations – large	\$2,054.00
Dwelling alterations – small	\$1,057.00
Dwelling minor alterations	\$402.00

<sup>5</sup> Working Dogs are as defined in the Dog Control Act 1996

Dwelling relocated	\$1,507.00
Dwelling – minor plumbing	\$363.00
Proprietary kitset buildings involving no more than two inspections. (i.e. carports, kitset garages and outbuildings such as farm buildings)	\$1,650.00
Solid/Liquid Fuel Heater Applications	
Solid/Liquid fuel heater – freestanding/inbuilt/liquid	\$400.00
Solid/Liquid fuel heater – change location or make and/or model	\$250.00
<b>Commercial Building Consent Applications</b>	
Commercial building new >\$500,000	\$3,854.00
Commercial alterations large	\$3,157.00
Commercial new/alterations small	\$1,357.00
Other Building Consent Applications	
Septic tank and effluent field consent only	\$515.00
Decks, patios, verandas, pergolas	\$522.00
Swimming pool plus fencing consent	\$847.00
Marquee over 100m <sup>2</sup>	\$360.00
Solar hot water systems	\$450.00
<b>Project Information Memoranda (PIM)/Building Consideration</b>	
PIM only	\$300.00
Territorial Authority Building Consideration where no PIM applied for.	\$300.00
PIM/Building Consideration rechecking fee	\$200.00
Specialist Reviews	
Consultancy (specific design peer reviews)	At Cost
<b>Exempt Building Work</b>	
Lodgement of Building Act Schedule 1 – Exempt work reports with owner's declarations	\$80.00
Application for exempt work	\$210.00
Application for property report	\$70.00
Notice to Fix	
Notice to fix where consent held	\$200 plus recovery charges per hour for monitoring of notices under the Building Act 2004.
Notice to Fix where no consent held	\$450 plus recovery charges per hour for investigation and monitoring of notices under the Building Act 2004.
Application for Certificate of Acceptance (non-refundable) Note: In the case of an application for a certificate of acceptance under Section 96(1)(a) of the Building Act 2004, the application must be accompanied by any fees, charges or levies that would have been payable had the owner, or the owner's predecessor in title, applied for a building consent before carrying out the building work.	\$800.00 Where the cost to process a Certificate of Acceptance exceeds the deposit then additional cost will be charged at the relevant processing time.
Compliance schedule	\$70.00 + hourly rate
<b>Building Act 2004 Certificates</b>	
Section 72 Land information Certificate (hazardous land register)	\$370.00

Section 73 Natural hazard	\$370.00
Section 75 Construction of building on 2 or more allotments	\$370.00
Building Warrant of Fitness audits	\$150.00 (1 inspection plus hourly)
Certificate of Public Use	\$200.00(includes 1 inspection)
Request for Certificate of Title	\$20.00
Administration	\$90.00 per hour
Request for information to be placed on property file.	\$90.00+ any additional fees for photocopying
Fire & Emergency New Zealand reviews (plus all FENZ charges)	\$250.00 + FENZ Charges)
<b>Levies</b>	
MBIE Levy	0.201% of value of building work over \$20,444
BRANZ Levy	0.1% of value of building work over \$20,000
Building Consent Accreditation (BCA) levy, applies to all projects unless otherwise stated.	\$0.80 per \$1,000 of the estimated project value
<b>Printing Building Consents*</b>	
Full Building Consent	\$45.00
Additional Copy	\$45.00
GoGet Administration Surcharge (all consents)	\$30.00
Swimming pool audit	\$300.00
<b>Monitoring and Enforcement</b>	
	\$150.00 per hour

\*This charge does not apply to minor consents

#### Car Parking Fees – Pay and Display

Fee/charge	Price (inc GST)
Peak (22 December – 31 January)	\$1.50 / hour
Off peak (1 February – 21 December)	\$1.00 / hour
Monthly permit (May – September incl only)	\$50.00/month
Annual permit (Limited to 15 permits annually)	\$650.00/year

#### Cemetery Charges

Fee/charge	All Prices Include GST
<b>Ashes Plot:</b>	
Ashes Plot Fee	\$200.00
Plinth Base	\$200.00
Preparation of Plot	\$150.00
Standard Rose	\$50.00
Maintenance Fee	<u>\$100.00</u>
	<b><u>\$700.00</u></b>
<b>Lawn Cemetery:</b>	
Lawn Plot Fee	\$500.00
Preparation of Plot (includes extra depth)	\$1,000.00
Children under 15	60% of Adult

RSA Lawn Plot preparation	\$1,000.00
RSA Ashes Plot preparation	\$150.00

### Development Contributions

The Council's Development Contributions Policy provides for a threshold to be met before contributions apply, and recommends that developers seek to enter into a Developer Agreement with the Council (an agreement reached by negotiation with the Council).

Development contributions will apply to those developments which exceed any of the below thresholds:

- Ten (10) housing equivalent units (HEU); or
- \$1 million capital value of development; or
- For non-residential development only, a gross floor area of 100m<sup>2</sup>

The below table states the contributions that would apply to a development that exceeds the above thresholds, and only if the developer were to opt not to enter a separate developer agreement.

Fee/charge	Per Housing Equivalent Unit <sup>6</sup>	Per Bed (Accommodation)
Roading	\$1,552.50	\$256.16
Water	\$2,501.25	\$412.71
Sewer	\$2,724.35	\$449.52
Stormwater	\$1,046.50	\$172.67
Other Development Contribution Levies		
<b>Parks &amp; Reserves</b> The land value is to be determined by either; <ul style="list-style-type: none"> <li>- An independent valuation for the new lot(s) which is no greater than three months old, arranged at the applicants cost,</li> <li>Or</li> <li>- a signed sale and purchase agreement for the new lot(s)</li> </ul>	Residential	2.5% of land value of each additional lot
	Rural residential (lots < 5 hectares)	1.0% of land value of each additional lot (assessed up to maximum 6,000m <sup>2</sup> )
	Rural (lots > 5 hectares)	0.5% of land value of each additional lot (assessed up to maximum 40,000m <sup>2</sup> )
	Non-subdivision	The value equivalent to 20m <sup>2</sup> of land for each additional housing equivalent unit created

### Water supply fees

Fee/charge	Price (incl GST)	
<b>Water unit charges</b> Applies to purchase of new units of water. These charges are in addition to service approval fees and development contributions (if any).	Fernleigh	\$1,150.00
	Kincaid	\$1,150.00
	Peketa	\$1,150.00
	Suburban	\$1,374.25
	East Coast	\$1,150.00
<b>Change in restrictor size</b> Applies to either an increase or a reduction in the size of restrictor	All supplies	\$115.00

<sup>6</sup> Please refer to Councils Development Contributions Policy for details on the Housing Equivalent Unit, and how this policy applies. The Policy can be found on our website [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz) or at the Council office.

<b>Physical works</b> All costs associated with connection, shifting location, or other physical work related to water supply such as pipes, toby, restrictor, backflow preventer, meter, and any other components	Actual costs of plant, labour and materials.
<b>Meter reading fee (extra)</b> Applies to any meter reading required to be taken outside the usual meter reading schedule (such as a final meter reading)	All supplies      \$60.00

### Engineering Fees

Fee/charge	Price (inc GST)
<b>Road Crossing Fee</b> Applies to laying of services under a road or footpath	\$350.00 Plus hourly rate of processing officer should reinstatement fail to comply with stated conditions
<b>Service Approval Fees</b> For each of water, sewerage and stormwater services	\$250.00 per service
<b>Effluent Disposal Fees</b> Applies to septic tank and/or portaloos emptying to the sewerage ponds	\$11.50 per cubic metre of waste
<b>Hourly processing fees</b>	Asset Manager \$160.00 Engineering Manager \$160.00 Engineering Support \$145.00

### Environmental Health Fees

Fee/charge	Price (inc GST)
Funeral director	\$160.00
Camping Grounds Registration	\$265.00
Playground Inspection	\$125.00
Hairdressers Registration	\$195.00
Offensive Trade Licence	\$210.00
Transfer Fees	\$75.00
Itinerant Traders	\$115.00
Hawkers Licence	\$23.00
Mobile Shop (Non Food)	\$115.00
Mobile Shop (Food)	\$184.50
Any other environmental health service (including Amusement Devices)	\$150.00 per hour plus mileage

### Food Premises

The Food Act 2014 introduced a number of new fees and charges, with a focus for full cost-recovery of the cost of processing food premises registrations and audits.

<b>Fee/Charge</b>	<b>Price inc GST</b>
<b>New registration</b>	
Food Control Plan (FCP) single site	\$270.00
Food Control Plan multi-site	\$300.00
National Programme (NP)	\$420.00
FCP or NP involving more than one hour officer time	\$150.00/hr
New business assistance over one hour, or pre-opening visit	\$150.00/hr plus travel
<b>Registration renewal</b>	
12 month renewal of Food Control Plan single site	\$270.00
12 month renewal of Food Control Plan multi-site	\$300.00
24 month renewal National Programme	\$420.00
<b>Site audits</b>	
Food Control Plan – single site audit (incl. Close out up to 15 minutes)	\$380.00
Food Control Plan – multi site audit (incl. Close out up to 15 minutes)	\$380.00 plus travel
Food Control Plan audit close out over 15 minutes	\$150.00/hr plus travel
NP 1 check (one-off)	\$300.00 plus travel
NP 2 audit (three-yearly)	\$400.00 plus travel
NP 3 audit (two-yearly)	\$150 per hour/plus travel
<b>Additional fees</b>	
Food Control Plan mentoring (based on two hours)	\$300.00 plus travel
Monitoring and compliance (based on half hour time spent)	\$75.00
Complaint resulting in issue of improvement notice and its review	\$150.00/hr plus travel
Application for exemption	\$150.00/hr plus travel
<b>Travel fees</b>	
Where fees are stated “plus travel” above, the following charges apply:	
Zone 1	No additional fee
Zone 2	\$29.95
Zone 3	\$83.93
Zone 4	\$163.55

#### Harbour Fees

<b>Fee/charge</b>	<b>Price (inc GST)</b>	<b>Frequency</b>
Slipway fee (single launch)	\$10.00	Per launch
Slipway fee (one month ticket)	\$85.00	Per month
Slipway fee (one year ticket)	\$299.00	Per annum
South Bay boat park lease (per boat park)	\$3,450.00	Per annum
Slipway fee (commercial user)	\$1,725.00	Per annum
Fishing charters and other commercial users	\$230.00	Per month
Berthage fees – New North Wharf	\$2,300.00	Per annum
Passenger Cruise vessels	\$500.00	Per visit

## Library Fees

Fee/Charge	Price (inc GST)
Overdue Items – charges accrue at the following rates <ul style="list-style-type: none"> <li>- Children's / Young Adult's</li> <li>- Adults</li> <li>- DVDs</li> </ul>	.10c per day per item .20c per day per item \$1.00 per day per item
Lost or damaged item	Full replacement cost plus administration charge
Replacement Library Card	\$5.00
Reserves	\$1.00
Inter-library loan postage	\$5.00
Public PC word processing and excel spreadsheets	\$2.00 for first half hour \$1.00 for quarter hour thereafter
Photocopy printing <ul style="list-style-type: none"> <li>- Black &amp; White A4</li> <li>- Black &amp; White A3</li> <li>- Colour A4</li> <li>- Colour A3</li> </ul>	.20c .40c \$2.00 \$4.00
Scanning	.20c per page
Internet <ul style="list-style-type: none"> <li>- 15 minutes</li> <li>- 30 minutes</li> <li>- 60 minutes</li> </ul>	\$2.00 \$3.00 \$6.00
Laminating A4	\$1.50 per page
Laminating A3	\$3.00 per page
Rental Fiction (three week issue)	.50c, \$1.00, \$2.00
Tours (one to three week issue)	\$1.00, \$1.50, \$2.00
DVDs (one week issue)	\$2.00-\$4.00

## Landfill and Resource Recovery Charges

Fee/Charge	Price (inc GST)
Bag (up to 65L)	\$4.50 per bag
Large bag (over 65L)	\$8.00 per bag
General refuse	\$350.00 per tonne
Green waste	\$80.00 per tonne
Wood waste	\$160.00 per tonne
Special Waste (Commercial & Industrial Products)	\$275.00 per tonne
Mixed Demolition Waste	\$350.00 per tonne
Clean Fill	\$80.00 per tonne
Electronics (excluding TV's)	\$3.00 per item
Televisions – CRT & LCD	\$45.00 per item
Whiteware (excluding refrigerators)	\$3.00 per item
Refrigerators	\$15.00 each
LPG cylinders	\$17.60 each
Car tyre	\$4.00 each
4x4 tyre	\$6.00 each
Light truck tyre	\$8.50 each

Other tyres	Individual pricing
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#### Licence to Occupy

Fee/charge	Price (inc GST)
Mobile shops (foreshore, Beach Rd, Esplanade)	\$2,875.00 per annum
West End carpark (tourism advertising signs)	\$360.00 per m <sup>2</sup> /year

#### LIM Fees

Fee/charge	Price (inc GST)
LIM – available within 10 working days	\$200.00
LIM – fast track (two working days)	\$300.00

#### Liquor Licensing Fees

	Application Fee	Annual Fee*	Risk Weighting
<b>On, Off and Club premises</b>			
Very low risk	\$368.00	\$161.00	0-2
Low risk	\$609.50	\$391.00	3-5
Medium risk	\$816.50	\$632.50	6-15
High risk	\$1,023.50	\$1,035.00	16-25
Very high risk	\$1,207.50	\$1,437.50	26 plus
<b>Special licence</b>			
Small (one or two events)	\$63.25	Less than 100 people attending	
Medium (1-3 medium events or 3-12 small events)	\$207.00	100-400 people attending	
Large (3 or more small events or more than 4 medium events)	\$575.00	400 plus people attending (AMP required)	
<b>Other fees</b>			
Temporary Authority	\$296.70		
Managers Certificate	\$316.25	New applications and renewals	

\* Annual fees are payable on the anniversary of the date the licence was issued. If the annual fee is not paid within 30 days of due date, the licence is no longer valid.

#### Marriage Licence Fees

Fee/charge	Price (inc GST)
Notice of Marriage by Celebrant	\$150.00
Notice of Marriage by Registrar	\$240.00

#### Pensioner Units

	Price (inc GST)
Single Bed Unit	\$105.00 per week
Double Bed Unit	\$140.00 per week
Two Bedroom Units (1 x double + 1 guest room)	\$155.00 per week

## Resource Management

All resource management fees are based on actual processing time, and are the **minimum** payable, subject to additional actual costs. "Additional actual costs" includes photocopying and postage, additional processing time above the base fee, and consultant's charges, legal advice, etc. Fees are payable on application for consent, and an invoice may be issued for any additional actual costs where these are higher than the fee paid.

Fee/Charge	Price (inc GST)
<b>Sign Consents</b>	
Signs Permit Fee	\$160.00
<b>Land Use Consents</b>	
<b>Category 1 – Non-Notified Land Use Base Fee</b> 1. Less than 20% breach of bulk and location standards of the District Plan for the following rules: <ul style="list-style-type: none"> <li>- Internal Boundary or Road Setback</li> <li>- Recession plane</li> <li>- Site Coverage</li> <li>- Height</li> <li>- Density</li> </ul> 2. Visitor accommodation 3. Relocated buildings	\$700.00
<b>Category 2 – Non-Notified Land Use Base Fee</b> <ul style="list-style-type: none"> <li>- Building in a flood hazard area</li> <li>- Earthworks or modification within an archaeological area or site</li> <li>- Temporary activities</li> </ul>	\$360.00
<b>Category 3 – All other Non-Notified Land Use Consent</b> Applications not listed as either category 1 or category 2 – Base Fee	\$900.00
If an application requires a hearing	An additional base fee of \$5,500.00 plus costs
<b>Subdivision Consents</b>	
Subdivision – two lots	Base fee \$1,800.00
Subdivision – more than two lots	Base fee plus \$400.00 per lot over two lots
If public or limited notification of an application requires a hearing	An additional base fee of \$5,500.00 plus additional actual costs
Subdivision Consent (Post Decision) – this is invoiced on completion of the consent. These fees are charged on an hourly rate based on time spent. These fees and charges relate to the processing and administration of subdivision consent post decision up to the S224 stage and include the following:  Planner's time per hour: Title plan checking and certification (s223) Consent notice preparation & issue Refundable bond preparation Checking & Issuing conditions certificate (s224) Registering bond preparation & releases	See "Processing Fees" on the next page.

