



448<sup>TH</sup> MEETING OF THE  
MACKENZIE DISTRICT COUNCIL

## TO THE MAYOR AND COUNCILLORS OF THE MACKENZIE DISTRICT COUNCIL

### **Membership of the Council:**

Claire Barlow (Mayor)  
Cr Russell Armstrong  
Cr Murray Cox  
Cr Noel Jackson  
Cr James Leslie  
Cr Graham Smith  
Cr Evan Williams

*Notice is given of an Extraordinary Meeting of the Mackenzie District Council to be held on Wednesday, May 20, 2015, at 9.30am.*

**VENUE:** Council Chambers, Fairlie

**BUSINESS:** As per the attached agenda.

WAYNE BARNETT  
CHIEF EXECUTIVE OFFICER



## **MACKENZIE DISTRICT COUNCIL**

Agenda for Extraordinary Council Meeting Wednesday May 20, 2015, at  
9.30am

### **OPENING AND APOLOGIES**

### **DECLARATIONS OF INTEREST**

### **REPORTS:**

- A) CANTERBURY ECONOMIC DEVELOPMENT CO. LIMITED  
DIRECTORSHIP
- B) WESTERN CATCHMENT FLOOD PROTECTION CONSULTATION
- C) LTP 2015-25 CONSULTATION DOCUMENT

### **ADJOURNMENTS:**

10.30AM MORNING TEA

## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** MACKENZIE DISTRICT COUNCIL

**SUBJECT:** CANTERBURY ECONOMIC DEVELOPMENT CO. LIMITED  
DIRECTORSHIP

**MEETING DATE:** 20 MAY 2015

**REF:**

**FROM:** CHIEF EXECUTIVE OFFICER

**PURPOSE OF REPORT:**

To seek Council's approval for director appointments to the Board of Canterbury Economic Development Co. Limited (CED Co).

**STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That Bede Carran and Janie Annear be appointed as directors on the Board of Canterbury Economic Development Co. Limited.
3. That the previous South Canterbury appointed directors, Warwick Isaacs and Murray Cleverly, be thanked for their contribution to the company.

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

**BACKGROUND:**

CED Co was established in 2008 as a Council Controlled Organisation (CCO) with ownership by all Canterbury Councils. Initially the company undertook economic development projects across the region and was able to obtain external funding to assist in these projects. The company has been inactive for several years.

The Canterbury Mayoral Forum has considered the company's future and believes that the company should be refreshed and be available for shared services across the region. It is therefore appropriate to review the directors and ensure that these are updated in terms of the company's constitution.

Director appointments for the company occur across groups of Councils. Timaru District Council, Mackenzie District Council and Waimate District Council are able to collectively appoint one director who is either an elected member or a staff member of a Council, and one director who is an industry representative. The Mayors of these Councils have met and discussed this and recommend that the representatives for the South Canterbury area be Bede Carran, Chief Executive of Waimate District Council, and Janie Annear as the industry representative.

Consultation has taken place in the Canterbury Mayoral Forum and between the Mayors of the South Canterbury Councils.

**SIGNIFICANCE OF DECISION:**

This matter is not deemed significant under the Council's Significance Policy.

**ISSUES & OPTIONS:**

Council can approve these recommendations or decide to appoint alternative directors to the positions.

**CONSIDERATIONS:*****Financial***

There are no funding implications of this decision. The director roles are unpaid. CED Co does not currently seek funding from shareholding Councils.

**CONCLUSION:**

All Canterbury Councils are currently reviewing their director appointments for this company.



## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** MACKENZIE DISTRICT COUNCIL

**SUBJECT:** WESTERN CATCHMENT FLOOD PROTECTION CONSULTATION

**DATE:** 20<sup>th</sup> MAY 2015

**REF:** WAS 17/1

### **REASON FOR REPORT**

To present to Council the results of the consultation with the Fairlie community regarding the proposed flood protection scheme and confirm a decision as to proceeding with the project or not.

### **RECOMMENDATIONS:**

1. That the report be received.
2. That the Fairlie Flood defense system known as Western Catchment is not proceeded with.
3. The Environment Canterbury be advised of this decision and also requested to ensure regular inspection and maintenance is carried out on Fairlie Creek to keep the waterway clear of debris.

**BERNIE HAAR**  
**ASSET MANAGER**

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

## **BACKGROUND**

The Council and the Fairlie Community Board have a project being considered to protect Fairlie from a breakout of the Fairlie Creek and flooding parts of the town. This happened in, I believe in the 1990s. Investigations have progressed over time with land being bought for part of the scheme, agreements in place with a land owner to use their land for the balance of the project.

There has also been extensive discussions with Environment Canterbury as to them progressing the project as they have the protection under various legislation against any liability if the system was breached.

A two dimensional model was completed that confirmed the viability of the scheme and also confirmed the estimate for the project. This was put at around \$800,000 and inflation has taken that to closer to \$1,000,000 with Ecan willing to contribute 1/3 of that cost.

There is still a resource consent to get and discussions with NZTA around the capacity of the State Highway 8 Bridge and who pays for a replacement structure.

With all the other high cost projects the Fairlie Community was facing this has not been pushed as hard as it could, but after discussions with Ecan, they have agreed to monitor the Fairlie Creek bed and remove any buildup of debris that may occur, thus eliminating the possibility of that causing a blockage. It is thought that this was the cause of the original break out.

As part of developing the 30 Year Infrastructure Plan, this project needs to be reviewed and a decision made as to whether it is to proceed or not. It was decided that the Council should consult with the ratepayers of Fairlie as to their position on the need or otherwise of this project.

The consultation document is attached for your information.

## **ATTACHMENT**

### **The Ratepayer**

The Fairlie Township has been subject to flooding from the Fairlie Township Creek and Halls Stream at least three times in the last fifty years. This was considered a major issue for the town, as existing residential, commercial and rural residences are at risk from flooding.

The proposed Fairlie Township flood defense system has been designed using hydraulic models provided by Environment Canterbury for various design flood events.

The proposed Fairlie Township flood defense system includes the following elements:

- A stopbank and secondary flood channel to capture and divert floodwater back into the Fairlie Township Creek channel. This stopbank is identified on Figure 2.

- Utilising the existing stopbank located on the true right bank of Fairlie Township Creek immediately upstream of the Nixons Road Bridge.
- A stopbank located on the true right bank of Fairlie Township Creek immediately downstream of the Nixons Road Bridge.
- The height of Nixons Road would be raised to create a continuous stopbank along the true right bank of Fairlie Township Creek. This will require modification of the Nixons Road pavement.
- A stopbank located on the true right bank of Halls Stream just upstream of the SH8 Bridge.
- This stopbank is required to prevent floodwater breakouts from Halls Stream across Nixons Road and flowing through the northern extent of the Fairlie Township.
- A stopbank to the north of School Road to prevent floodwater breakouts from Fairlie Township Creek overtopping School Road.

Figure 1 below shows the likely extent and impact of a break out of Fairlie Creek on Fairlie. Figure 2 identifies the project and Figure 3 illustrates the likely outcome of the proposed works.

The Rough Order of Costs for the Fairlie Township flood defence system has been estimated at \$1,000,000 plus unknowns (excl GST).