Engineering time per hour: Engineering Plan checking and approval Roads, access ways and services	
Hearings/Committee Meetings – non-notified applications	\$72.00 for first ½ hour or part thereof \$145.00 per hour after first ½ hour, plus officer's attendance per hour per officer, plus Commissioner (if required) at actual cost
Hearings/Committee Meetings – notified applications	Actual cost of committee attendance, facility cost, officer attendance, minutes secretary, or independent Commissioner (if required) at actual cost
Submitter request to Council for independent Commissioner under section 100A(2)	Base fee \$2,000.00 plus additional actual costs
Application for variation of consent conditions (including change of consent notices for non-notified consents)	\$360.00
Application for variation of consent conditions (including change of consent notices for notified consents)	\$700.00
Application for extension of consent timeframe	\$360.00
Application for existing use rights	\$700.00
Certificate of Compliance (section 139 RMA)	\$360.00
<b>Processing &amp; Administration</b>	
Processing fees (hourly rates) per processing officer	
Planning Officer	\$135.00
Senior Planner	\$150.00
Asset Manager / Engineering Manager	\$160.00
Engineering Technical Support Officer	\$145.00
Environmental Health Officer	\$150.00
Administration	\$90.00
Building Control Officer	\$150.00
Consultancy/Legal Advice	At actual cost
Creation/Variation or Waiver of Esplanade Strips and Reserves	\$260.00
Site Visits and Travel costs	Staff hourly rate plus 73c per km
<b>Plan Changes &amp; Designations</b>	
Fees are the minimum payable and required in advance – final fees will be based on actual time spent, at the hourly rate of the processing officer	
Plan Change	\$10,000.00
Requirement for Designations or Heritage Orders	\$1,740.00
Alteration of Designation	\$2,500.00
Assessment of Outline Plan	\$650.00

Removal of Designation	\$650.00
<b>Miscellaneous Charges</b>	
Consultation of more than 60 minutes regarding interpretation of District Plan	Base fee \$30.00 plus fee at the hourly rate of the processing officer
Cancellation of Building Line Restriction	\$340.00
Cancellation of Easements	\$350.00
Certified Resolution	\$350.00
Right of Way Approval	\$350.00
Completion Certificate	\$250.00
Withdrawal of Caveat	\$200.00
Certificate Under s226 of the RMA	\$650.00
<b>Reports and Plans</b>	
Kaikōura District Plan (Full Copy)	\$175.00
Kaikōura District Plan (Maps Only)	\$35.00
Kaikōura District Plan (CD)	\$60.00

### Venue and Equipment Hire

Memorial Hall hires are subject to an additional charge for metered use of heater. Terms and conditions apply to hire of the hall and all equipment hire.

<b>Fee/charge</b>			<b>Price (inc GST)</b>
<b>Memorial Hall</b>	<b>Half Day</b>	<b>Whole Day</b>	<b>Bond</b>
Supper Room only (hire fee includes chairs & tables)	\$50.00	\$100.00	\$200.00
Supper Room, Projector & Screen Package	\$150.00	\$200.00	\$400.00
Supper Room bond for function serving alcohol			\$400.00
Main Hall only (hire fee includes chairs & tables)	\$150.00	\$300.00	\$200.00
Main Hall & Microphone Only Package	\$250.00	\$400.00	\$500.00
Main Hall & Projector & Screen Package	\$300.00	\$450.00	\$500.00
Main Hall & Projector, Screen & Microphone Package	\$350.00	\$500.00	\$500.00
Main Hall & Projector, Screen & Wireless Headset Package	\$450.00	\$600.00	\$600.00
Main Hall bond for function serving alcohol			\$600.00
Upstairs meeting room (includes two trestle tables in room)	\$30.00	\$60.00	-
Downstairs meeting room	\$20.00	\$40.00	-
<b>Additional equipment</b>		<b>Hire Fee</b>	<b>Bond</b>
Extra handheld microphone & stand		\$50.00	-
Extra wireless headset microphone		\$100.00	-

<b>Civic Centre</b>	<b>Half Day</b>	<b>Whole Day</b>	<b>Bond</b>
Council Chambers (1 <sup>st</sup> Floor)	\$40.00	\$80.00	-
Function Room (Top Floor)	\$20.00	\$50.00	-
<b>Equipment available for external hire</b>	<b>Half Day</b>	<b>Whole Day</b>	<b>Bond</b>
Portable projector screen	\$60.00	\$120.00	\$100.00
Portable data projector	\$20.00	\$40.00	\$40.00
Chairs (per chair per day)		\$1.00	\$50.00
Trestle tables (per table per day)		\$5.00	\$50.00

# Three Year Plan Disclosure Statement

For period commencing 1 July 2018

## What is the purpose of this statement?

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

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

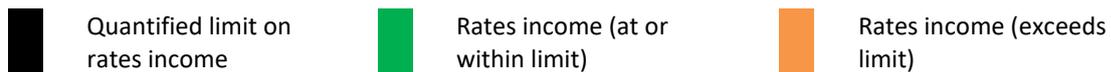
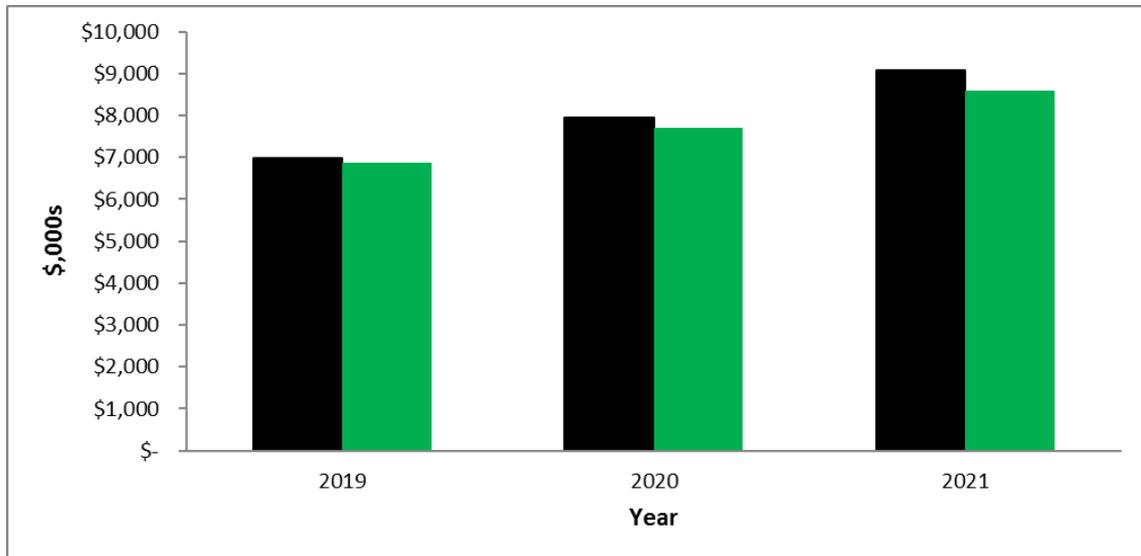
## Rates affordability benchmark

The Council meets the rates affordability benchmark if—

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

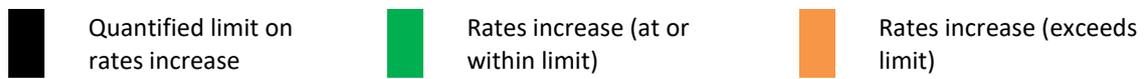
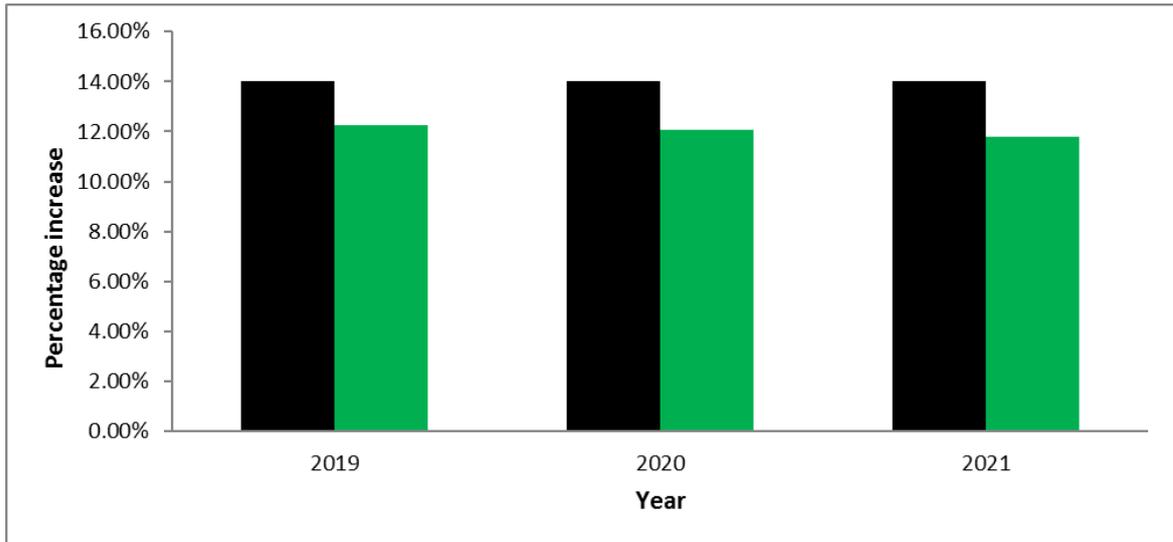
## Rates (income) affordability

The following graph compares the Council's planned rates with a quantified limit on rates contained in the financial strategy included in this three-year plan. The Council's financial strategy is for increases to be spread over the three-year period, in line with the increases affordability measure.



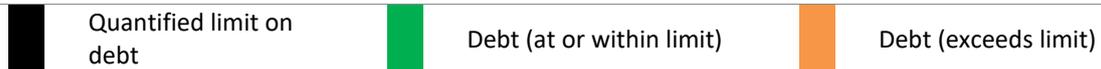
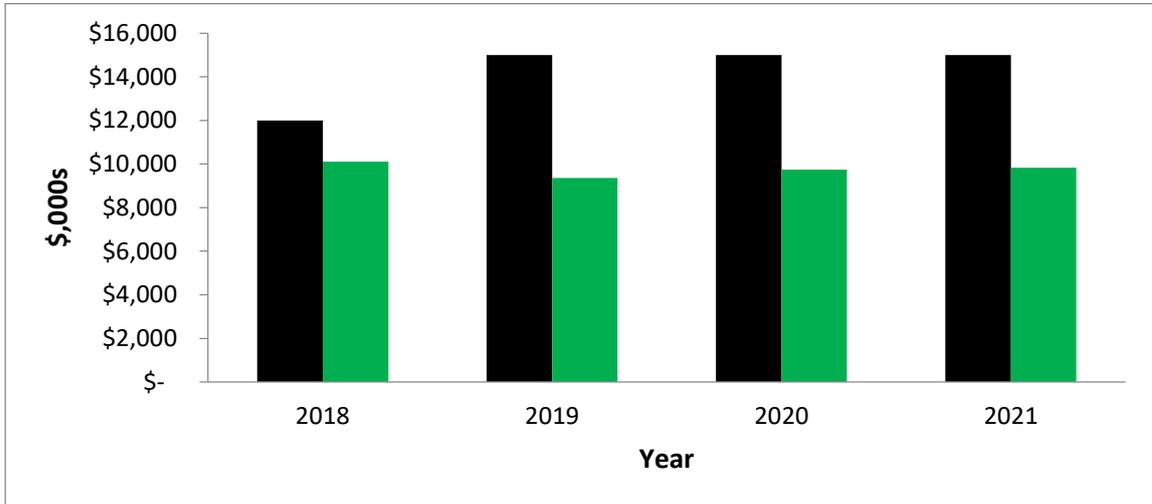
## Rates (increases) affordability

The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this three-year plan. The quantified limit is 14.0% increase each of the three-years.



**Debt affordability benchmark**

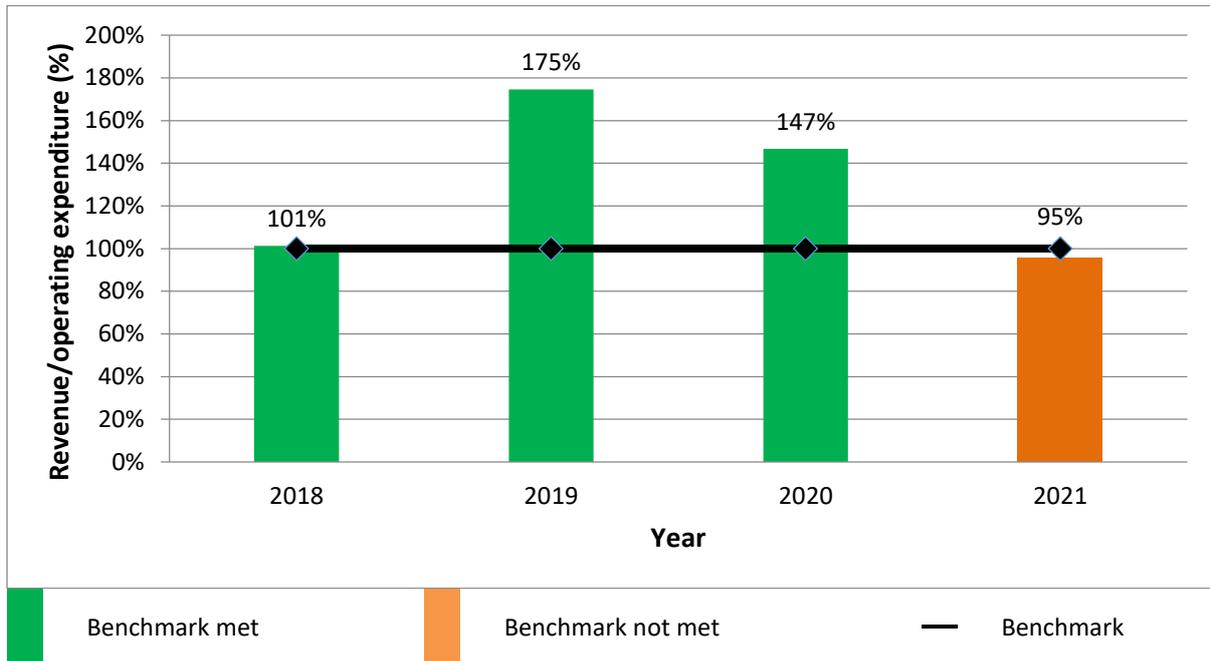
The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this three-year plan. The quantified limit has been increased from \$12 million to \$15 million.



**Balanced budget benchmark**

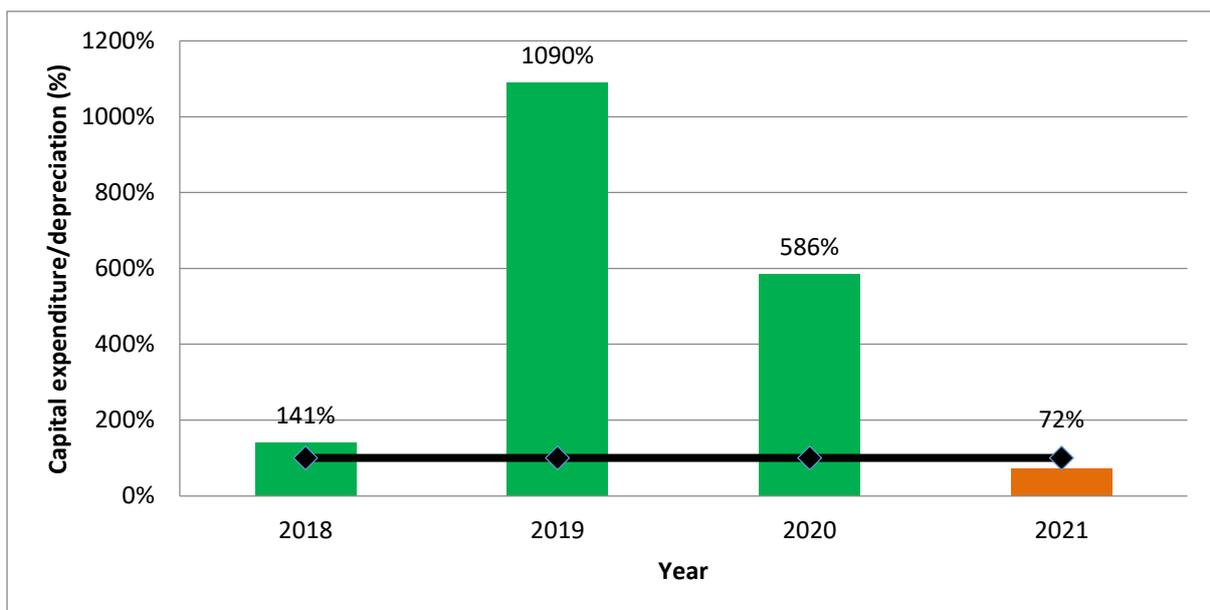
The following graph displays the Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative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

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



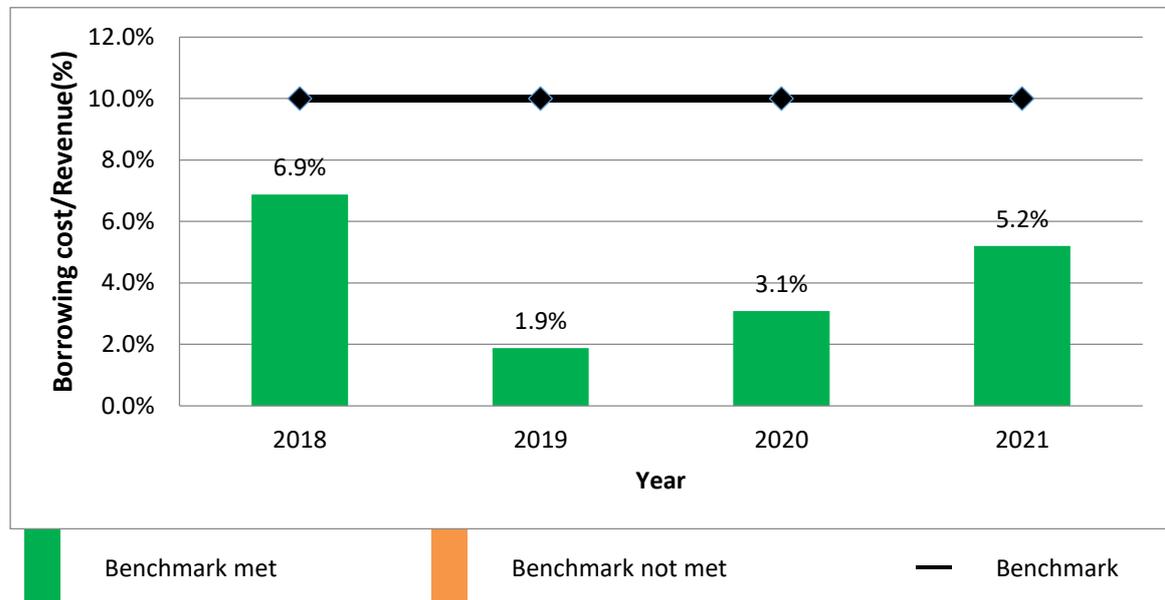
**Essential services benchmark**

The following graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



**Debt servicing benchmark**

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



# Council Activities

# Roading

## Sub-Activities

Roads and bridges,  
Footpaths and cycleways  
Streetlights

The Council maintains 205km of local roads and 40 bridges in our district, with approximately half of our roads are sealed. Of the bridges, 32 are single lane and 6 apply weight restrictions. The earthquake damaged five single lane bridges beyond repair – Gillings Lane, Hawthorne Road, Rorrison's Road, Evans Bridge and Scotts Road. These will be replaced as part of the rebuild.

## Our Goals: What we're working towards

To provide for the safe and reliable movement of people and goods throughout the District, connecting communities and accessing property.

## Our Objectives: Why we're doing what we're doing

- To ensure that roads, footpaths and cycleways are safe to use
- To ensure that the form and function of roads, footpaths and cycleways is appropriate for their use.
- To ensure that the roading network is resilient to unplanned events
- To ensure that new and replacement facilities comply with standards and current practice
- To secure customer satisfaction with the roading network and its facilities.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	By maintaining roading assets through third party contracts so that people can access facilities.  By designing and constructing roading facilities to recognised standards to cope with traffic and active travel from existing demand levels and anticipated growth.
Residents and visitors enjoy an improved quality of life in our District.	By providing reliable access to communities and areas of interest.  By providing footpaths and cycleways to allow people to enjoy our natural environment and provide areas for exercise to improve wellbeing and overall quality of life.

## Assumptions

Major assumptions made for this activity are;

- That the earthquake rebuild is completed to programme and all significant damage is repaired
- That any damage arising future minor storm or earthquake events will be funded from within the existing business as usual programme
- That NZ Transport Agency will continue to fund eligible roading activities at current assistance rates or better
- That NZ Transport Agency will continue to fund the maintenance of NCTIR haul routes on local roads at 100%
- That asset management activities for roading will be funded to enable determination of future roading needs to support funding applications to NZ Transport Agency
- That the average expected life of existing sealed surfaces is 20 years
- NCTIR haul routes will continue to be maintained and renewed at no cost to the ratepayer, for at least the first twelve months of the Three-Year Plan.

## Negative effects

Road traffic can create negative effects on communities through noise and congestion. Road traffic creates environmental impacts through air pollution and contaminated road surface run-off.

## Key Issues and their impacts in 2018-2021

Aging infrastructure increases the risk of asset failure. \$1.14million has been included to reseal sealed roads, replace gravel on unsealed roads, and renew failing pavements over the next three years. Safety hazards need to be addressed particularly around schools. \$206,000 has been provided to install school zones, install guardrails and improved signage. In response to public feedback, an additional \$200,000 has been added to the annual road maintenance budget for emergency work and minor events. Weather events are becoming more frequent, and NZTA will fund 51% of the cost of repairs after these events.

Many of our footpaths are in poor condition. \$150,000 has been provided over the next three years to resurface around two kilometres of footpaths.

The majority of our street lighting is old technology. \$84,000 has been provided to progressively upgrade street lighting to LED technology resulting in a significant power saving, and, following public feedback, the Council has added \$125,000 to the budget for 2018/2019 as a contribution to Mainpower for the undergrounding of power cables. This will be funded by loan.

## Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		NZTA subsidy	Targeted rate	Petrol tax & other revenue	Loan
Roads & bridges	5,212	62%	36%	2%	-
Footpaths	567	6%	94%	-	-
Streetlights	495	15%	30%	4%	51%

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The number of fatalities and serious injury crashes on the local road network expressed as a number. (Change from previous year)	Mandatory	0	Reduction of more than 1	Reduction of more than 1
The average quality of ride on the sealed road network measured by Smooth Travel Exposure.	Mandatory	75%	Greater than 85%	Greater than 85%
The average quality of ride on the sealed road network measured by NAASRA roughness	Council	160	Less than 125	Less than 120
The percentage of customer service requests relating to roading, footpath and associated infrastructure faults responded to within one week	Mandatory	100%	Greater than 90%	Greater than 90%
The number of customer service requests received about Council's roading network per year	Council	N/A	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned appropriately)	Council	N/A	Less than 37	Less than 37
The percentage of the sealed network that is resealed per year	Mandatory	10%	Greater than 5%	Greater than 5%
The percentage of footpaths that are condition grade 4 or 5	Mandatory	N/A	Less than 10%	Less than 10%
The percentage of streetlights not functioning during an audit of any part of the network	Council	N/A	Less than 2%	Less than 2%
The percentage of regulatory road signs incorrect or missing during an audit of the road network.	Council	N/A	Less than 0.5%	Less than 0.5%

## Forecast Funding Impact Statement - Roading

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	-	-	-	-
Targeted rates (incl. water meter charges)	1,015	940	1,026	1,041
Subsidies & grants for operating purposes	267	1,094	533	529
Fees & charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	34	35	36	37
<b>Total operating funding (A)</b>	<b>1,316</b>	<b>2,069</b>	<b>1,595</b>	<b>1,607</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	539	1,640	1,019	1,010
Finance costs	92	35	35	31
Internal charges & overheads applied	186	117	112	121
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>818</b>	<b>1,792</b>	<b>1,166</b>	<b>1,162</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>498</b>	<b>278</b>	<b>429</b>	<b>445</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	349	179	329	339
Development & financial contributions	14	-	15	15
Increase/(decrease) in debt	81	77	(68)	(73)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>444</b>	<b>257</b>	<b>276</b>	<b>281</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	220	100	51	53
Capital expenditure - improve level of service	79	152	29	29
Capital expenditure - replace existing assets	643	283	625	644
Increase/(decrease) in reserves	-	-	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>943</b>	<b>535</b>	<b>705</b>	<b>726</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(498)</b>	<b>(278)</b>	<b>(429)</b>	<b>(445)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water Supplies

## Sub-Activities

Kaikōura Urban water supply,  
Ocean Ridge water supply,  
East Coast rural water supply,  
Kincaid rural water supply,  
Fernleigh rural water supply,  
Oaro rural water supply,  
Peketa rural water supply,  
Kaikōura Suburban water supply

## Our Goals: What we're working towards

Provide water infrastructure that meets the needs of the community, ensures a healthy standard of living, and minimises effects on the environment.

## Our Objectives: Why we're doing what we're doing

- To ensure that water supplied to consumers is safe to drink
- To ensure that the supply of water is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To secure customer satisfaction with their drinking water supply.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met.	Infrastructure and plans are in place which ensure drinking water is not contaminated and is safe to drink.

## Assumptions

Major assumptions made are;

- Water bore and surface water sources do not change significantly during the plan period
- The earthquake rebuild is completed to programme and all significant damage is repaired
- The Director of Health will require chlorination of all public water supplies within the life of this Plan
- The requirements of the NZ Drinking Water Standards do not change significantly within the life of this Plan.
- The number of water schemes and current scheme boundaries do not change.

## Negative effects

Water abstraction from aquifers could impact on other bores or water sources. Community concern around chlorination of water supplies.

### Key Issues and their impacts in 2018-2021

Many of the water supply networks are at risk of contamination from the source water. A programme to upgrade water sources and the treatment of raw water has been included as follows:

Kaikoura Suburban	Intake upgrade 2020/21 - \$50,000 Storage 2018/19 - \$150,000
Oaro	Treatment upgrade to chlorination 2020/21 - \$50,000
Peketa	New bore and treatment upgrade to chlorination 2019/20 - \$250,000
Kincaid	Intake Upgrade 2020/21 - \$50,000
Ocean Ridge	Treatment upgrade to chlorination 2019/20 - \$50,000
East Coast	Treatment upgrade to household treatment units 2018/19 - \$100,000

Aging infrastructure increases the risk of asset failure. \$811,840 has been included to replace life expired pipes in the Kaikoura Urban scheme over the next three years.

Automatic monitoring and alarm systems require upgrading to ensure timely performance information and response to system failures. \$145,000 has been included in 2019/20 to undertake upgrades to the SCADA control system.

Many schemes do not comply fully with New Zealand Drinking Water Standards for monitoring and testing regimes. \$24,000 has been included in 2019/20 to undertake required upgrades.

### Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism		
		User fees & charges	Targeted rates	Loan
Kaikoura urban and suburban supplies	3,297	< 1%	> 77%	22%
Ocean Ridge supply	271	1%	99%	-
East Coast rural supply	244	-	100%	-
Kincaid rural supply	387	< 1%	> 99%	-
Fernleigh rural supply	141	-	100%	-
Peketa supply	354	-	36%	64%
Oaro supply	242	-	100%	-

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The extent to which the water supply complies with part 4 of the NZ Drinking Water Standards (bacteria compliance criteria)	Mandatory	100%	100%	100%
The extent to which the water supply complies with part 5 of the NZ Drinking Water Standards (protozoal compliance criteria)	Mandatory	100%	100%	100%
The extent to which the water supply with the testing and monitoring requirement of the NZ Drinking Water Standards	Council	N/A	100%	100%

The percentage of real water loss from networked reticulation systems	Mandatory	Less than 40%	Less than 30%	Less than 30%
The average consumption of drinking water per day per resident	Mandatory	190	Less than 200 litres	Less than 200 litres
The median response time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that service personnel attend the site	Mandatory	1 hour	Less than 1 hour	Less than 1 hour
The median resolution time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that the fault is resolved	Mandatory	3.8 hours	Less than 2 days	Less than 2 days
The percentage of urgent callouts, being service failure, supply fault or contamination, responded to within one hour from the time of notification to the time that service personnel attend the site	Council	N/A	98%	98%
Median response times to non-urgent callouts (minor leaks and equipment maintenance)	Mandatory	1 day	Less than 1 day	Less than 1 day
Median resolution time to non-urgent callouts	Mandatory	1 week	Less than 1 week	Less than 1 week
Percentage of non-urgent callouts responded to within 48 hours from the time of notification to the time that service personnel attend site	Council	N/A	98%	98%
The number of customer service requests received about Council water supply schemes per year	Council	N/A	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned appropriately).	Council	N/A	Less than 37	Less than 37
The number of complaints received about drinking water clarity, per year per 1,000 connections	Mandatory	1	Less than 1	Less than 1
The number of complaints received about drinking water taste, per year per 1,000 connections	Mandatory	5	Less than 5	Less than 5
The number of complaints received about drinking water odour per year per 1,000 connections	Mandatory	5	Less than 5	Less than 5
The number of complaints received about drinking water pressure or flow, per year per 1,000 connections	Mandatory	10	Less than 10	Less than 10
The number of complaints received about drinking water continuity of supply, per year per 1,000 connections	Mandatory	5	Less than 5	Less than 5

## Forecast Funding Impact Statement – Water Supplies

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	-	-	-	-
Targeted rates (incl. water meter charges)	913	1,187	1,534	1,600
Subsidies & grants for operating purposes	-	-	-	-
Fees & charges	-	3	4	3
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>913</b>	<b>1,190</b>	<b>1,538</b>	<b>1,603</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	497	779	720	751
Finance costs	40	52	57	65
Internal charges & overheads applied	136	282	255	271
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>674</b>	<b>1,112</b>	<b>1,032</b>	<b>1,087</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>239</b>	<b>79</b>	<b>506</b>	<b>516</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	23	-	24	24
Increase/(decrease) in debt	(67)	180	253	1
Gross proceeds from sale of assets	330	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>286</b>	<b>190</b>	<b>277</b>	<b>25</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	885	239	371	157
Capital expenditure - replace existing assets	100	22	421	434
Increase/(decrease) in reserves	(460)	(2)	(9)	(50)
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>525</b>	<b>259</b>	<b>783</b>	<b>541</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(239)</b>	<b>(79)</b>	<b>(506)</b>	<b>(516)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Wastewater

## Our Goals: What we're working towards

To protect the health of the District's residents and environment by providing an efficient and effective means of collecting, treating and disposing of sewage effluent in larger urban communities.

## Our Objectives: Why we're doing what we're doing

- To ensure that properties in serviced communities have access to wastewater disposal facilities
- To ensure that the disposal of wastewater from Council's schemes is effective and environmentally acceptable
- To ensure that the access to the wastewater network is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To ensure the wastewater system is secure and functional
- To secure customer satisfaction with their wastewater services.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	By diverting wastewater from on-site disposal in higher density urban communities to an environmentally secure treatment facility
Our community is resilient, safe and well and has their essential needs met.	By providing a reticulated wastewater network that collects and disposes of wastewater from residential and commercial properties in larger urban communities.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	By maintaining wastewater networks through third party contracts.  By designing and constructing wastewater facilities to recognised standards to cope with flows from existing demand and anticipated growth.