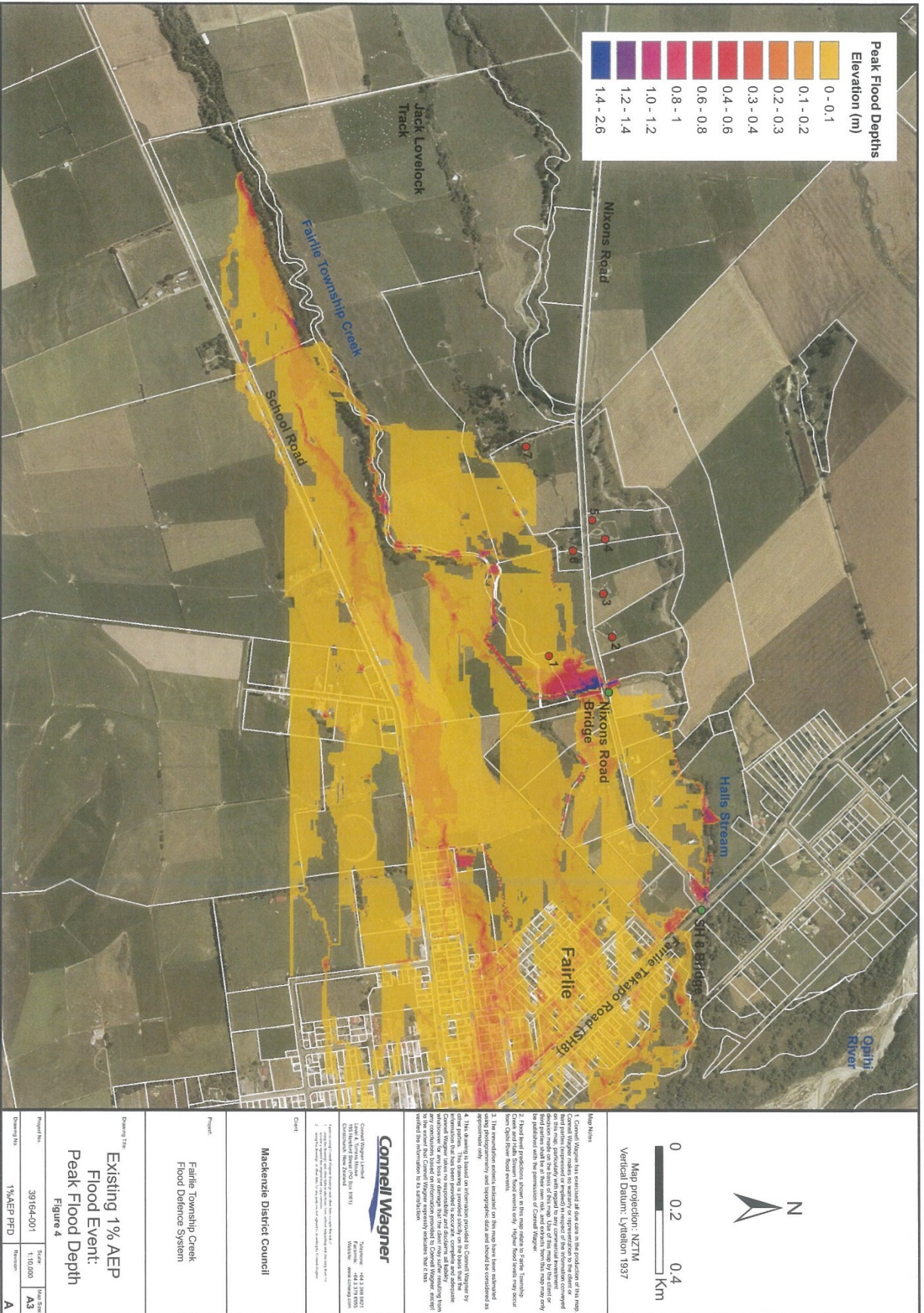


Figure 1 - 1 in 100 Year Flood Event – Showing break out from Fairlie Creek

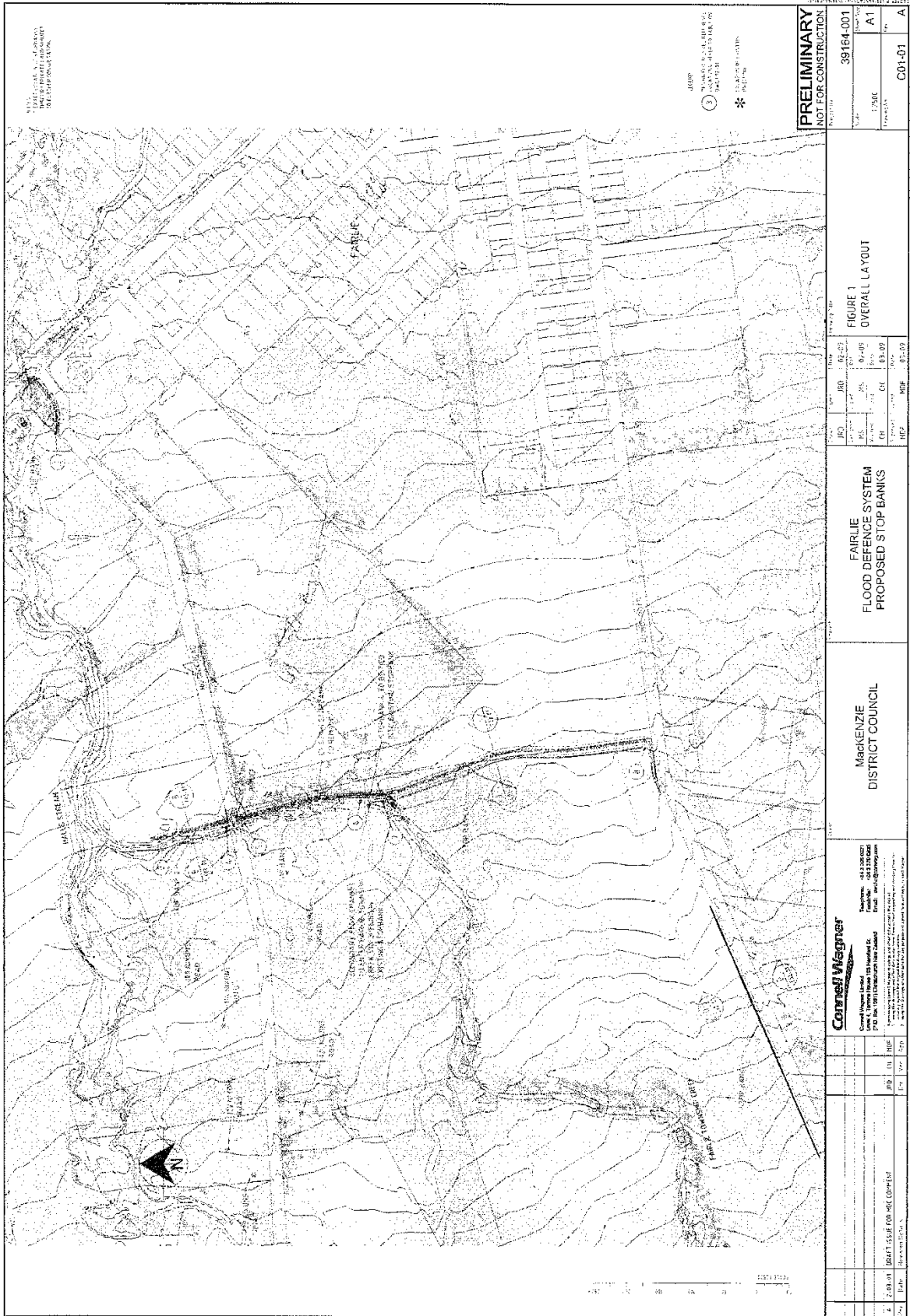


Figure 2 - Proposed Flood Defence System



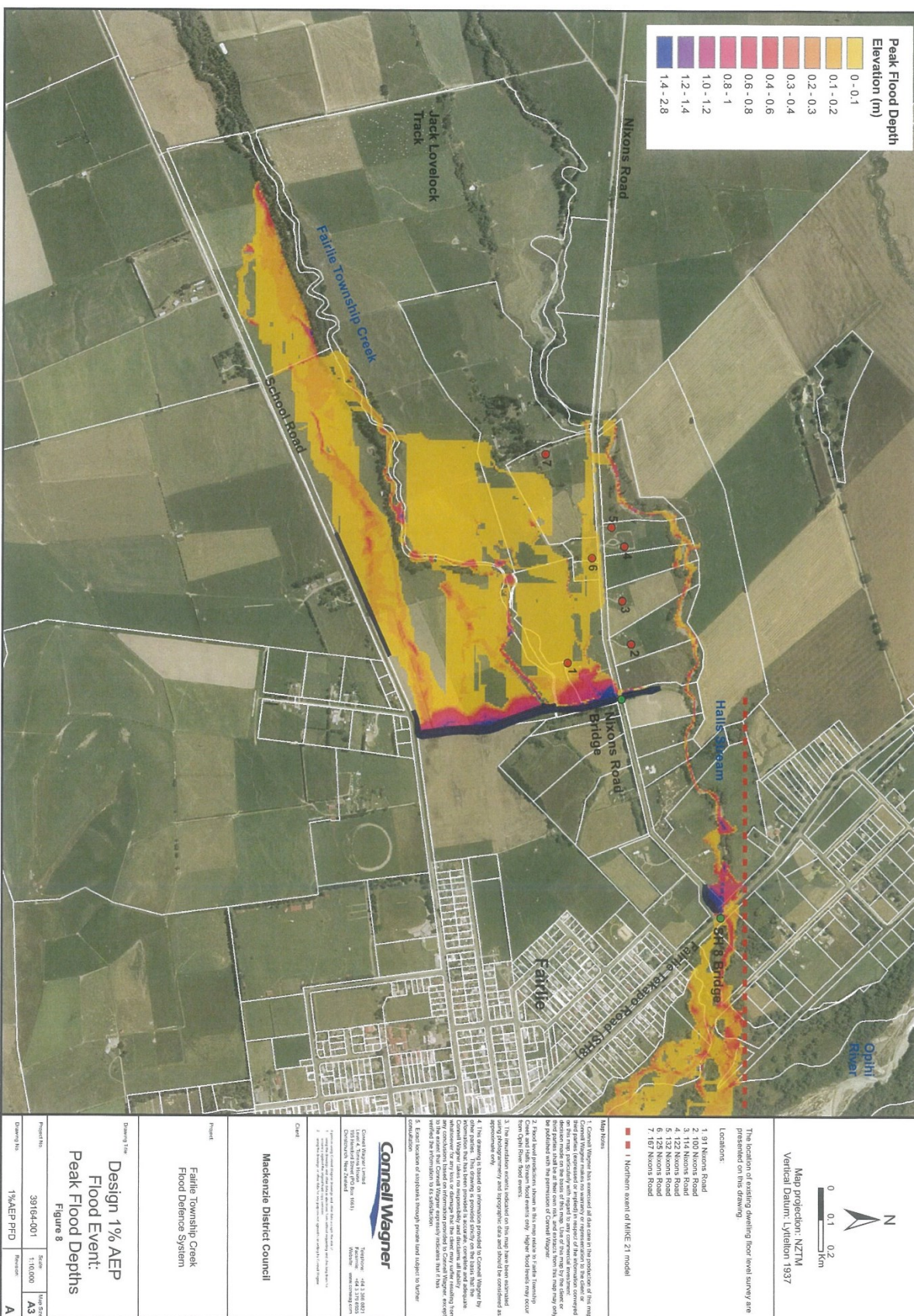


Figure 3 - 1 in 100 Year Flood Event – After Flood Defence System Constructed

Work of this nature is the realm of Environment Canterbury in their roll in catchment management. However they have not seen it to be of significant importance with the

greater Canterbury region to pursue it. That has left it to the Council and Community Board to progress the project along to consultation with the Fairlie Community.

Council and the Community have had a number of meetings over time with Ecan staff to consider the issues and identifies ways to minimise the risk to the Fairlie Community.

As a result of those discussions, Environment Canterbury have agreed that:

- There will be ongoing maintenance of Fairlie Creek to remove fallen trees and other obstacles that may cause it to block and break out of its banks
- Fund 30% of the flood protection work if it was to go ahead.

This project has a rough order of cost estimate of \$1,000,000 to design, get consents and construct. With Environment Canterbury's contribution of 30% to the project it still leaves \$700,000 to be funded by the Fairlie Community through their rates. Even if Ecan built and funded the whole project, they would still rate for the project by way of targeted rate against the community of benefit.

There are approximately 450 sections that would benefit directly from a flood defence scheme. Capital costs per property have been calculated to give an indication of how the project could be funded using an interest rate of 5.5%.

These are presented below:

<b>No of Lots</b>	<b>Capital Cost</b>	<b>Funding cost per yr/Lot 10 yr term</b>	<b>Funding cost per yr/Lot 15 yr term</b>
450	\$1555	\$220	\$165

What this means that each section in the area of benefit could pay a one off sum of \$1,555.00 for their contribution or have either \$220.00 or \$165.00 added to their rates for 10 or fifteen years respectively to pay for it. This loan scheme is interest rate sensitive and would naturally increase if interest rates increased.