## Assumptions

The major assumptions around wastewater are;

- That the earthquake rebuild is completed to programme and all significant damage will be repaired
- That there is no significant change in the volume and composition of the wastewater being discharged into the system
- That infiltration into the system is significantly reduced by earthquake repairs
- That the number of schemes and current wastewater scheme boundaries do not change.

## Negative effects

Pipe failure or overflows from the system create a public health hazard. Centralised treatment facilities create a more concentrated environmental risk.

### Key Issues and their impacts in 2018-2021

Aging infrastructure increases the risk of asset failure. \$80,000 has been included to replace life expired pumps over the next three years.

Automatic monitoring and alarm systems require upgrading to ensure timely response to system failures. \$80,000 has been included in 2019/20 to undertake upgrades to the SCADA control system.

### Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism		
		NZTA subsidy	Targeted rate	User fees
Wastewater (sewerage)	2,217	2%	> 97%	< 1%

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The number of dry weather sewage overflows, expressed per 1,000 sewer connections	Mandatory	0	0	0
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	Mandatory	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	Mandatory	0	0	0
The number of enforcement orders issued to the Council for non-compliance of consent conditions	Mandatory	0	0	0
The number of convictions against the Council in relation to its resource consents	Mandatory	0	0	0
The median response time to sewage overflows from the time of notification to the time that service personnel reach the site	Mandatory	1 hour	Less than 1 hour	Less than 1 hour
The median resolution time to sewage overflows from the time of notification to the time of resolution of the blockage or other fault	Mandatory	6 days	Less than 1 day	Less than 1 day
The number of complaints received about sewage odour, expressed per 1,000 connections	Mandatory	2	Less than 2	Less than 2
The number of complaints received about sewage system faults, expressed per 1,000 connections	Mandatory	3	Less than 3	Less than 3
The number of complaints received about sewage system blockages, per 1,000 connections	Mandatory	3	Less than 3	Less than 3
The number of complaints received about the Councils (or the Councils service providers) response to the above issues, per 1,000 connections	Mandatory	3	Less than 3	Less than 3

The number of customer service requests received about Council wastewater schemes per year	Council	N/A	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned properly)	Council	N/A	Less than 37	Less than 37
The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site.	Council	N/A	98%	98%
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to the time that service personnel attend site	Council	N/A	98%	98%

## Forecast Funding Impact Statement - Wastewater

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	-	-	-	-
Targeted rates (incl. water meter charges)	562	683	740	703
Subsidies & grants for operating purposes	-	14	13	13
Fees & charges	23	18	17	17
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>584</b>	<b>715</b>	<b>770</b>	<b>733</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	187	419	428	440
Finance costs	69	62	56	52
Internal charges & overheads applied	207	145	131	137
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>463</b>	<b>626</b>	<b>615</b>	<b>629</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>121</b>	<b>90</b>	<b>155</b>	<b>104</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	25	-	26	26
Increase/(decrease) in debt	(77)	(70)	(75)	(84)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(52)</b>	<b>(70)</b>	<b>(49)</b>	<b>(58)</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	44	20	80	20
Increase/(decrease) in reserves	25	-	26	26
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>69</b>	<b>20</b>	<b>106</b>	<b>46</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(121)</b>	<b>(90)</b>	<b>(155)</b>	<b>(104)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Stormwater

## Our Goals: What we're working towards

To protect the health and property of the District's residents and environment by providing an efficient and effective means of collecting and disposing of stormwater in larger urban communities.

The stormwater system predominantly protects the Kaikōura Township, including Ocean Ridge, and comprises of approximately 17km of reticulation system that discharges to land, sea and other water courses.

The system is comprised of a number of small piped and open drain networks most of which discharges to sea or to Lyell Creek. The stormwater system includes that provided by kerb and channel on the roads, swales such as those found in the Seaview and Ocean Ridge subdivisions, and large drains such as Phairs Drain and Sullivans Gully.

## Our Objectives: Why we're doing what we're doing

- To ensure that properties in serviced communities have access to stormwater disposal facilities
- To ensure that rainfall runoff from urban properties is captured in a network of open and closed drains
- To ensure that the disposal of stormwater from Council's schemes is effective and environmentally acceptable
- To ensure that the access to the stormwater network is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To ensure the stormwater system is secure and functional
- To secure customer satisfaction with their stormwater services.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met.	By providing a stormwater drainage network that collects and disposes of stormwater arising from small to medium rainfall events to prevent the flooding of residential and commercial buildings in larger urban communities.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	By maintaining stormwater networks through third party contracts.  By designing and constructing stormwater facilities to recognised standards to cope with flows from moderate events.

## Assumptions

Major assumptions for stormwater planning are;

- That the earthquake rebuild is completed to programme and all significant damage is repaired
- That there is no significant change in the volume of the stormwater being discharged into the system other than due to development
- That the number of schemes and current stormwater scheme boundaries do not change.

#### Negative effects

Potential for discharges to waterways to contain contaminants which are not captured or treated within the stormwater system.

#### Key Issues and their impacts in 2018-2021

Climate change is likely to increase the severity and frequency of storm events. This could lead to more frequent occurrences when the stormwater system capacity is exceeded and flooding results. This is a longer term issue but likely to become apparent during the term of this plan.

Development in some areas is creating more hard areas resulting in an increase in stormwater runoff. This will require an increase in capacity of some parts of the network. \$230,000 has been included to address the most critical parts of the system including an updated Stormwater Management Plan for Kaikoura.

#### Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism		
		User fees	Targeted rate	Loan
Stormwater	491	2%	78%	20%

#### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The number of flooding events where water enters habitable property per year	Mandatory	Less than 1	Less than 1	Less than 1
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	Mandatory	Less than 3	Less than 3	Less than 3
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	Mandatory	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	Mandatory	0	0	0
The number of enforcement orders issued to the Council for non-compliance of consent conditions	Mandatory	0	0	0
The number of convictions against the Council in relation to its resource consents	Mandatory	0	0	0
The median response time taken to attend a flooding event, from the time of notification to the time that service personnel reach the site	Mandatory	1 hour	Less than 1 hour	Less than 1 hour

The number of complaints received about performance of the stormwater system, expressed per 1,000 connections	Mandatory	9	Less than 3	Less than 3
The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site	Council	N/A	98%	98%
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to that time that service personnel attend site	Council	N/A	98%	98%
The number of customer service requests received about Council stormwater schemes per year	Council	N/A	Less than 200	Less than 200
The number of complaints received per year due to a service request not being actioned properly	Council	N/A	Less than 20	Less than 20

## Forecast Funding Impact Statement - Stormwater

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	-	-	-	-
Targeted rates (incl. water meter charges)	126	133	111	117
Subsidies & grants for operating purposes	-	-	-	-
Fees & charges	-	3	3	3
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>126</b>	<b>136</b>	<b>114</b>	<b>120</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	51	81	57	59
Finance costs	10	-	6	6
Internal charges & overheads applied	26	45	41	42
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>87</b>	<b>126</b>	<b>104</b>	<b>107</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>39</b>	<b>10</b>	<b>10</b>	<b>13</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	10	-	10	10
Increase/(decrease) in debt	(11)	-	100	(2)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(2)</b>	<b>-</b>	<b>110</b>	<b>8</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	220	-	100	-
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	28	10	10	11
Increase/(decrease) in reserves	(210)	-	10	10
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>37</b>	<b>10</b>	<b>120</b>	<b>21</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(39)</b>	<b>(10)</b>	<b>(10)</b>	<b>(13)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Refuse & Recycling

## Our Goals: What we're working towards

To progressively decrease the volumes of solid waste landfilled in the District, with a view to ultimately achieving zero waste to landfill.

## Our Objectives: Why we're doing what we're doing

- To ensure that recycling and re-use opportunities are maximised
- To minimise the impact of residual solid waste on the community
- To ensure that properties in serviced communities have access to recycling and solid waste disposal facilities
- To ensure that the disposal of residual solid waste is effective and environmentally acceptable
- To ensure that recycling activities and solid waste disposal are secure and functional
- To secure customer satisfaction with solid waste services.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	<p>By diverting solid waste from the landfill to recycling and re-use markets through waste separation and providing kerbside recycling collection to larger urban communities</p> <p>By managing a secure landfill site that prevents contaminants from entering the surrounding environment.</p> <p>By providing and clearing recycling stations and street litter bins at waste generation locations.</p>

## Assumptions

We have assumed that residual waste from earthquake rebuild during the plan period reduces significantly.

## Negative effects

The potential for contamination of the environment from concentrated landfilling of residual waste.

## Key Issues and their impacts in 2018-2021

A significant proportion of the available landfill volume has been utilised in disposing of waste arising from earthquake damage. This has reduced the remaining life of the landfill. This Plan includes funding to prepare a site plan and implement early stages of an upgrade and development of the Resource Recovery Centre to maximise reuse and recycling opportunities and handle residual waste efficiently. The first stage of this project is funded by the government's Waste Minimisation Fund established as part of earthquake recovery.

Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism		
		Grants & subsidies	General & targeted rates	Loan & other
Solid waste & landfill management	1,447	22%	43%	35%
Recycling & waste minimisation	1,223	-	97%	3%

Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Residual solid waste produced (kilogram/year) per resident	Earthcheck	180kg	152 kg	152 kg
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	Council	N/A	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	Council	N/A	0	0
The percentage of urgent callouts, being hazardous or environmental waste dumping on public land, responded to within one hour from the time of notification to the time that service personnel depart to the site	Council	N/A	98%	98%
The percentage of non-urgent callouts, being illegal dumping on public land, responded to within 48 hours from the time of notification to the time that service personnel attend site	Council	N/A	98%	98%
The number of Customer Service Requests received about recycling collections per year	Council	N/A	Less than 100	Less than 100
The number of complaints received per year (complaint being due to a service request not being actioned appropriately)	Council	N/A	Less than 10	Less than 10

## Forecast Funding Impact Statement – Refuse & Recycling

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	267	365	332	362
Targeted rates (incl. water meter charges)	131	247	242	251
Subsidies & grants for operating purposes	-	-	-	-
Fees & charges	5	-	-	-
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	14	14	14	14
<b>Total operating funding (A)</b>	<b>417</b>	<b>627</b>	<b>588</b>	<b>628</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	352	424	380	390
Finance costs	3	1	16	24
Internal charges & overheads applied	49	190	176	189
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>403</b>	<b>616</b>	<b>572</b>	<b>603</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>14</b>	<b>11</b>	<b>16</b>	<b>24</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	315	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	(6)	(7)	249	242
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(6)</b>	<b>308</b>	<b>249</b>	<b>242</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	311	-	-
Capital expenditure - replace existing assets	8	8	265	266
Increase/(decrease) in reserves	-	-	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>8</b>	<b>319</b>	<b>265</b>	<b>266</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(14)</b>	<b>(11)</b>	<b>(16)</b>	<b>(24)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Community Facilities

## Sub-Activities

- Parks and reserves (including tracks, walkways and recreation facilities)
- Public toilets
- Community buildings (Memorial Hall, Drill/Scout Hall, Civic Centre)
- Housing for the Elderly
- Swimming Pool
- Cemetery
- Harbour
- Airport

## Our Goals: What we're working towards

Rebuilding, improving and maintaining physical facilities that support and develop the Kaikoura district.

## Our Objectives: Why we're doing what we're doing

To provide facilities that are;

- safe, welcoming and attractive
- accessible for all abilities, socio-economic circumstances, ages and cultures
- culturally appropriate
- appropriate and affordable on an ongoing basis.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	By maintaining community facility assets through third party contracts so that people can access facilities.  Upgraded or new facilities will be located and designed recognizing accessibility, costs, revenues and natural hazards.
Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity	By providing facilities that are appropriately located, scoped and recognise economic benefits.
Residents and visitors enjoy an improved quality of life in our District.	By providing reliable access to communities and areas of interest.  By providing reserves, play areas, walkways and cycleways to allow people to enjoy our natural environment and provide areas for exercise to improve wellbeing and overall quality of life.

## Assumptions

We have made the following assumptions:

- The Material Damage insurance settlement amount will be treated on a global basis and allocated to priority assets
- Where external capital funding (grants) has been assumed in the Three Year Plan the work will not proceed unless these funds are secured
- Non-earthquake safety works will be undertaken as soon as practicable or facilities will need to be closed
- Internal and external resources will be available to deliver the programme including earthquake repairs.

#### Negative effects

Closure of some existing facilities will negatively impact those users if suitable alternative facilities cannot be provided.

Loss of local amenity through the disposal of reserve land.

Increased use of harbour and airport facilities may create additional noise nuisance to some residents.

#### Key Issues and their impacts in 2018-2021

##### **Memorial Hall, Esplanade Offices, and Drill Hall:**

These facilities have all suffered degrees of earthquake damage and/or do not comply with code requirements for fire safety or structural strength. This results in these buildings requiring remedial works to enable safe use. The Esplanade Offices will be closed and secured until we have more detail about the cost of remedial work on the building. Following public feedback supporting continued use of the Drill Hall, the Council has agreed to seek external funding (such as Lotteries and others) to make the building weatherproof and safe to use, and to fund the shortfall from the Earthquake Recovery Fund.

The Memorial Hall will be repaired, upgraded to meet code requirements and improved in 2018/19 to allow use by a wider variety of groups pending the outcome of the new community hub project (\$1.5M).

##### **Swimming Pool:**

The Lions swimming pool on the Esplanade was closed in 2016 after it was damaged by the earthquake. Community Recovery Plan consultation in early 2017 showed a strong desire for a new pool facility and for a community hub, although no cost estimates were available at the time. Sport Tasman commissioned an independent pool feasibility study and provided the report to Council in late 2017.

Council is working closely with Sport Tasman to develop all the recent pool-related work to date into a final pool feasibility study. We are committed to developing designs and to consulting with the community about the options to find a long-term answer.

Depending on the final design and location, a new pool may cost between \$6 million and \$14 million. Council expects that for the District to be able to afford this, large amounts of fundraising and external funding would be required. Once built, the cost of running and maintaining a new pool would be passed on to ratepayers and users through both ticket sales and future rates rises.

The current feasibility, planning and consultation work is expected to take between 3 and 5 years and require significant fundraising and external funding before any construction could

start. In the meantime, we will fund the pop up pool for another year while we temporarily repair the Lions pool for the community to use for up to five years.

Council can commit a total of \$700,000 towards pool related work over the next three years. Council has agreed to defer the decision on repairs to the existing pool or a new pool until December 2018 by which time a decision on site and feasibility is made.

**Reserves, Toilets and Playgrounds:**

Levels of service for these facilities will be increased to address increased demand from residents and visitors. Funding of \$255,000 has been provided over the next three years. The number and location of reserves is believed to exceed the demand and needs of the community. This Plan includes \$25,000 to assess the number of reserves and their location and consult with the community around the potential sale of any underused areas or areas which are surplus to the community’s needs. The plan also allows for income of \$200,000 per annum in years 2 and 3 from disposal of surplus land.

**Walkways and Cycleways:**

The condition of a number of facilities exposes users to safety hazards that need to be addressed. In addition, a number of new connections are required to provide a network of cycleways accessing points of interest for visitors and completing the new coastal route to the North. \$175,000 has been included in the plan to increase the level of maintenance on tracks and cycleways and address safety hazards. \$120,000 has been allocated for feasibility studies for a Mangamaunu/West End link and West End/Point Kean upgrade.

**Tennis Courts:**

The tennis courts were damaged in the earthquake. The two upper tennis courts have been repaired. Public feedback suggested the two lower courts could be made into multi-use courts such as tennis, netball and basketball. The Council has agreed to prepare and seal the courts, but any conversion to multi-use will require additional fundraising from the community.

**Wharves and Jetties:**

Several facilities are in poor condition and have been affected by deferred maintenance. The impact is a number of safety hazards that need to be urgently addressed. \$150,000 has been allocated to make essential areas safe for marine and land based use. Some areas will remain closed until further funding can be obtained.

**Airport:**

Use of the Airport by commercial and recreational users has significantly increased in recent years. In addition, the terminal building and hangar are earthquake damaged and require repair. To ensure the operation of the Airport and location of facilities is both safe and effective an Airport Management Plan is required before undertaking repairs. \$70,000 is included for an Airport study and development plan together with \$1.4 million for earthquake repairs.

Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Reserves & other	Loans
Parks & reserves	2,916	21%	63%	13%	3%
Community properties	4,907	18%	22%	56%	-
Airport	1,946	20%	9%	41%	30%

Harbour	1,466	47%	23%	20%	10%
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Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The number of Memorial Hall bookings (excluding KDC use) per annum	Council	54	50	75
The percentage of Council housing tenants who fit Criteria One (the highest priority), in the Councils housing for the elderly policy.	Council	100%	100%	100%
The percentage of pesticides used that are biodegradable	Earthcheck	100%	100%	100%
The percentage of cleaning chemicals purchased that are biodegradable	Earthcheck	>90%	Greater than 90%	Greater than 90%
The percentage of tracks and cycleways that are condition grade 4 or 5	Council	N/A	Less than 10%	Less than 10%
The number of customer service requests received about Council's community facilities per year	Council	N/A	Less than 500	Less than 500
The number of complaints received about Council's community facilities per year (due to a service request not being actioned appropriately)	Council	N/A	Less than 50	Less than 50

## Forecast Funding Impact Statement – Community Facilities

	<b>Long Term Plan 2017/2018</b>	<b>Three-Year Plan 2018/2019</b>	<b>Three-Year Plan 2019/2020</b>	<b>Three-Year Plan 2020/2021</b>
	<b>,000s</b>	<b>,000s</b>	<b>,000s</b>	<b>,000s</b>
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	774	787	693	326
Targeted rates (incl. water meter charges)	344	467	400	421
Subsidies & grants for operating purposes	3	-	-	-
Fees & charges	785	782	880	1,261
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,906</b>	<b>2,036</b>	<b>1,973</b>	<b>2,008</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	958	1,061	1,064	968
Finance costs	295	291	276	282
Internal charges & overheads applied	276	515	487	536
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>1,529</b>	<b>1,866</b>	<b>1,827</b>	<b>1,786</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>377</b>	<b>171</b>	<b>149</b>	<b>222</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	1,115	60	-
Development & financial contributions	8	-	8	8
Increase/(decrease) in debt	252	79	(188)	380
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>259</b>	<b>1,234</b>	<b>(120)</b>	<b>388</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	570	1,926	771	421
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	38	920	581	581
Increase/(decrease) in reserves	29	(1,441)	(1,323)	(392)
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>637</b>	<b>1,405</b>	<b>29</b>	<b>610</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(377)</b>	<b>(171)</b>	<b>(149)</b>	<b>(222)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Horizontal Infrastructure Rebuild

## Sub-Activities

Earthquake damaged Council owned horizontal infrastructure including:

- Roading and bridges
- Footpaths and streetlights
- Water supply
- Sewerage
- Stormwater

## Our Goals: What we're working towards

Rebuilding quality infrastructure that meets the needs of the community whilst achieving long term affordability for Council.

## Our Objectives: Why we're doing what we're doing

To restore pre-earthquake levels of service (LOS) across the infrastructure network wherever possible and improve levels of service where funding allows.

To deliver a safe and high quality rebuild programme within the funding envelope agreed with our funding partners.

To work with our key stakeholders in a collaborative way to achieve successful outcomes.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	The rebuild programme is looking to repair or replace Council damaged infrastructure assets to pre-earthquake levels of service or better if funding allows. Replacement of fit for purpose infrastructure that is affordable in the long term is a key priority.
Our community is resilient, safe and well and has their essential needs met.	The rebuild programme will help improve the safety and security of water supply.  The road and structures programme is aimed at replacing the levels of service on the transport network and achieving safer outcomes as well as restoring access and connectivity for the community.
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	The rebuild programme will reduce the potential for water loss from the network as well as the risk of unplanned discharges from the sewer network that has the potential to impact on the environment.

## Assumptions

The following assumptions have been made;

- The current infrastructure rebuild programme estimate is approximately \$39million of which just of 60% needs to be delivered during the three year plan period.
- There will be significant physical progress on projects in the 2018/19 financial year with the bulk of the rebuild work being completed by June 2020.
- Eligibility of funding for the scope of work for each project is approved at the optioneering stage. Not all projects will proceed if they are not eligible for funding.
- Not all earthquake damage will be fixed through the rebuild programme if it is not eligible for funding. Programme level contingencies will continue to be reviewed as programme develops
- Internal and external resources will be available to deliver programme on time and budget.

## Negative effects

If rebuild activities do not proceed there will be reduced levels of service (including access and safety) on the transport network from road, footpath and bridge damage.

Until rebuild work is undertaken there will be continued fragility of reticulation networks leading to increased maintenance costs and loss of security or supply of service.

Environmental issues from unplanned discharges from the sewerage network especially in wet weather if the sewer repairs are not undertaken.

## Key Issues and their impacts in 2018-2021

### Repairing and future proofing our bridges

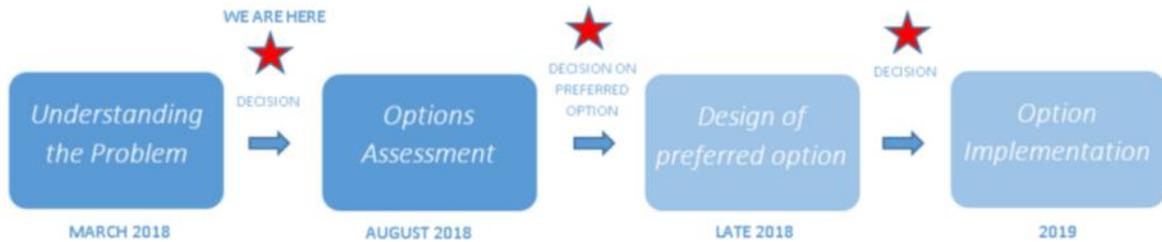
Five of our local bridges require a full replacement after the earthquakes (Hawthorne Rd, Evans, Rorrison's Rd, Gillings Lane and Scotts Road). Based on safety audit findings and future growth planning, the Council has agreed to improve the level of service by replacing these one-lane bridges with two lanes, at the Hawthorne Rd, Rorrison's Rd, and Evans (Mt Fyffe Road) as well as making provision for a pedestrian footpath on the Hawthorne bridge. The total project cost is estimated at \$4.56m. Detailed design of the five bridges is expected to be complete by June 2018 with construction starting in the first quarter of next financial year.

Three frequently used one-lane bridges have been identified to be replaced with two-lane:

Bridge name	Improvement	Capital Cost for KDC	Benefits on Levels of Service
Evans Bridge (Mt Fyffe Rd)	Two lane	After NZTA 95% funding + 51% betterment FAR: \$150k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Rorrison's Rd	Two lane plus footpath	After NZTA 95% funding + 51% betterment FAR: \$90k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Hawthorne Rd	Two lane plus footpath	After NZTA 95% funding + 51% betterment FAR: \$165k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road. Footpath on school road.

### Clarence Valley Access

A business case process in relation to loss of all-weather access to the Clarence valley as result of the earthquake is underway. The first stage of this process, known as the Strategic Business Case, is now complete. The next stage of the process to develop, an Indicative Business Case, has been approved and is underway. This process will identify a long list of options to address the problems identified which will be shortlisted down to a preferred option. The outcome from this stage will be to provide residents and stakeholders with some certainty over the long term and is targeted to be completed by August 2018. Approval will be required to progress beyond the Indicative Business case depending on findings.



### Lyell Creek sewer replacement

The repair and replacement of the main sewer is the largest project in the horizontal infrastructure rebuild programme at an estimated cost of approximately \$6 million. Detailed design is progressing to replace the sewer line along Beach Road from Lyell Creek Pumps station to Mill Road pumps station. This design phase is expected to take six months (completed by September 2018) and construction about a year depending on construction methodology and sequencing. Properties between Beach Road and Lyell Creek will have a new pressure sewer collection system to take the sewer line away from the unstable land on Lyell Creek.

Replace the full length of rising sewer main along State Highway 1

Cost for KDC	Risks / Benefits provided
<u>Capital</u> \$5.9M <u>O&amp;M</u> \$2,600/yr. <u>KDC cost (capex)*:</u> \$1,365,888 \$1.3m betterment	<ul style="list-style-type: none"> <li>- Resilient engineering outcome.</li> <li>- Pressure reticulation will keep pipes shallow and alignment flexible.</li> <li>- All pipes are PE which are proven to perform comparatively well in an earthquake.</li> <li>- Potential Lyell Creek PS pumping costs due to requirement for new rising main.</li> </ul>



### Repairing and future proofing our aeration lagoon

Detailed design of this project is currently underway and is expected to be completed by October 2018. It has been agreed to rebuild the aeration lagoon within the existing WWTP site boundaries and further away from the stream. The current most likely total project cost estimate is \$1.65million. After contributions from insurance and the Crown it is expected that KDC will need to fund approximately \$250,000.

### Repairing and future proofing our major water structures

A number of projects are underway to repair and replace our major water structures. The largest is the replacement of Fords reservoir with a new 1500 litre steel tank. The expected project cost for this is \$875,000 to be funded by a combination of insurance and Crown contribution, with KDC ready to raise loans if there is a shortfall.

### Funding major projects: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		Grants & subsidies	General/targeted rates	Reserves & other	Loans
Roading	14,376	89%	2%	-	9%
Water supplies	1,435	93%	-	7%	-
Wastewater (sewerage)	8,952	75%	-	25%	-
Stormwater	632	74%	-	26%	-
Project management	1,292	67%	33%	-	-

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Rebuild programme completed on time and budget	Council	Annual programme delivered within 20% of forecast	Annual programme delivered within 20% of forecast	Rebuild complete by June 2020
The rebuild is delivered safely	Council	Zero fatalities	Zero fatalities	Zero fatalities
Compliance with statutory requirements	Statutory	No major transgressions on consent conditions	No major transgressions on consent conditions	No major transgressions on consent conditions
Customer satisfaction with rebuild outcomes	Council	Over 80% satisfaction measure in rate payer survey	Over 80% satisfaction measure in rate payer survey	Over 80% satisfaction measure in rate payer survey
Handover of acceptable asset data on time and to KDC requirements	Council	Council asset management system updated within three months of project completion	Council asset management system updated within three months of project completion	Council asset management system updated within three months of project completion
Quality rebuild outcomes	Council	Less than 5% rework across the rebuild programme	Less than 5% rework across the rebuild programme	Less than 5% rework across the rebuild programme

## Forecast Funding Impact Statement – Horizontal Infrastructure Rebuild

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	-	-	-	-
Targeted rates (incl. water meter charges)	-	290	230	213
Subsidies & grants for operating purposes	-	1,138	254	-
Fees & charges	-	-	-	-
Interest and dividends from investments	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	-	1,428	484	213
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	-	1,453	296	-
Finance costs	-	85	94	100
Internal charges & overheads applied	-	22	21	-
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	-	1,560	411	100
<b>Surplus/(deficit) of operating funding (A – B)</b>	-	(132)	74	113
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	13,884	7,176	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	-	957	313	(113)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	-	14,840	7,488	(113)
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	2,394	400	-
Capital expenditure - replace existing assets	-	13,249	8369	-
Increase/(decrease) in reserves	-	(934)	(1,207)	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	-	14,708	7,562	-
<b>Surplus/(deficit) of capital funding (C – D)</b>	-	132	(74)	(113)
<b>Funding Balance {(A-B) + (C-D)}</b>	-	-	-	-

# Commercial Activities

## Sub-Activities

Leased Properties (Wakatu Quay, 25 Beach Road, 34 Esplanade, and others)  
Forestry

## Our Goals: What we're working towards

Forestry resources, investments and properties are managed in a cost effective manner so as to provide the optimum financial return on these assets.

## Our Objectives: Why we're doing what we're doing

All Council owned assets are operated on a commercial basis. Council's commercial activities are financially sustainable.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
<p>Commercial activities supports the following Community Outcomes;</p> <ul style="list-style-type: none"> <li>Sustainable development (growth and development)</li> <li>Strategic partnerships to attract investment - as identified in the Kaikoura District Recovery Plan (Reimagine Kaikoura).</li> </ul>	<p>Operating Council assets commercially and in a financial sustainable manner will support growth and development.</p> <p>Investment into Kaikoura with key strategic partnerships supports both commercial and financial sustainability.</p>

## Assumptions

The following major assumptions have been made;

- Council retain its current property portfolio
- Forestry capital distributions occur as forecast by Marlborough Regional Forestry (which includes assumption that distributions cease in 2021 and require cash input from KDC).

## Negative effects

There is a risk that if the Council retains all of its current property and forestry portfolio that;

- Asset condition continues to deteriorate
- Significant operational and capital investment may be required
- Failure to maximise return on investment (rental income).

## Key Issues and their impacts in 2018-2021

### Key Issues

- Earthquake damage needs repair before properties can be tenanted
- Properties in a state of neglect.

### Major Projects

The Cuddons building at 25 Beach Road will be upgraded to meet code requirements and receive some minor repairs. A budget of \$275,000 has been allocated for this work.

Undertake a strategic review of KDC assets (Land and Buildings) in order to;

- explore opportunities for retaining or divesting assets (including MRF), and
- understand property operational and capital investment requirements to maximise commercial returns.

This work will be undertaken in the first quarter of 2018/2019 at an estimated cost \$10,000.

Funding allocations: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Reserves & other	Loans
Leased properties	632	11%	46%	43%	-
Forestry	1,616	-	(64)%	164%	-

Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The proportion of revenue from commercial activities as a percentage of total revenue	Council	10%	4%	2%

## Forecast Funding Impact Statement – Commercial Activities

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	(23)	(461)	(377)	164
Targeted rates (incl. water meter charges)	-	-	-	-
Subsidies & grants for operating purposes	-	-	-	-
Fees & charges	167	19	24	25
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	995	1,198	734	122
<b>Total operating funding (A)</b>	<b>1,139</b>	<b>756</b>	<b>381</b>	<b>311</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	834	940	571	185
Finance costs	-	-	-	-
Internal charges & overheads applied	32	116	110	126
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>866</b>	<b>1,056</b>	<b>681</b>	<b>311</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>273</b>	<b>(300)</b>	<b>(300)</b>	<b>-</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	5	-	-	-
Capital expenditure - improve level of service	-	200	-	-
Capital expenditure - replace existing assets	-	-	-	-
Increase/(decrease) in reserves	268	(500)	(300)	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>273</b>	<b>(300)</b>	<b>(300)</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(273)</b>	<b>300</b>	<b>300</b>	<b>-</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Leadership and Governance

## Sub-Activities

Governance  
Support Services  
Communications

## Our Goals: What we're working towards

Council is an elected body that provides a governance structure for effective leadership, advocacy and accountable stewardship of the Council's assets and resources. Council is made up of elected members 7 Councillors and one Mayor who are elected to serve a three year term of office which coincides with the local authority elections.

Council provides systems for democratic local decision making for the overall benefit of the community, for both our current and future generations. Council decision making and actions are concerned with meeting the current and future needs of communities for good quality infrastructure, local public services and the performance of regulatory functions in a cost effective way for both business and households.

Mayor and Councillors provide governance to set direction, monitor and review Council performance, represent the Community as well as inform the Community of decisions made.

## Our Objectives: Why we're doing what we're doing

The Local Government Act 2002 requires Council and elected members to lead and represent their community. This Act requires Council to meet current and future needs of the community in terms of good quality infrastructure and services as well as provide quality regulatory functions, all in a cost effective way. As well as this, Council is well placed to provide advocacy and leadership on other local matters that are outside those core functions.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community participates in decisions and planning in a way that benefits our future.	We conduct our business in an open transparent manner that informs our community and takes cognisance of their and key stakeholders feedback.  All decisions are made with a long term vision and in the best interests of the community.

## Assumptions and Negative effects

We have assumed there will be no significant legislation changes that may affect this activity. There are no negative effects.

## Key Issues and their impacts in 2018-2021

2019/2020 is an election year and Council has provided for a Triennial election.

Council has a major role as a facilitator. It should provide reliable, affordable services and infrastructure that meet the community’s needs, help develop attractive towns and a district that people will want to visit and reside in. This is important if the district is to experience economic growth and a transition to a diversified, resilient and sustainable economy which is a key aspect of Councils strategy.