Whilst the design of this project was being worked through the Council had discussions with Ecan regarding some of the causes of the break outs and it was identified that in stream build-up of fallen trees and branches was a significant cause of the problem. To minimise the risk of flood break for the less significant events Ecan have agreed to put this section of Fairlie Creek on their maintenance and management regime to ensure the water way is clear.

With the other large and expensive water supply projects on the go both the Community Board and Council have not pushed this project but now, dealing with the Long Term Plan and the requirement to produce a 30 year infrastructure plan, we need to know if this project is of sufficient concern to the community, regarding flood risk, to take this flood defence scheme through to completion.

It has been decided to consult directly with the effected ratepayers to gauge their concern for the flood risk and also their willingness to pay. Attached to this letter is a short questionnaire that Council and the Community Board would appreciate being completed and returned so that they can use the information to make a more informed decision on the direction they should take.

Can you complete the attached questionnaire and return it to the Council office by 27<sup>th</sup> April 2015. If it is more convenient, you can email your response to [geoff@mackenzie.govt.nz](mailto:geoff@mackenzie.govt.nz).

Yours faithfully  
Bernie Haar  
Asset Manager

I/We \_\_\_\_\_ (name) having a section in Fairlie:

Support the construction of a flood defense system for Fairlie- **yes/no**

If you support the construction of the flood defense system, do you:

☐ prefer to pay a lump sum or

☐ pay off over time as part of the rates for your property.

**Comments** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## RESULTS OF THE CONSULTATION

Number of survey forms delivered 460 (21 % return)

Support the construction of a flood defense system for Fairlie 21

Don't support the construction of a flood defense system for Fairlie 63

On reviewing the 21 that marked that they supported the flood defense system, fifteen would prefer to pay for the system overtime in the rates with four opting to pay by lump sum.