It is critical that Council continues to advocate strongly to governmental agencies and key partners regarding earthquake rebuild, advocating for financial and other support for the Kaikoura District Council and core transformational district projects, communications and mobile coverage infrastructure.

It is also important that Council considers affordability issues in our communities. Rates affordability is important.

Funding allocations: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Grants & subsidies	Loans
Governance	2,704	-	100%	-	-
Support services	1,403	8%	-	92%	-
Communications	607	-	94%	6%	-

Levels of Service: How we measure what we’re doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
The percentage satisfaction with the Mayor Councillors and staff	Council	75%	75%	75%
Compliance with legislation	Council	New measure	100%	100%
Regular hui’s with Iwi Executive	Council	New measure	6	6
Council meetings allows for public participation public forum, providing accountability, transparency and public accessibility to information provided.	Council	New measure	100%	100%
Ensure at least 90% of residents are satisfied that Council consults with them on important issues	Council	New measure	90%	90%

Communications

Our Objectives: Why we’re doing what we’re doing

Clearly outlining Council’s purpose and priorities will help to manage the expectations of our community and stakeholders. Being open and proactive about what we do and where our priorities are will allow residents and ratepayers to make informed decisions and form fact-based opinions about Council services and operations. Examples include clearly explaining which roads are/aren’t serviced and to what level.

Council aims improve our relevance and accessibility to make it easier for residents to understand how Council provides both business as usual services and recovery support activities. This includes

initiatives such as improving our website to make it easier to follow Council processes and decision making, or using images video and infographics to help explain complex issues is simple and easy to follow formats. Increasing the accessibility of our information (particularly online) is also necessary to meet legal obligations.

Community perceptions of and reactions to Council action (or inaction) are vital to understanding how Council is/isn't meeting community expectations and needs. By engaging openly and often across a wide range of issues, Council can build a holistic picture of how our community thinks and feels, what it values and what it wants. Examples would include encouraging having a Council presence at key community meetings/within community groups, making our complaints/feedback process more transparent, making surveys and consultation easier to do (whether online, in person or over the phone). This picture can be used by Council to help inform decisions, plan work and set objectives and goals. Engaging frequently and honestly also builds trust and confidence in Council allowing us to act with the mandate of the community and to lead it confidently in time of hardship or emergency.

To help ensure the best quality service delivery for our community, Council employees need to have a strong sense of 'who we are, what we do and why we do it', this forms the internal Council culture, brand and 'story'. A supportive and constructive internal environment will ensure a high functioning organisation that is able to deliver effectively for our community.

How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met.	Allows the community to understand what services Council offers and where they need to be self-sufficient. Improves the community's ability to contribute to decision making or District development projects.
Our community participates in decisions and planning in a way that benefits our future.	Improves the community's ability to contribute to decision making or District development projects by ensuring they are aware of them and making it easy to understand.

Assumptions

Council budget and staff resourcing will remain constant. Tourism marketing responsibilities will continue to sit outside Council. Council staff will continue to play an active part in facilitating timely and effective communication. Communications scope, role and responsibilities remain constant i.e. any changes made to arrangements with Council service providers/sub-contractors do not have major communications implications.

Negative effects

Not providing comprehensive, quality communications leads to increased operational and organisational risks for Council due to a lack of community understanding or support. It also leads to increased hardship or negative wellbeing impacts for some ratepayers if they cannot understand access or engage with Council services and activities easily or in a timely way.

## Key Issues and their impacts in 2018-2021

### *Operational issues*

The earthquake greatly increased the need for comprehensive, strategic communications. Externally, there was an unprecedented need for Council to engage with the community and provide essential information. Internally, the earthquake meant the staff faced increased personal and professional demands making good communication critical. The scale and intensity of the ongoing rebuild and recovery work means this increased need for communications support is expected to continue for at least the next 5 years. Council communications channels will be reviewed at least annually to ensure they remain fit for purpose, current and relevant.

Both current communications staff are on fixed term contracts, one ending in April 2018, the other in February 2019. In addition the communications element of Civil Defence (known as public information management) relies on Council communications staff. The loss of one or both staff members would significantly impact the ability of the Council to deliver communications in both business as usual or a Civil Defence situation, weakening our community and stakeholder relationships and increasing the pressure on other staff. Within 2018 Council will decide its likely communications needs going forward and ensure appropriate succession planning and resourcing is in place.

The Council website is dated and would benefit from a comprehensive overhaul. This should be done alongside a review of all IT systems agreements and process to ensure value for money and fit for purpose solutions. Web development moves quickly and customer expectations of service move with it. Council is already moving to improved online service in some areas (i.e. building consents through GoGet) however, these improvements are piecemeal. Done piecemeal, such development risks ending up with incompatible and unnecessarily complex systems that overlap or leave gaps. It also risks public confusion or frustration at why some services are improving but others are not or why data cannot be shared or accessed easily. Within the 2018-2021 period a comprehensive review of all IT systems and online services will be conducted and a way forward agreed.

### *Strategic issues*

As Council moves through a number of systemic, priority and resourcing changes over the 2018 – 2021 period it is expected that a number of new challenges will emerge. Some of these challenges, for example around natural hazard solutions will require intensive communications support. Internal communications will be especially critical as we move through this period to ensure staff are informed, engaged and supported.

In the short term (2018-19) these changes will result in additional public and media scrutiny of Council decisions, systems, staff and processes. Full media training for all Council elected members and spokespeople will be undertaken.

These changes are also expected to present both challenges and opportunities for Council's relationships with stakeholders and partners. In the short term (2018-19) an intensive stakeholder communications effort will help mitigate any impacts after which an annual review of stakeholder relationships will be conducted to ensure they are managed appropriately going forward.

The recent change of Government following the 2017 election has present a range of strategic communications opportunities and challenges. In the short term (2018-19) a key communications focus will be building and leveraging Government relationships to ensure appropriate advocacy on our ratepayers behalf.

## Forecast Funding Impact Statement – Leadership & Governance

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	612	425	669	1,065
Targeted rates (incl. water meter charges)	-	-	-	-
Subsidies & grants for operating purposes	-	800	500	0
Fees & charges	41	34	48	35
Internal charges and overheads recovered	1,432	2,090	1,982	2,199
Fuel tax, infringement fees, & other receipts	63	-	-	-
<b>Total operating funding (A)</b>	<b>2,148</b>	<b>3,349</b>	<b>3,199</b>	<b>3,299</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	1,786	3,669	2,978	2,515
Finance costs	-	46	53	50
Internal charges & overheads applied	235	294	290	327
Other operating funding application	63	-	-	-
<b>Total application of operating funding (B)</b>	<b>2,084</b>	<b>4,009</b>	<b>3,321</b>	<b>2,892</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>64</b>	<b>(660)</b>	<b>(122)</b>	<b>407</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	-	710	215	(306)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>710</b>	<b>215</b>	<b>(306)</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	21	40	41	42
Capital expenditure - replace existing assets	43	48	53	58
Increase/(decrease) in reserves	-	(38)	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>64</b>	<b>50</b>	<b>94</b>	<b>101</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(64)</b>	<b>660</b>	<b>122</b>	<b>(407)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Community & Customer Services

## Sub-Activities

Community Development  
 Civil Defence Emergency Management  
 Community Grants and Fundraising  
 Youth Development  
 Kaikōura District Library

## Community Development

### Our Goals: What we're working towards

The goal is to move seamlessly from social recovery to community development continuing the process where community comes together to take collective action and generates solutions to common problems. This strengthens community resilience, safety and wellbeing, ensuring everyone in the community has their essential needs met and enhances quality of life for residents and visitors (Reimagine Kaikōura p.54):

- Creates a cohesive community that is focused towards a common vision and goal for Kaikōura
- Grows strong, resilient and supportive communities where people take responsibility for their own actions
- Increases sport, art, cultural, environmental & educational opportunities
- Enriches quality of life for residents and visitors
- Making it happen – builds strong community networks to encourage youth participation & capacity.

### Our Objectives: Why we're doing what we're doing

To enhance positive networks between the community, business and local government by creating a robust community development programme.

### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met	Support organisations working to enliven Kaikōura, strengthen community connections, wellbeing and building resilience.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards	Support community groups and services that require community facilities to deliver programmes that increase community wellbeing and connectedness.  Identify actions to meet current and future community needs.
Residents and visitors enjoy an improved quality of life in our District	Enhance positive networks between the community, business and local government by creating a robust community development programme. Monitor health and wellbeing outcomes and regularly review progress and actions

Our community participates in decisions and planning in a way that benefits our future	Provide promotion, advancement and creation of funding opportunities for residents of the Kaikōura District to help foster community engagement and participation, developing short and long term community resilience.
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### Assumptions

The following assumptions have been made;

- Recovery is a long-term endeavour
- Most recovery funding will have ceased by December 2018 decreasing the delivery of service
- There will be an on-going need for community support
- Community development skills and expertise will be important.

### Negative effects

Not continuing to provide a robust community development strategy and programme may lead to:

- A loss of funding opportunities
- Negative well-being impacts
- Loss of capacity and capability with community groups becoming siloed
- Loss of connection between social, cultural, environmental and economic matters.

### Key Issues and their impacts in 2018-2021

Five externally funded positions will come to an end over the next months leaving a huge service delivery gap, increasing the need for a community development officer with a strong connection to the community who will take on much of the administration currently underway. The loss of community capability, individual and organisational capacity will impact negatively on long term positive change.

To counteract the loss of the funded positions and the negative impact of this, \$165,000 has been included to retain a Community Services and Development Manager who will be responsible for team management and fundraising and also employ a full time Community Development Manager. This would allow for continued support of post-earthquake community resilience and help to ensure everyone in the community has their essential needs met.

### Funding allocations: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Grants & subsidies	Loans
Civil Defence	278	-	100%	-	-
District Library	1,025	6%	92%	1%	-
Customer service	14	100%	-	-	-
Community grants	257	-	79%	21%	-
Community development	524	-	100%	-	-
Outreach coordination	69	-	-	100%	-
Family violence	30	-	-	100%	-
Youth coordination	51	-	100%	-	-

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Increased customer satisfaction with Customer Services Team	Council	89%	90%	91%
Externally funded community projects	Council	2	3	4

## Civil Defence Emergency Management

### Our Goals: What we're working towards

- Promoting strong, resilient and connected communities who are able to reduce risk from, prepare and respond to, and recover well from any emergency.
- Preparing an Emergency Operations Centre to lead a coordinate response
- Building close relationships with the community and local partner agencies to ensure effective response and recovery.

### Our Objectives: Why we're doing what we're doing

Under the Civil Defence Emergency Management (CDEM) Act 2002, the Council must plan and provide for civil defence emergency management for the district, focussing on the 4 R's – Reduce Hazards, Readiness, Response & Recovery.



### Civil Defence

The Council supports the community to respond effectively to and recover well from emergencies through promotions and workshops.

### Emergency Management

Council is responsible for training Council staff to resource an Emergency Operation Centre (EOC) to coordinate response in case of an emergency as defined by the CDEM Act 2002.

The Council is a member of the Canterbury Civil Defence Emergency Management Group (CCDEM). Composed of territorial authorities across Canterbury, CCDEM works to coordinate emergency management at a regional level working with emergency response, iwi, Environment Canterbury, the community and other partner agencies and to help support local territorial authorities.

### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community participates in decisions and planning in a way that benefits our future.	Resilience programme - looking positively toward the future
Our community is resilient, safe and well and has their essential needs met	Development and implementation of Community Response Plans to strengthen community response and communication between neighbours and communication with the Emergency Operations Centre and outlying communities during a response.

## Assumptions

The following assumptions have been made;

- The Kaikoura district has a diverse range of natural and man-made hazards, some of these hazards have a low probability of happening but a very high impact on the community and district
- There will be a need for Council to deliver civil defence emergency management in our district over the next three years
- Training of staff and public education is an ongoing process.

## Negative effects

Not providing Civil Defence Emergency Management will mean Council is in breach of the Civil Defence Emergency Management Act 2002. Not providing the function due to reduced funding may result in harm to life, local businesses and property and would also hinder future recovery from future events.

## Key Issues and their impacts in 2018-2021

Fatigue from earthquake recovery decreases strong buy-in to civil defence/emergency management activities the impact of this is less uptake in civil defence education programmes and less participation in community response plans. As a result more staff resources may be requested to achieve the desired result and a slower uptake of community plans and education can lead to the community being less prepared.

## Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Percentage of survey respondent with an emergency kit	Council	90%	90%	90%
Number of Team Leadership/CDEM meetings per year	Council	2	6	6
Number of Emergency Management (all staff) exercises per year (Exercise Pandora)	Council	0	1	1
Hours of CDEM Training per staff member per year	Council	2	12	12

## Community Grants & Fundraising

Our Goals: What we're working towards

Increase sport, art, cultural, environmental & educational opportunities within the district.

Our Objectives: Why we're doing what we're doing

Foster community engagement and participation by:

- providing promotion and advancement of existing community grants
- supporting fundraising projects that develop short and long term community resilience.

How we're supporting our Community Outcomes

Project funding for community organisations, schools and clubs creates opportunities for local communities to engage with and participate in arts and sports activities otherwise not available in our district. Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community (Reimagine Kaikōura p 42):

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met	Administering 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.
Our community participates in decisions and planning in a way that benefits our future	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. <ul style="list-style-type: none"> <li>• givME (formerly BreakOut) offers access to more than 4,000 scholarships and grants for individuals.</li> <li>• givUS (formerly FundView) lists more than 1,200 resource schemes for communities, volunteer organisations and clubs</li> </ul>

### Assumptions

The following assumptions have been made;

- As long as external funding is available, KDC will deliver community grants
- Fundraising capability for small and large community projects will continue to be needed.

### Negative effects

Not providing grant administration may lead to funders withdrawing available funding, leaving community groups and schools under-resourced. Without a dedicated funding resource, community projects such as 'the pool' may not be supported.

### Key Issues and their impacts in 2018-2021

Community groups are in need of increased support since the earthquake and high level fundraising will be needed to fill the gaps over the next three years. Obtaining external funding for projects will mean that more projects can proceed with a reduced impact on rates which will enrich the quality of life for residents enabling families to stay in the district.

## Youth Development

Our Goals: What we're working towards

Making it happen – growing and developing the skills and connections young people need to be able to take part in society and reach their potential.

Our Objectives: Why we're doing what we're doing

To provide opportunities for our young people to become successful learners, confident individuals, effective contributors and responsible citizens.

### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community participates in decisions and planning in a way that benefits our future	Be providing opportunities for young people to become successful learners and confident individuals through participation in Committee members and regular presentations to Council.

### Assumptions

It has been assumed that funding will continue to be available for youth development.

### Negative effects

Not providing funding for youth development may lead to increased social issues caused by youth disengagement.

### Key Issues and their impacts in 2018-2021

Kaikōura currently has no other youth organisations supporting broad youth development. Support for the Youth Council will strengthen community capacity and enhances relationships with young people. There is a minimal cost associated with providing increased youth engagement in our community.

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Facilitate monthly youth Council meetings	Council	10	10	10
Support with youth Council activities	Council	5	5	5
The number of Committees youth are represented on	Council	3	3	3

## Kaikōura District Library

Our Goals: What we're working towards

Delivering a world class library service which retains its community values.

Our Objectives: Why we're doing what we're doing

To connect people with information and ideas to foster lifelong learning, improved literacy and creative expression.

The library operates a diverse service as an educational, informational, recreational and cultural resource and aims to satisfy the developing resilience needs of the Kaikōura community. The library plays a key part in creating opportunities for the elderly, youth and retaining families in the community. By staying current with our evolving community, their needs and interests, we are able to:

- continuously adapt and evaluate our services, programmes and collection
- support equitable access to information and technology
- offer a community meeting space where all members of the community can gather, interact and participate in programmes, events and activities
- encourage a love of reading
- provide and maintain a current collection of resources
- invest in our staff, technology and infrastructure in order to best serve community needs.

How we’re supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met	<p>By providing an innovative and vibrant library service.</p> <p>The library service connects people with information and ideas to foster lifelong learning, improved literacy and creative expression.</p> <p>The library operates a diverse service as an educational, informational, recreational and cultural resource and aims to satisfy the developing resilience needs of the Kaikōura community.</p>
Our community participates in decisions and planning in a way that benefits our future	The library plays a key part in creating opportunities for the elderly, youth and retaining families in the community.

Assumptions

The following assumptions have been made.

- Funding will continue to be available for library activities
- There will be no major changes to the delivery of service
- The Library will continue to be funded by rates.

Negative effects

Not providing financial assistance to the library service may cause the service to diminish reducing learning, educational and social engagement opportunities leading to negative wellbeing impacts on some ratepayers and visitors.

Key Issues and their impacts in 2018-2021

The earthquake has put a strain on existing resources. Investment in our library service is crucial post-earthquake, as it enriches people’s lives and plays an important role in meeting the aspirations of the Kaikōura community.

Levels of Service: How we measure what we’re doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021

The number of library event opportunities provided to the community	Council	24	28	32
The number of lending items per capita	Council	6.3	7	7.7

Forecast Funding Impact Statement – Community & Customer Services

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	170	660	629	655
Targeted rates (incl. water meter charges)	103	10	10	10
Subsidies & grants for operating purposes	136	35	8	8
Fees & charges	16	47	48	49
Internal charges and overheads recovered	-	205	210	221
Fuel tax, infringement fees, & other receipts	-	2	2	3
<b>Total operating funding (A)</b>	<b>426</b>	<b>959</b>	<b>907</b>	<b>946</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	309	974	752	771
Finance costs	-	-	-	-
Internal charges & overheads applied	119	127	129	148
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>429</b>	<b>1,101</b>	<b>881</b>	<b>919</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>(3)</b>	<b>(142)</b>	<b>26</b>	<b>27</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	-	26	26	27
Increase/(decrease) in reserves	(3)	(168)	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>(3)</b>	<b>(142)</b>	<b>26</b>	<b>27</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>3</b>	<b>142</b>	<b>(26)</b>	<b>(27)</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Regulatory Services

## Sub-Activities

Building Control

Traffic Control

Dog & Stock Control

Food and Alcohol Regulatory Functions

Land Information Memoranda (LIMs)

Other Regulatory Functions

## Goals – what we’re working towards

To protect public health and safety and minimise risks by ensuring:

- Enforcement of the requirements of the Building Act
- All dogs are registered
- Dogs and stock are adequately controlled
- Premises that prepare and sell food are registered and inspected;
- Premises that sell alcohol are licensed and inspected
- Noise complaints and other environmental nuisances are responded to
- Advice and guidance is available to members of the public.

## Objectives - Why we’re doing what we’re doing

To protect public health and safety by ensuring compliance with legislation and local bylaws.

Delivering assurance by ensuring the decisions made are fair, sound and protect Council and ratepayers.

## How we’re supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our community is resilient, safe and well and has their essential needs met	<p>By ensuring premises that serve food and alcohol comply with legislation.</p> <p>Ensuring that all complaints regarding dogs and stock are attended and followed up in a timely manner.</p> <p>Ensuring building work is undertaken meets the Building Code.</p>
Residents and visitors enjoy an improved quality of life in our district.	<p>By ensuring building work meets the building code premises are safe and well insulated.</p> <p>Inspection of licensed premises to reduce the risk of people becoming ill or being harmed as a result of visiting the premises.</p>

## Assumptions

The following assumptions have been made;

- That Council will continue to provide its core statutory and regulatory functions for the community.
- That costs associated with providing Building Consent Authority and Territorial Authority functions will be recouped to ensure financial sustainability.

### Negative Effects

Not providing building control, dog and stock control in the district would most likely lead to a decreased level of service with those wanting to use the services having to wait for the service provider to arrive in the district.

Not having staff available to enforce parking and other fees would lead to reduced revenue and ultimately increased rates.

### Key Issues and their impacts in 2018 -2021

Post-earthquake a new way of doing business is required to enforce the regulation and legislation that will ensure appropriate standards for recovery.

### Building Control and Inspections

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. These appropriate building standards ensure the community is well positioned in the building recovery following the 14th November Earthquake. By complying with the building code and Building Act 2004 resilience and assurance can be built into our building stock.

Additional staff will be required to ensure the timely processing of post-earthquake consents. To further speed the processing of consents the Building Consent Authority (BCA) is moving to digital processing "Go Get" and is looking to move toward national processing checklists and the ability for digital lodgement through "Go Shift".

### Traffic Control

Council currently employs 1.5 FTE's with traffic warden duties as part of their role, to minimise irresponsible parking practices, particularly in the West End. Council must ensure people are parking with consideration for others, and enforcing the use of parking for the disabled spaces, time-limited parking areas, loading zones, etc. Pay and display parking in the town centre is complemented by free parking spaces throughout the West End and another parking area over a footbridge opposite Lyell Creek.

### Dog & Stock Control

There are currently over 1,100 dogs registered in the District, the majority of which are farm dogs. To address complaints regarding dogs and stock, and for impounding when these are found wandering, Animal Control Officers are on call 24/7. Those staff members who are on call also deal with other regulatory issues, to improve efficiencies.

### Food and alcohol regulatory functions

Council ensures that the sale and supply of alcohol is managed responsibly with the purpose of minimising alcohol-related harm, and that licensed premises are top quality hosts. Unfortunately, the earthquake has seen a number of these businesses closing and an influx of people to the area for the infrastructure and roading recovery programme. These factors have placed additional pressure on existing businesses. The loss of businesses will see a downturn in associated fees, but more importantly there is real potential for social issues to arise. Given the changing environment of our township, certain precautionary strategies may need consideration such as the extension of alcohol bans and more focused monitoring programmes.

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.

Council has a responsibility to administer and undertake its registration, verification and enforcement functions pursuant to the Food Act 2014, Food Regulations 2015 and the respective Food Notices (Guidelines) issued by the Ministry for Primary Industries (MPI). The Council will continue to carry out its functions as a co-regulator with MPI.

Along with alcohol licensed premises, the earthquake caused many of the registered food businesses to close. It is recognised that some businesses will remain closed, some will re-open and there will be a number of new premises that will be established. We will be working closely with the food industry, as the businesses re-establish, to ensure that they are all registered and verified in accordance with the Act. This will be a positive and encouraging approach with a focus on compliance and ensuring that all foods sold are safe and suitable.

The Council's involvement with the food industry is cost recoverable.

#### Land Information Memoranda (LIMs)

The Council processes applications for land information memoranda in accordance with our District Plan, within timeframes and relevant statutory timeframes. This function supports our local community in making choices around their most significant asset – their property.

#### Other Regulatory functions

Other regulatory functions include general registered and inspected premises such as hairdressers and camping grounds, noise and litter control. The general registered premises will continue to be registered and inspected.

Litter and illegal dumping in both public and private properties will be a pressing issue as parties look for cheaper options to dispose of earthquake related waste. Council is working with Environment Canterbury on this issue.

A Building Warrant of Fitness is a statement from a building owner that confirms the systems specified in the building's compliance schedule have been maintained and checked for the previous 12 months. Council have not undertaken annual audits of premises containing specified systems since the earthquakes and the revenue which should and can be generated from such work will begin again in 2018.

Funding allocations: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Grants & subsidies	Reserves
Building control	1,553	55%	31%	14%	-
Food premises & environmental health	345	28%	56%		16%
Parking control	148	72%	28%	-	-
Dog & stock control	392	25%	75%	-	-
Liquor licensing	287	47%	53%	-	-
Other TA functions	203	10%	90%	-	-
Rebuild navigator	117	-	-	87%	13%

Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Estimated parking occupancy rate in the West End pay and display car park during November to February	Council	20,000	20,000	20,000
The number of complaints about dogs (wandering, barking nuisance, dogs rushing, etc)	Council	166	155	135
The percentage of licensed liquor premises assessed as low to medium risk	Council	83.7%	83.7%	83.7%

## Forecast Funding Impact Statement – Regulatory Services

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	327	195	441	453
Targeted rates (incl. water meter charges)	44	68	99	106
Subsidies & grants for operating purposes	-	322	-	-
Fees & charges	365	391	404	400
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	37	37	37
<b>Total operating funding (A)</b>	<b>736</b>	<b>1,013</b>	<b>981</b>	<b>995</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	499	832	737	724
Finance costs	-	-	-	-
Internal charges & overheads applied	237	238	243	271
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>736</b>	<b>1,069</b>	<b>981</b>	<b>995</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>-</b>	<b>(56)</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	-	-	-	-
Increase/(decrease) in reserves	-	(56)	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>(56)</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# District Development

## Sub-Activities

- Strategy and Policy
- District Planning
- Natural Hazards
- Statutory Planning
- Economic Development
- Tourism & Marketing

## Our Goals: What we're working toward

Ensure that statutory and non-statutory work streams are in place to enable the District to progress, while ensuring that the natural and physical environment of the Kaikōura District is sustainably managed.

To enable our community to meet development needs while balancing the protection of the natural and built environment by ensuring an innovative and progressive District Plan.

To provide clear direction and certainty for parties with buildings severely affected by natural hazards as a result of the November 2016 earthquake.

Ensure the District's natural and physical environment is sustainably managed by ensuring that standards and guidelines set down in legislation and regulations are met.

Ensure that Kaikōura recovers by providing the community with the ability to meet and comply with statutory requirements in a friendly and helpful way.

## Strategy and Policy

### Our Objectives: Why we're doing what we're doing

Ensure that Kaikōura recovers by providing the community with frameworks which will:

- Strengthen community resilience
- Attract investment
- Enhance economic diversification
- Create awareness and understanding of natural hazards
- Protect and enhance Kaikōura's unique biodiversity
- Provide for sustainable tourism opportunities
- Allows collaboration with researchers and community groups.

### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	Ensuring that Councils policy and bylaws reflect the community values and direction which have been identified within key strategic planning documents, iwi management plans and from key community groups. Such direction can be obtained from documents such as Reimagine Kaikōura, Te Poha o Tohu Raumati, continued Earthcheck Certification and discussion with Te Runanga o Kaikōura, Te Korowai, Canterbury Water and community groups.



Our community is resilient, safe and well and has their essential needs met.

Establishing a strong and supporting framework leading to meaning full bylaws and policy direction.

### Assumptions

The following assumptions have been made;

- The “Reimagine Kaikoura” Recovery plan will be supported and taken up by Strategy and Policy.
- District Planning sits subservient to the direction in this areas
- Sufficient resources will be available to advocate for community outcomes
- There will be no significant changes to legislation
- No external resources will be sought
- The relationship with Te Runanga o Kaikoura and Te Runanga o Kaikoura continue to flourish.

### Negative effects

The character of the Kaikoura District has changed significantly. We have moved from settlement, subsistence, and extraction to tourism and sustainably, not all these stages have left positive legacies. More recently earthquakes and rebuild have significantly altered the fabric of the district. Changes in technology are resulting in exponential change. For example primary production sectors are facing rapid technological advances leading to greater traceability and accountability. Future markets are likely to place greater emphasis on associated environmental values. Without careful planning and appropriate regulation unforeseen consequences may result which could either hamper Kaikōura’s ability to prosper or tarnish our communities brand.

### Key Issues and their impacts in 2018-2021

As a Council it makes sense to ensure our strategy and bylaws align with our community. Community aspirations change over time and by-laws only have a limited life span. A number of our bylaws are currently passed their use by dates. To create sound strategic direction and to have supporting bylaws requires that Council is involved in our community at multiple levels. It is vital that we are aware of the desires of our Iwi, and the direction which is being developed by Te Korowai, Canterbury Water and community groups. As a community we have also achieved EarthCheck certification which has been a significant milestone. To ensure that we meet the aspirations of our community and stay connected requires staff time and resources. In addition to staff time, costs include the need for specialty advice such as legal reviews and general overheads. \$165,912 has been set aside for the 2018/19 financial year with small increases in operating costs to 2020/21 where \$172,911 has been allocated.

We will protect and enhance the unique natural environment and biodiversity in our District and ensure that the indigenous biodiversity of the District is managed so as to prioritise areas of high value, and prevent net loss and encourage expansion of biodiversity. Council will encourage willing landowners to protect and enhance significant natural areas on their properties identified as part of the significant natural areas programme. Council will retain membership and contribute to the goals of the Kotahitanga mo te Taiao Alliance.

EarthCheck Platinum Certification will be retained and we will strive towards improving sustainability throughout the District. Council will promote environmentally-friendly practises, energy efficiency, water conservation and actively reduce waste.

### Funding allocations: Where the money is coming from

Activity	Total cost over three years \$000s	Funding Mechanism			
		User fees	General/targeted rates	Grants & subsidies	Reserves
District planning	979	-	90%	10%	-
Statutory planning	715	46%	45%	9%	-
Environmental planning	118	-	100%	-	-
Tourism & marketing	575	-	100%	-	-
Economic development	557	-	96%	4%	-
Strategy & policy	517	-	100%	-	-
Natural hazards	1,655	-	6%	94%	-

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/18 Target	2018/2019 Target	2019/2020 Target	2020/2021 Target
Report District Energy Use in Gigajoules per person	Council	84.73	84.56	84.4	84.2
Report District Greenhouse Gas production CO <sub>2</sub> per person per year (tonnes)	Council	4.063	4.047	4.03	4.013
District Air Quality - NO <sub>2</sub> kg/ha	Council	0.858	0.856	0.855	0.853
District Air Quality - SO <sub>2</sub> kg/ha	Council	0.698	0.0696	0.0695	0.0693
District Air Quality PM <sub>10</sub> kg/ha	Council	3.113	3.096	3.08	3.063
Solid Waste produced per person per year (kg)	Council	75.83	75.66	75.5	75.3
The percentage of the District's Biodiversity under protection	Council	49.2%	49.4%	49.6%	49.8%
The percentage of District Water Quality (samples passing "Quality Standard")	Council	78.17%	78.3%	78.5%	78.67%

## District Planning

### Our Objectives: Why we're doing what we're doing

- To begin a rolling review of the Kaikōura District Plan to meet our statutory 10 year review requirements
- To undertake a review of the Natural Hazards section of the District Plan given the changes to the landscape following the earthquake
- To ensure present Biodiversity requirements are upheld
- Undertake subsequent review of other chapters of the District Plan to meet community expectations.

## How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	Reviewing of the District Plan ensures that statutory responsibility and community values associated with the natural environment, biodiversity and sustainable management of waste are actively reflected within our planning framework.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	Appropriate identification of hazards and a meaningful planning framework ensure that our community develops with natural hazards in mind
Our community participates in decisions and planning in a way that benefits our future.	Iwi and public involvement ensures an increased understanding of issues and greater resilience within the community.

### Assumptions

The following assumptions have been made;

- Council will receive continued planning support from Environment Canterbury
- Council will be able to attract experienced staff to assist with the review and provide technical knowledge
- Council is able to use the Streamline Plan Process, which allows for Councils to develop a custom plan making process to speed the process to better meet our community's needs and also removal the right of appeal to the Environment Court
- Changes to legislation which provide for National Planning Framework
- Collaboration of iwi is possible in the decision making framework
- Council is not moving to a full E-plan format.

### Negative effects

The draft district plan was first notified to our community in 1998 with formal notification in 2000. We are now approaching 20 years since the District Plan was first put to our community and although the Plan has served the community well a number of matters exists which do not reflect current knowledge or community expectation. Currently the planning framework requires consents for a number of activities.

### Key Issues and their impacts in 2018-2021

Reviewing the District Plan is a costly process which requires sound expert advice and collaboration with our community and key stakeholders. It is important that our plan is future focused and ensures appropriate development is provide for that avoids legacy issues beyond the life the plan. A number of issues have been identified with our 20 year old plan that reflect the thinking of the past and revision of the document is necessary to ensure it is appropriate. Although our residential population is relatively static, development pressure is still occurring and Council needs to ensure that appropriate zoned land is available.

Our community needs an appropriate natural hazard framework to ensure its future sustainable development. As tourist numbers increase additional business land will be required within the life of the second generation plan. Planning is an expensive process which can often be litigious. It is the need for specialist advice, legal advice, hearing panels and commissioners

which account for the \$288,901 which has been budgeted for in the 2018/19 financial year, similar but less costs will occur as the rolling review of the District Plan continues beyond 2021.

#### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Maintain or enhance resident satisfaction	Council	New	80%	80%
Natural hazards District Plan Review to be completed by 2020/2021 financial year	Council	New	Public workshops & technical reports completed	Plan change completed

### Natural Hazards

#### Our Objectives: Why we're doing what we're doing

Ensure that work related to the November 2016 earthquake;

- Strengthens community resilience
- Creates awareness and understand of natural hazards
- Allows collaboration with researchers and community groups.

#### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Residents and visitors enjoy an improved quality of life in our District.	Long term predictions show that storms will become more severe and some properties will place our residents and visitors at an unacceptable level of life safety at risk. Actively managing natural hazards improves the quality of life within our District.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	By increasing our understanding of natural hazards we are able to identify areas which are well suited to future development. We are also able to identify areas which have been subject to increased risk as a result of the November Earthquake.
Our community is resilient, safe and well and has their essential needs met.	Kaikoura like much of New Zealand is subject to many forms of natural hazards, these hazards are likely to become more server with climate change. By obtaining a better understanding of our natural hazards we are better placed to improve the resiliency and safety of our community.

#### Assumptions

The following assumptions have been made;

- That funding from Central Government will be received for natural hazards
- That no major natural hazards events will occur in the next three years.

#### Negative effects

Many of the properties which are subject to natural hazards may not be substantially damaged, this results in a shortfall between insurance and EQC settlements and the value of the property. Without financial assistance many ratepayers impacted by elevated life risk may see increased hardship resulting in negative wellbeing impacts.

### Key Issues and their impacts in 2018-2021

Due to the earthquake and related land damage or natural hazard changes Council has identified 14 properties that are likely to be at unacceptably high life risk from adjacent hazards. In addition, about 25 properties at Lyell Creek may be on land that has been damaged so significantly it is now uneconomical to be built on.

The properties themselves may not be substantially damaged, meaning there may be a shortfall between insurance and EQC settlements and the value of the property. Council is not in a financial position to be able to financially assist these property owners. Council will continue to work with various agencies to find a way forward.

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Ensure that strategies for mitigation of risk or retreat occurs for properties with unacceptable life safety risks	Council	New	100%	Nil

## Statutory Planning

### Our Objectives: Why we're doing what we're doing

Ensure that consents are processed within the statutory timeframes.

### How we're supporting our Community Outcomes

Community outcome	How this activity contributes to it
Residents and visitors enjoy an improved quality of life in our District.	Quality planning frameworks and careful Resource Management decisions ensure an improved quality of life within the district.
Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.	Development in areas subject to natural hazards may be appropriate subject to specific expert advice and compliance with the necessary consenting framework. Statutory planning allows for appropriate management.
We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.	Careful Resource Management decisions ensures the natural environment and biodiversity are sustainably managed.
Our community participates in decisions and planning in a way that benefits our future.	Ensuring that consents are appropriately notified when required by the Resource Management Act.

### Assumptions

The following assumptions have been made;

- Statutory Planning services will continue to be provided locally by Council staff
- Council will be able to attract and maintain suitably qualified staff
- Costs for provided advise are not always able to be recovered
- No major legislation changes will occur.

### Negative effects

The inability to process consents and provide advice will result in delays and increased costs of development within our district.

### Key Issues and their impacts in 2018-2021

Statutory Planning is a regulatory function which ensures we can meet our obligations under the Resource Management Act 1991 and the Local Government Act 2002. This includes provision of information to address enquires about the District Plan and the provision of information to enable the community to understand local government responsibilities. The provision of this service requires either staff or consultants time and often the full cost of the provision of public information cannot be recovered. Provision of fair a quality service is essential for the wellbeing of our community.

### Levels of Service: How we measure what we're doing

Measure	Type of measure	2017/2018 Target	2018/2019	2019/2020 2020/2021
Number of resource consents processed within statutory time frames	Statutory	100%	100%	100%

## Economic Development

### Our Goals: What we're working towards

- Build a strong sense of community and enhancing the local lifestyle to retain and attract residents through a vibrant township
- Build a strong sense of what is Kaikoura and its strategic long term vision to attract investment.
- Create an environment that supports new enterprise and diversification of industries in Kaikoura to create a resilient, diversified economy.
- Develop support structures to assist business development and capability building to create a passionate, creative and resilient business community.
- Kaikoura has a strong foundation in Marine tourism and international marketing that provides a base to extend Kaikoura's tourist product incorporate land and domestic tourism based activities.
- To retain, enhance and develop a leading economy based on best practice and innovative environmental management with the aim of attracting values based investment.

### Our Objectives: Why we're doing what we're doing

Council has confirmed our new focus on economic development of our district by employing a full time economic development staff member.

They will work with the community to develop core transformational projects and assist the district to work together towards a long term vision. They will focus on obtaining external funding for projects and helping Kaikoura become investment ready.

They will cover the six key areas of people, investment, diversification, business community, environment and tourism. They will also work with investors to facilitate further development and to enable business networking events and business capability development.

We will also form an external economic board to help focus on the ‘big picture’ and drive Kaikoura forward. This board will be made up of industry experts including some external to Kaikoura to make sure we have access to the best thinking and leadership we can.

We will focus on developing projects, organisations and people across the district, rather than leading everything ourselves.

#### How we’re supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.	Economic development is fundamental to achieving this outcome.

### Tourism and Marketing

Our Goals: What we’re working towards

Overall recovery of the tourism sector to pre quake levels.

Our Objectives: Why we’re doing what we’re doing

- It is important to maintain recovery marketing activities over the next two years as much as we can to ensure we don’t drop back with international and domestic markets thinking Kaikōura is just too hard to travel to
- Develop and maintain a PR/Communications plan to keep Kaikōura top of mind as we go through recovery period over the next 18-24 months
- Maintain partnership marketing with Tourism NZ, Canterbury RTOs (APT) with cost-effective activities offshore and onshore
- Work and support local industry operators with marketing activities
- Develop an event strategy that matches Kaikōura’s assets
- Develop a meeting and conference program to help with off-season visitation
- Continue development of cruise sector business
- Continue communication with national tourism agencies
- Seek private sector investment for new infrastructure and transport links.

#### How we’re supporting our Community Outcomes

Community outcome	How this activity contributes to it
Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.	Promotes Kaikōura District as a destination domestically and internationally through media campaigns, famils, publications and tourism conferences (nationally and internationally)

Tourism and marketing is currently funded through a targeted rate which goes wholly to Destination Kaikōura activities. Council supports tourism development that has local socio-economic benefits, and promotes Kaikōura as a unique visitor destination, and will fund Kaikōura Information & Tourism Incorporated (KITI) on an annual basis to further that goal.

### Level of service performance measures

Measure	Three Year Targets
Grow international and domestic visitor spend year-on-year for three years	Goal 1: YE June 2019 achieve 90% pre-quake visitor spend (\$113m) Goal 2: YE June 2020 achieve or exceed pre-quake visitor spend Goal 3: YE June 2021 exceed pre-quake visitor spend, forecast 5% growth
Increase length of stay and guest nights (CAM) (Current length 1.6 nights)	Goal: YE June 2019 Length of stay 1.80 night per visit (pre-quake 1.65) Goal: YE June 2020 Length of stay 2.0 nights per visit Goal: YE June 2021 Increase total guest nights by 5%
Collaborative/partnership marketing	Continue work with RTOs, Tourism NZ to grow visitor numbers
Build conference and event business to assist with year-round visitation	YE June 2020: Be recognised as a new conference, seminars and corporate meetings by Conventions, Incentive NZ (CINZ). Attract hotel investment.
Grow new product areas	YE June 2020: new business - education, geology, science, walking, cycling
The % of environmental friendly tourism operators	Continue to maintain at 18%

### Key Issues and their impacts in 2018-2021

With the access restored, we envisage that tourism will continue to grow to pre-quake levels. The isolation caused by the earthquake resulted in a decrease in tourism spend and visitors in 2017/2018 but this is slowly recovering. This will take continued marketing through collaborative partnerships.

## Forecast Funding Impact Statement – District Development

	Long Term Plan 2017/2018	Three-Year Plan 2018/2019	Three-Year Plan 2019/2020	Three-Year Plan 2020/2021
	,000s	,000s	,000s	,000s
<b>Sources of operating funding</b>				
General rates, UAGC, rates penalties	127	430	409	431
Targeted rates (incl. water meter charges)	398	554	626	595
Subsidies & grants for operating purposes	17	1,741	-	-
Fees & charges	5	107	110	113
Internal charges and overheads recovered	-	-	-	-
Fuel tax, infringement fees, & other receipts	-	-	-	-
<b>Total operating funding (A)</b>	<b>547</b>	<b>2,832</b>	<b>1,145</b>	<b>1,139</b>
<b>Applications of operating Funding</b>				
Payments to staff and suppliers	482	2,624	940	912
Finance costs	1	-	-	-
Internal charges & overheads applied	54	208	205	227
Other operating funding application	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>537</b>	<b>2,832</b>	<b>1,145</b>	<b>1,139</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>				
Subsidies & grants – capital	-	-	-	-
Development & financial contributions	-	-	-	-
Increase/(decrease) in debt	(11)	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>				
Capital Funding – meet additional demand	-	-	-	-
Capital expenditure - improve level of service	-	-	-	-
Capital expenditure - replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(1)	-	-	-
Increase/(decrease) in investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding Balance {(A-B) + (C-D)}</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Council Controlled Organisations

A Council-controlled organisation is an organisation that the Council owns 50% or more of the voting rights, or can appoint 50% or more of the directors or trustees.

### Kaikoura Enhancement Trust

The Council owns a 100% shareholding in the Kaikoura Enhancement Trust. The primary purpose of the Trust is to protect, enhance and sustain the district's natural resources through sustainable waste management practices, rather than for financial return. Accordingly, the Trust has designated itself and group as public benefit entities for the purposes of NZ IFRS (the New Zealand equivalents to International Financial Reporting Standards).

### Objectives

The objectives of the Trust are exclusively charitable, and are;

- The collection and disposal of waste in an ecologically sound manner including but not limited to management of refuse facilities and including sewerage treatment programmes;
- To protect, enhance and sustain the natural and physical resources of the Kaikoura District particularly through sustainable waste management practices and more widely to encourage development of similar practice in other areas;
- The establishment, improvement and promotion of recycling programmes and programmes generally to reduce waste;
- Raise public awareness of the effects of alternative waste disposal methods through education and generally to create public awareness of sustainable management of resources;
- To make grants or provide other assistance for the research, development, distributions and implementation of alternative waste disposal methods, including waste reduction methods;
- To promote ecologically sound waste management processes and practices generally;
- To do all such things as may be necessary and consistent with creating a better living environment whilst sustaining the natural environment for future generations.

## Innovative Waste Kaikoura Ltd

Innovative Waste (IWK) is 100% owned by the Kaikoura Enhancement Trust, and is responsible for the day-to-day objectives of that Trust.

IWK is a leading provider of waste management services, public toilet maintenance, recycling services, 3 waters maintenance services, reserve planting and maintenance services and general maintenance services.

## Objectives

IWK's key objectives are:

- To implement safe working practices to maintain a safe working environment for staff, contractors, customers and others and to recognise Council's legal obligations under the Health and Safety at Work Act 2015.
- To maintain a strong market presence in the areas of waste minimisation, maintenance and management of public utilities.
- To provide cost effective and efficient service delivery that meets the district and clients' expectations and maintains contract longevity.
- To provide advice and support to local businesses to divert waste from landfill.
- To operate in an environmentally friendly manner.
- To be recognised nationally as a leader in environmental sustainability
- To operate water supply and wastewater facilities in an environmentally sustainable manner.
- To ensure that the business operates in a way that generates appropriate financial returns and dividend streams for the shareholder. To implement sound strategic and financial planning to ensure the capacity is available to meet the three waters, waste and recycling needs of the Kaikoura District in a commercially viable manner.
- To assist Council in empowering, educating and encouraging the community in recycling surplus resource and waste in the community.

## Nature and Scope of Activities

IWK is in the business of minimising waste and maintaining and managing public amenities. The company's main service offerings currently are as follows:

- Waste minimisation and management through provision of recycling services, resource recovery and landfill management
- Environmental rehabilitation preservation and development through the Trees for Travellers programme
- Maintaining water and wastewater infrastructure predominately for local authorities
- Maintaining public toilet facilities in Kaikoura
- Parks and reserves.

IWK's current area of operation is in the upper South Island. The company is open to investigating opportunities elsewhere in New Zealand where they are advantageous and where there are synergies with the existing business and will enhance the company's financial position.

IWK may consider entering into joint venture when appropriate in order to capitalise on commercial opportunities.

## Key performance targets

The following are the financial performance targets from IWK's Statement of Intent 2018-2021.

Table 1 – Financial Performance Targets

	2018/19	2019/20	2020/21
Revenue	2,212,100	2,167,800	2,124,500
Net Profit After Tax	254,800	249,700	244,700
Return on Equity	32%	24%	19%
Shareholder funds/total assets	57%	77%	97%
Equity	805,600	1,055,300	1,300,100
Debt to Debt plus Equity	9%	1%	0%
Earnings per Share	2,540	2,500	2,440
Dividend Ratio	10%	10%	10%

The following are IWK's operational performance targets for the 2018/2019 year.

Table 2 – Operational Performance Targets

Target	Performance measure 2018/19
<b>Client Satisfaction</b>	<p>98% of all urgent or callouts to the contract are responded to within one hour or two hours respectively from the time of notification to the time that service personnel depart to the site.</p> <p>98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time of notification to the time that service personnel attend site.</p> <p>Service requests received about recycling are less than 100 per year.</p>
<b>Health &amp; Safety</b>	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates
<b>Staff Engagement</b>	Establish baseline of staff satisfaction through annual survey.
<b>Service Performance</b>	<p>Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.</p> <p>The number of complaints received per year being due to a service request not being actioned appropriately is less than 25.</p>

### Kaikoura Community Facilities Trust

The KCFT was established in 2009 and does not trade with the intention or purpose of making a profit. The KCFT is considered to be a Council Controlled Organisation because the Kaikoura District Council appoints its trustees. There are currently six appointed trustees, with the Mayor being the only elected representative.

The KCFT has no equity and generates no revenue, with its primary role being to develop funding options for the community and recreational facilities in the Kaikoura District, initially focusing on a new aquatic centre. The KCFT has no funds of its own, and applies to Council on a project-by-project basis. Nothing has been allocated for the KCFT in this Three-Year Plan.

### Objectives

- Develop funding options for the planning and establishment of a community centre and recreational facility on land administered by the Council,
- To encourage and enable ongoing funding for public recreation, leisure and health facilities, including aquatic centres, museums, sports halls and other recreation and community facilities,
- Any other charitable purpose related to the above objects.

### Performance targets

The KCFT is currently inactive and has no performance targets. However once a decision is made relative to the development of a new pool, the Trust may be used for external fund-raising.

## Get in touch

Kaikōura District Council

Phone: 03 319 5026  
Email: [kdc@kaikoura.govt.nz](mailto:kdc@kaikoura.govt.nz)  
Fax: 03 319 5308  
Address: Level 2, 96 West End  
Kaikōura  
Website: [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz)

Innovative Waste Kaikōura (a Council controlled organisation)

Phone: 03 319 7148 (Office)  
03 319 7144 (Yard)  
Address: 82 Scarborough Street  
Kaikōura  
Website: [www.innovativewastekaikoura.com](http://www.innovativewastekaikoura.com)  
Facebook: [www.facebook.com/InnovativeWasteKaikoura](http://www.facebook.com/InnovativeWasteKaikoura)

KAIKOURA - A PLATINUM CERTIFIED SUSTAINABLE COMMUNITY

*The Kaikoura community is proud to be the first local authority in New Zealand to have certified status through the international Earthcheck Sustainable Communities program - and in 2014 we have been awarded Platinum status in the program. This demonstrates our commitment to protecting our environment, and enables us to ensure a sustainable future for our residents, visitors and the next generations. Contact us to find out more!*



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