I have not included the completed survey forms (however they are available if any Councillor wishes to read them) but have summarised here the general feeling of those who completed the forms and returned them.

Affordability is a common concern and ensuring Ecan maintains the creek bed clear of debris that may block it and cause further flooding. People would prefer to put money into improving the water supply.

One comment probably sums up the sentiments of a number of them *"I have lived in Fairlie 88 years and lived at XX Mt Cook Road for 65 years. All but 9 years at this end of town only once have we had flood water round. This was caused by trees blocking the creek at Halls Bridge. I am against this."*

Another common theme is *"If the waterways are kept clear of debris regularly the problem should not be serious enough to warrant such a great amount of work"*

## RISK MANAGEMENT



If one takes a Risk Management Approach to the possibility of Fairlie being flooded in the future, thinking in terms of the likelihood compared to the consequence it can help to determine the real need for the project.

Likelihood Scale (L)				
Level	Descriptor	Description	Indicative Frequency	Probability of at least one occurrence in 10 years
A	Probable	The threat is expected to occur frequently	> 1 year	>99.9%
B	Common	The threat will occur commonly	1 to 5 years	90% to 99.9%
C	Possible	The threat occurs occasionally	5 to 10 years	65% to 90%
D	Unlikely	The threat could occur infrequently	10 to 50 years	20% to 65%
E	Rare	The threat may occur in exceptional circumstances	>50 years	<20%

Level	Descriptor	Consequence Scale (C)						
		Health and Safety	Image / Reputation	Environment	Annual Cost	Obligations	Network Condition	Serviceability
I	Severe	Multiple fatalities	International media cover	Permanent widespread ecological damage	>\$10M	Central government takeover	Net reduction to asset value > \$10 million	Prolonged (> 1 Month) disruption to major facility or large area
II	Major	At least one fatality	Sustained national media cover	Heavy ecological damage	\$1M to \$10M	Government or independent commission of Inquiry	Net reduction to asset value \$2 to \$10 million	Temporary (5 Days – 1 Month) disruption to large area or prolonged disruption to smaller area
III	Moderate	Serious injury	Regional media cover or short term national cover	Significant, but recoverable, ecological damage	\$100k to \$1M	Abatement Notice, RMA prosecution, Audit tags	Net reduction to asset value \$0.5 to \$2 million	Temporary disruption to small area and significant reduction in Levels of Service. Detour > 10 km
IV	Minor	Minor Injury	Local media cover	Limited, medium term, ecological damage	\$10k to \$100k	Minor claims, excessive rate payer complaints.	Net reduction to asset value \$100 to \$500 thousand	Moderate reduction in Levels of Service. Significant traffic delay or short detour in place for < 1 day.
V	Negligible	Slight Injury	Brief local media cover	Short term damage	< \$10k	Occasional rate payer complaints	Net reduction to asset value < \$100,000	Minor traffic delay (< 2 hours)

### Risk Rating Categories

Rating	Description
Very High	Intolerable. Urgent action required. Mitigation plan required for each risk
High	Take actions to reduce risk to as low as reasonable possible. Mitigation plan required for each risk.
Medium	Tolerable. Consider mitigation measures on case by case basis. Measures to reduce risk if justified.
Low	Business as usual.

### Risk Rating Matrix

Likelihood (L)		Consequence (C)				
		I	II	III	IV	V
		Severe	Major	Moderate	Minor	Negligible
A	Probable	Very High	Very High	High	High	Medium
B	Common	Very High	High	High	Medium	Medium
C	Possible	High	High	Medium	Medium	Low
D	Unlikely	High	Medium	Medium	Low	Low
E	Rare	Medium	Medium	Low	Low	Low

It is suggested that the appropriate rating for “Likelihood” is level E – Rare. (The threat may occur in exceptional circumstances)

The rating for the Consequence scale either IV or V, being minor to negligible. (Local media coverage, short term damage)

So if those ratings are compared to the “Risk Rating Matrix” then the appropriate rating is Low – Business as usual.

### CONCLUSION

With the 75% of those submitters not supporting the implementation of a flood defense system for Fairlie and a “Low” risk rating when taking a Risk Management approach to the project, it would seem that the cost to implement the scheme does not warrant the amount of expenditure required.

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** MACKENZIE DISTRICT COUNCIL

**SUBJECT:** LTP 2015-25 CONSULTATION DOCUMENT

**DATE:** MAY 20, 2015

**FROM:** Paul Morris, Manager Finance and Administration  
Toni Morrison, Senior Planner  
Arlene Goss, Long Term Plan Project

## **REASON FOR REPORT**

To adopt the final audited Consultation Document and make it available for public consultation.

## **RECOMMENDATIONS:**

1. That the report be received.
2. That Council adopts the final Long Term Plan 2015-25 Consultation Document.
3. That Council make the Long Term Plan 2015-25 Consultation Document publically available and commence a one-month consultation period on May 21, 2015.

**PAUL MORRIS**  
**FINANCE MANAGER**

## **Attachments**

Appendix 1: Long Term Plan 2015-25 Consultation Document.

## **Background**

Council is required to produce and make publically available a Long Term Plan 2015-25 Consultation Document. This document covers the key issues facing Council and provides an opportunity for consultation with ratepayers.

The document is required to be audited. The Audit Report will be attached and will form part of the document released for consultation.

## **Significance of Decision Required**

The decision to adopt the Consultation Document for public consultation is not considered to be significant.

## **Options and Issues**

Council has two options:

1. Adopt the Consultation Document for public consultation.
2. Make changes to the document.

## **Assessment of Options**

Making the document available for public consultation will allow the continuation of process culminating in the adoption of the Long Term Plan 2015-25.

If Council considers that the document does not encapsulate their key issues further work is required. The document cannot be adopted until further changes are made. This will require further input from Audit New Zealand.

## **Recommendation**

It is recommended that, as the document covers Council's views on the key issues identified, it adopts the Long Term Plan 2015-25 Consultation Document.

It is also recommended that Council makes the Consultation Document publically available and begin a one-month consultation period on May 21, 2015.

# Mackenzie

*it's time to talk*

## 2015-2025 LONG TERM PLAN Consultation Document



Mackenzie District Council



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## INTRODUCTION

### In a snapshot

This document is designed to promote consultation with the community on the 2015-25 Draft Long Term Plan. This plan outlines the council's directions for the next 10 years.

All the matters in this consultation document are open to public comment, but the council has identified some key issues that we believe are of particular importance to our whole community.

Mackenzie District Council is proud of its tradition as a vigorous local democracy. In our district, this means that important decisions are made locally by representatives who are closest to the communities that are affected by those decisions. The council continues to focus on efficient and effective local solutions for the issues facing the district. We look forward to your views.

### Our Key Issues

Keeping rates affordable is the biggest challenge facing the Mackenzie District Council in the next 10 years. Mackenzie currently has some of the lowest rates in the country\*. This has an impact on the services that council can provide. Keeping rates affordable and maintaining services at current levels is a difficult balancing act.

The Mayor and councillors are looking at some ideas to help keep rates at an affordable level. They would like your views on the following key issues:

#### How do we pay for roads?

#### How do we pay for township water, sewerage and stormwater?

#### Is it time to sell some forestry land?

In the section "Other changes proposed by council" (see page 21) we have identified a number of other issues and opportunities that Council considers are likely to be of interest to our community – we want to hear your thoughts on these as well.

\* Source: "Ratepayers Report 2014", conducted by the Taxpayers Union and Fairfax Media at [www.ratepayersreport.co.nz](http://www.ratepayersreport.co.nz)

Please note the dollar figures in this document include the effects of inflation over time. However the same figures in the supporting documents on our website have not been inflated and are shown in 2015 dollars.

Front cover photo by George Empson

# WELCOME

## It is with pride that I present to you the Draft Consultation Document for the 2015-2025 Long Term Plan.

The aim of the Consultation Document is to spark an informed discussion in the community about challenges on the horizon.

The district faces significant issues and we need to change how we do business. Following a series of workshops, the elected councillors have chosen their preferred options to address the key issues outlined in this document. Now we would like your feedback.

Council is very aware of the need to get the correct balance between the services we provide and the cost of providing them. If we over-provide, rates will blow out, and if we under-provide we will undermine the sustainability of our district. Over the past few months we have been working hard to find affordable and viable solutions for the issues facing our community over the next decade.

Council's activities must be prudent, efficient and effective, (this is a legislative requirement) but they must also be affordable. When the Department of Internal Affairs investigated rates affordability in 2006 it stated: "Rates affordability problems are likely to be an issue in low-income households and for those reliant on New Zealand Superannuation. They are also more of an issue for Maori and Pasifika households. As a rough benchmark, affordability problems arise where rates exceed five percent of gross household income."

For our district, five percent of gross household income is about \$1,675 in Fairlie, \$2,225 in Twizel and \$2,270 in Tekapo. Council has kept this in mind when considering how much people pay now, how much rates will increase, and what is considered to be a 'nationally accepted level' across the country.

Mackenzie District Council currently charges some of the lowest rates in the country and has benefitted from low rates for many years. Unfortunately this has resulted in some services and activities being under-funded and the accumulation of reserve deficits. We are also facing a back-log of maintenance work in essential services and need to catch up. As a council, we believe the biggest challenge facing

our community over the next 10 years will be keeping rates at an affordable level but not ignoring our obligations. Through this planning process we have been deliberate in taking a prudent and complete long-term approach. This includes making an allowance to address historic deficits and deferred maintenance. We have also undertaken a thorough assessment of the district's infrastructure needs for the next 30 years and are mindful of the upcoming challenges and constraints.



The budget we are proposing will result in significant rate rises over the next three years. For year one (2015/2016), we need to increase our total rates income with an average rate increase of 8.65%. However, individual increases will depend on where the property is located, and what type of property it is (for example, urban or rural).

As a small district, Mackenzie is fortunate to be looking at modest growth over the next 10 years. Part of maintaining growth is investing

in infrastructure to ensure we meet the needs of our ratepayers and residents, as well as the needs of the many visitors that are also an integral part of our local economy. This requires investments in road safety, public toilets, high quality drinking water and the protection of our unique environment.

Information about how you can have your say on key issues and anything else can be found later in this document. We are looking for local solutions to local problems.

We want to ensure our Long Term Plan works for you, so have a look at what we are proposing and please feel free to contact us if you have any queries.

On behalf of Mackenzie District Council, we are proud to be working for all of our residents and ratepayers to make Mackenzie a more vibrant and beautiful district. We look forward to hearing your thoughts.

**Claire Barlow, Mayor**



# YOUR RATES

## Ratepayers in the Mackenzie District are facing an average rates rise of 8.6 percent next year to keep council's public services sustainable and at their current levels.

The draft budget for the next 10 years was adopted by Council at a meeting in March this year and forms the backbone of future planning. This document outlines the reasons for the rates increase and calls for public submissions on the issues that will have the biggest impact on rates in the future.

### Background

Mackenzie ratepayers currently pay some of the lowest rates in the country\* and carry no external council debt. This means all the rates collected by the council can go towards providing services to the community.

Out of New Zealand's 72 councils, the Mackenzie District has one of the largest geographical areas (745,000 hectares) but it also has the third lowest population with only 4414 rateable properties. This means the costs of providing essential services like roads, water and sewerage are spread over a small population. The council only needs to increase its spending by \$70,000 to incur a one percent rates rise. To give you an idea of what this means, it costs \$70,000 to re-seal 1.7km of road. Larger towns and cities can spread their costs over more ratepayers so they find it easier to absorb cost increases. Mackenzie District Council closely watches every dollar.

### Why Increase Rates Now?

The district has a proud history of making ends

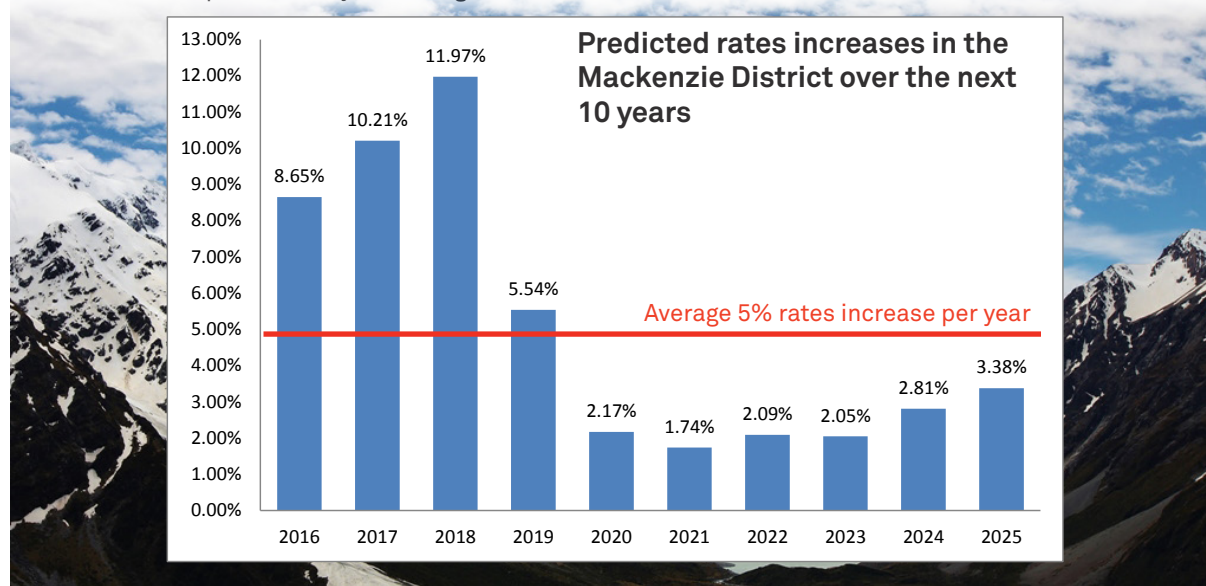
meet on a shoestring budget. Unfortunately over the last decade we have not allocated enough funding to keep up with road maintenance. There is a backlog of work to do and we need to catch up before some roads get 'past the point of no return'. At the same time, central government is reducing the amount of money it gives councils to subsidise road maintenance. Roothing costs account for the biggest portion of the rates increase. More information about this issue can be found on page 10.

Mackenzie District Council also needs to spend millions of dollars in the next 30 years to replace or upgrade some of the district's water, sewerage and stormwater structures. The question of how these essential services will be paid for is asked on page 14.

Rising costs across all council services are also a factor in the increase, along with new legislation and responsibilities imposed on all councils by central government. Keeping essential services at an appropriate standard across the district, while at the same time keeping rates affordable for every ratepayer, is the single biggest issue facing the district in the future.

### The Next 10 Years

The 10 year budget predicts rates rises of between eight and 12 percent over the next three years, stabilising at lower percentages in the years to follow. The main reason for high increases over the next three years is the need to catch up on road works. Once this work is done the roading network will be cheaper to maintain and rates will stabilise.



\* Source: "Ratepayers Report 2014", conducted by the Taxpayers Union and Fairfax Media.

Photo George Empson

## Rates Rebate Scheme

Mackenzie District Council administers the government's Rates Rebate Scheme for low income earners who are having trouble affording their rates.

The scheme provides a rebate of up to \$605 a year for low income earners who are paying rates for the home they are living in.

The rebate is calculated based on your income, rates and the number of dependants living with you. The income eligibility for a rebate is \$24,250. However, if your income exceeds this amount you could still be entitled to a rebate depending on the total cost of your rates and the number of dependants.

Application forms are available from the council or can be downloaded from [www.ratesrebate.govt.nz](http://www.ratesrebate.govt.nz). You need to provide accurate information about your income and that of any spouse/partner (or joint homeowner who lives with you) for the last tax year.

You cannot apply if your property is used principally for farming, commercial, industrial or business purposes; or is a rental property; or you have already applied for a rebate in the current rating year; or you do not qualify as the legal ratepayer.

## Rates Postponement

Mackenzie District Council also has a Rates Postponement Policy to help people facing hardship.

For more information about how the council can help you with your rates, phone 03 685 9010.

### How do we compare with our neighbours?\*

An average residential property in **Pleasant Point** will pay rates of **\$1,856** next year. An average residential property in **Fairlie** will pay rates of **\$1,660** next year, including the proposed rates rise.

An average residential property in **Kurow** will pay rates of **\$1,703** next year. An average residential property in **Twizel** will pay rates of **\$1,437** next year, including the proposed rates rise.

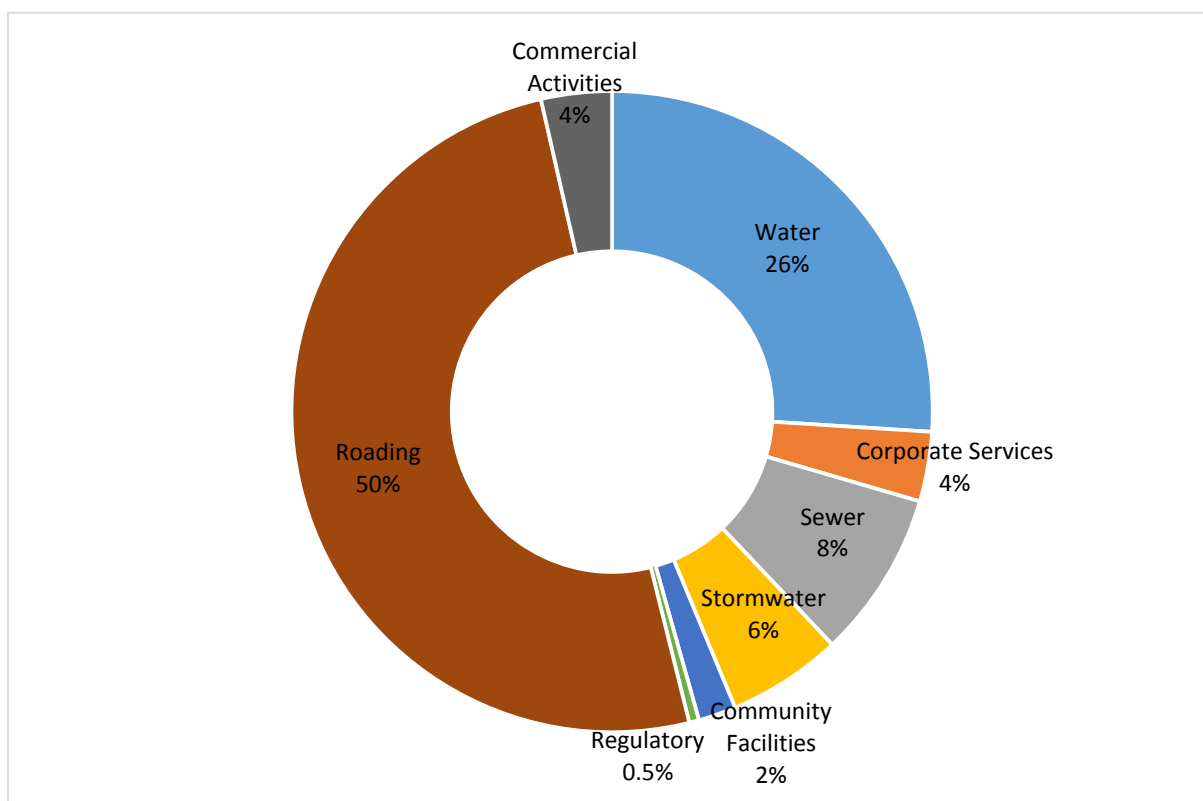
## We supply:

Roads  
Bridges  
Footpaths  
Street lights  
Free parking  
Clean drinking water  
Sewerage treatment  
Stormwater disposal  
Parks  
Walkways  
Freedom camping areas  
Public toilets  
Libraries  
Playgrounds  
Picnic tables and benches  
Community centres  
Halls  
Sports grounds  
Indoor and outdoor sports courts  
Theatres  
Swimming pools  
Rubbish Disposal  
Recycling  
Cemeteries  
Tourism promotion  
Alps2Ocean  
Support for businesses  
Tekapo Lakefront Development  
District planning  
Building consents  
Resource consents  
Environmental protection  
Property information  
LIM reports  
Property valuations  
Dog registration and control  
Liquor licensing  
Health Protection  
Medical Centre buildings  
Pukaki Airport  
Civil Defence  
Rural firefighting  
Online maps of the district  
Community grants  
Public meetings  
Access to information  
Elected leaders

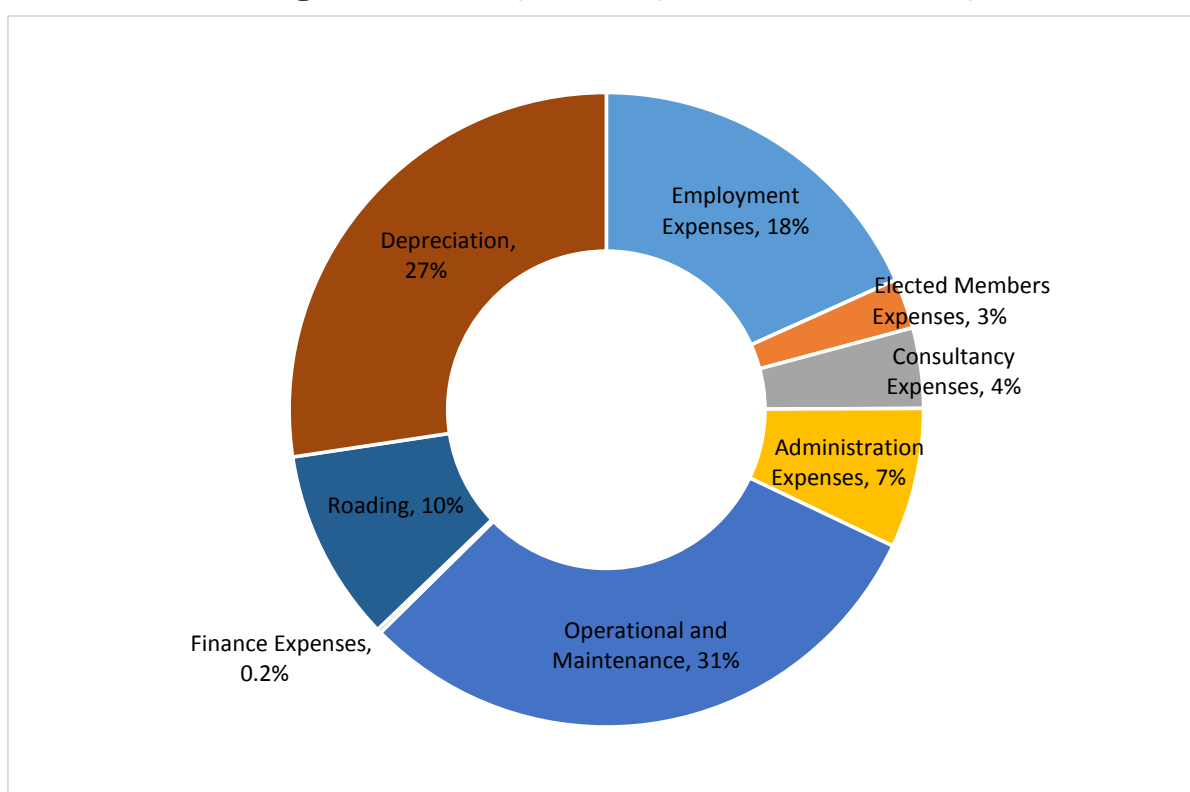
\*Source: Long Term Plan Consultation Documents from Timaru District Council and Waitaki District Council.

# WHERE THE MONEY GOES

## Council capital expenditure by activity over the next 10 years



## Council operating expenses by activity over the next 10 years



# COMMUNITY OUTCOMES

**In 2012 Council endorsed the following six outcomes as representing the aspirations of the community. We would like you to tell us if these outcomes remain the same or have changed.**

## 1. An attractive and highly valued natural environment.

The outstanding natural features of the district need to be preserved, enhanced, accessible and promoted. Anyone who has lived in the Mackenzie District or who has visited, understands that the natural environment is our greatest asset. Council's role in supporting this outcome is as a regulator through its District Plan. This provides a detailed framework for managing the natural and physical resources of the district. Council also provides and funds local reserves, and acts as an advocate for environmental issues. It has also joined other councils in protecting our lakes and streams for generations to come under the Canterbury Water Management Strategy.

## 2. A thriving economy.

We need to have a well-balanced economy, providing employment and investment opportunities, and sustaining a full range of support services. Our prosperity is based on farming, hydro-electric power generation and tourism. Council's role in economic development is to provide a regulatory environment that facilitates growth. It also funds the support and promotion of businesses in the district.

## 3. A democracy that upholds the rights of the individual.

The district needs a council that represents its community while respecting the rights of the individual. The Mackenzie District, with an estimated

**The Question:**  
**Are we focussing on the right priorities?**

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*have your say...*

population of 4300 is represented by 19 elected representatives who continue a long tradition of championing a vigorous local democracy. The role of elected members is to represent the district and their community, make decisions on its behalf, and advocate when required.

## 4. A fit and healthy community.

We need a variety of sporting, recreational, cultural, spiritual, health, welfare and education resources to help sustain and enrich our lives. Council is one of the major providers of recreational and community facilities such as sports grounds and community halls. It works alongside local clubs and volunteers to help promote a fit and healthy community. It also supports the provision of medical and other social services and will act as an advocate where required on behalf of the community.

## 5. Safe, effective and sustainable infrastructure.

Council is the prime provider and funder of essential services including roads, drinking water, sewage treatment, storm water disposal, refuse collection and recycling. This is very much the council's "bread and butter".

## 6. A supportive and contributing community.

Council seeks to foster a supportive and contributing community and encourage people to use their skills for the benefit of the wider community. The supportive nature of the Mackenzie community is one of its unique advantages and is recognised and valued by those who live here. Council plays a supportive role in this area, advocating on behalf of community groups when required and facilitating local initiatives.

### Papatipu Runanga

There are three Papatipu Runanga that have an interest in the Mackenzie District: Te Runanga o Arowhenua based at Arowhenua, Temuka; Te Runanga o Waihao based just north of the Waitaki River, South Canterbury; and Te Runanga O Moeraki based at Moeraki. It is important for the council to establish better relationships with these Runanga, as these are seen as key relationships in the contribution of Maori to the decision-making process. The council will endeavour to extend and promote opportunities for Runanga involvement as far as practicable, and as available resources allow.

Te Runanga o Ngai Tahu is the governing tribal council of Ngai Tahu and is based in Christchurch. At present the council engages with Te Runanga O Ngai Tahu on individual matters. Closer liaison will be sought as appropriate, to maintain an ongoing and active relationship.

# WHAT WE EXPECT IN THE FUTURE

## Who will live here?

**In 2014 Mackenzie District Council commissioned the University of Waikato to undertake a population study in the district. Their findings are summarised below:**

Under the most likely scenario, the population of the district will increase by 11 percent over 20 years, or from 4300 (2013 Census) to 4762 in 2033.

Most of the Mackenzie District's population growth will be in people aged over 55. There will be an extra 472 people from this age group living in our communities and using local services by 2033.

The proportion of people aged over 65 will increase from 15 percent to 25.7 percent of the Mackenzie District's population in the next 20 years.

The migration of young people, aged 15 to 24, from the district is also expected to slow down.

At the moment there are more births than deaths in the Mackenzie District, but this is expected to reverse as the baby boomers grow older. By about 2023 there will be more elderly people than children living in the district.

The housing needs of the population are changing and future demands for housing in the Mackenzie District will be driven by non-family households, predominantly comprised of one person, or couples without children.

*A copy of the full study "MDC Population and Household Projections 2013-2063" is available on our website.*

## Who will visit here?

**Mackenzie District Council has a contract with Christchurch and Canterbury Tourism (CCT) to provide tourism promotion services in the district.**

According to CCT there are 186 accommodation providers in the district.

Statistics show an 18 percent growth in international tourist guest nights between 2013 and 2014. This growth is expected to continue.

Electronic card transaction data also shows steady growth in the number of transactions carried out by visitors to the district each year. Between 2013 and 2014, electronic card transactions by international visitors jumped 24 percent.

CCT is expecting a future wave of tourism to come from the Asian middle classes, particularly China. Freedom camping and self-driving tourists are becoming more common and the district is starting to see pressure points due to visitor growth.

CCT anticipates more investment will be needed in infrastructure to cope with a 30 percent increase in visitor movements through the district. This includes more parking bays, car parking, public toilets, rubbish bins, road safety signs in other languages, and from the private sector - more accommodation, restaurants and staff accommodation.

Businesses providing tourism services in the district are being offered support to adjust to the changes taking place in the market.



Photo George Empson



## What we assume

### Council has based its planning on the following major assumptions:

1. The Long Term Plan assumes that existing legislation will remain in place and that the structure and responsibilities of the council will remain the same over the period covered by the plan. It is also assumed that the Mackenzie District will remain an independent unit of local government during the next 10 years. The council sees merit in pursuing the sharing of services with its neighbours to allow more efficient use of skills and resources.
2. Council assumes there will be modest growth in the district. It is planning for 128 new sections, mainly in Tekapo and Twizel over the next 10 years. This will increase the capital value of the district by \$58 million. Council's infrastructure and planned improvements will be adequate to cope with this growth.
3. Council assumes there will be property revaluations in 2017, 2020 and 2023 and that these could increase or decrease the capital value of the district overall. This will impact on the level of rates paid by individual ratepayers.
4. It is assumed that climate change is happening, but that there will be no significant impact on the council's activities within the period covered by the long term plan. Council will, however, take into account the impacts of climate change as it plans, builds and renews its infrastructure.
5. Council has assumed that no natural disasters will occur during the period of this plan. Council will keep appropriate levels of cash reserves (\$3 million) and sufficient head room in its borrowings to enable it to undertake any repairs on its underground assets in the event of a major disaster. Council has assumed additional central government support will be forthcoming and it will need to borrow additional funds to make repairs and meet the costs of restoration.
6. The development at Lake Tekapo has started. Council's forecasts of surpluses are dependent on remaining sales of land occurring. Council will not undertake any development without securing sales beforehand.
7. Mackenzie District Council has adopted the inflation rates produced by BERL and has used these as the assumption for inflation for the long-term plan.
8. Council assumes it will maintain or increase how much it spends on roads.
9. Council assumes interest rates will rise slightly over the next 10 years, in line with the Official Cash Rate (OCR). Changes to the Investment Policy will increase investment returns.
10. It is assumed that land held by Council and considered to be surplus will be disposed of. Any costs of development that may arise will be funded from those sales.
11. Council has assumed that there will be additional costs involved in maintaining vested assets given to the council by developers.
12. Council holds shares in Alpine Energy Ltd. It has been forecast that the dividend flow from Alpine Energy will be set at \$396,000 for the first year of the long-term plan, rising to \$437,000 by year 10 of the plan. It is assumed that the value of the council's forestry assets will decrease if a proposal to sell forestry land is adopted.
13. It is assumed that capital projects will be funded by existing or future cash reserves, funded depreciation accumulated over a 10 year period and external borrowings. Subsidies will be available for most roading projects such as bridge replacements.
14. The useful lives of Council assets are outlined in the full copy of the Forecasting Assumptions. The depreciation period for each asset is the same as its useful life.
15. It is assumed that the conditions within resource consents held by the council will not be changed significantly and that the council will be able to renew and obtain the necessary resource consents for planned projects.
16. It is assumed that the level and nature of commitments and contingencies as stated in the council's annual report for the year ended 30 June 2014 will remain unchanged over the period covered by the Long Term Plan.

### More Information

- Check out the full copy of the 'Forecasting Assumptions' on our website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)

# KEY ISSUES

## Is it time to sell some forestry land?

### The issue

Mackenzie District Council currently owns and manages 1,040 hectares of trees. This is a valuable, long-term asset that was planted to benefit future generations.

Trees take about 25-40 years to mature, depending on the species, and during that time the community does not make any income from the land.

The district is facing some major and expensive upgrades to essential infrastructure, along with increasing costs for the maintenance of the road network. These key issues are described in more detail later in this document.

The council has recently received expressions of interest in two blocks of forestry land in the Fairlie basin. Council reviewed the potential financial returns from this land and considers it may be more beneficial to ratepayers to sell the land and direct a portion of the proceeds towards the infrastructure upgrades and roading. This would unlock a long-term asset and put its value into long-term infrastructure.

If this happens the community will get the benefits from this money now, and for the life of the infrastructure, instead of waiting for the trees to mature. If the forestry is not sold then rates will rise, in some cases significantly, to cover the costs of roading and infrastructure (see bar graph on next page).

Council is not proposing to sell all of its forestry, only the two blocks in the Fairlie basin.

Council recognises that the district's forestry assets and infrastructure belong to everyone, and everyone should have a say in what happens to them. We would like your views on this.

### The options

Council currently has two options:

**Sell two blocks of forestry land and use the proceeds, or a portion of the proceeds, to subsidise the costs of infrastructure in the towns and roading.**

OPTION 1

Under this option .....

<b>Impact on Rates</b>	Over the next three years total rates will increase by 30.83 percent, including an 8.65 percent increase next year.
<b>Impact on Debt</b>	None
<b>Impact on Levels of Service</b>	No impact on levels of service but the value of the council's forestry assets will reduce.

### Option 1 is Council's preferred option

Council has investigated the amount of money it would earn if it sold the blocks of forestry land and invested the money, compared with the amount of money it would receive if it waited for the trees to grow and harvested them later on.

This showed that selling the land would earn \$2.3 million in interest over 10 years, compared with the trees earning \$700,000 at harvest (in discounted today's dollars) when they mature in about 20 years time.

Council's preferred option is to use \$2 million from the sale of forestry land to invest in infrastructure such as roads, water, sewerage and stormwater. The balance of the proceeds would be invested. However, a final decision on this has not yet been made.

### Why not sell all forestry?

Council is not considering selling all of its forestry. The council will be reviewing its investments in the upcoming year and this will include a review of forestry assets. Once the review is complete the council may propose to sell some additional land or it may decide to retain it. Note that some council forestry is on reserve land, owned by the Crown, and this cannot be sold by the council.

*have your say...*

**OPTION 2**

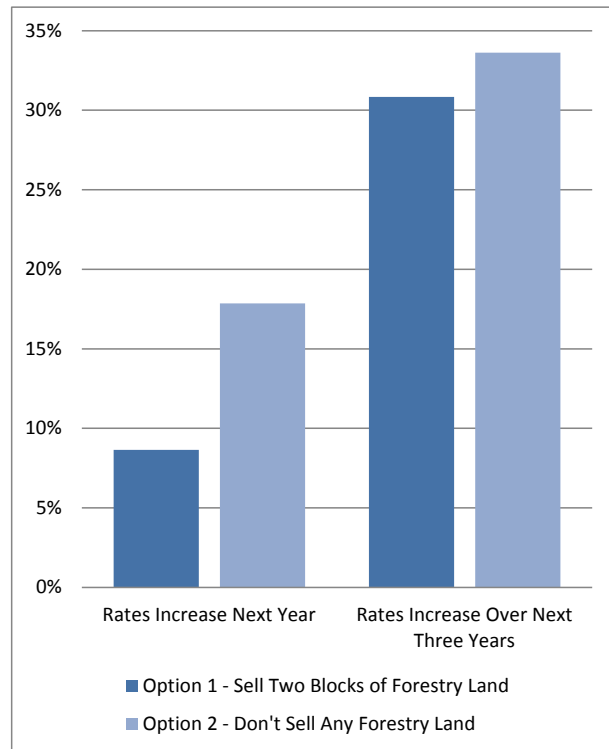
**Keep things as they are. Don't sell any forestry land and wait for the trees to mature.**

Under this option ....

<b>Impact on Rates</b>	Over the next three years total rates will increase by 33.62 percent, including a 17.86 percent increase next year.
<b>Impact on Debt</b>	None
<b>Impact on Levels of Service</b>	None

Under Option 2 Council will continue to manage its current forests with a view to harvesting trees as they mature and selling them at the market price at that time. An opportunity will be missed to source a contribution towards rates.

## Comparing the Options



## Location of Forestry Blocks

Council is considering selling two blocks of forestry land in the Fairlie basin to help fund shortfalls in essential services. Block 1 (below) is made up of three titles with a total area of 261 hectares. Ashwick Flat Road is on the northern boundary and Monument Road runs at an angle on the south-eastern boundary. Block 2 (right) has one title with a total area of 129 hectares. Perrys Road is on the northern boundary and Clayton Road on the eastern boundary.





## KEY ISSUES

### How do we pay for roads?

#### The issue

Everyone benefits from the roading network. We use it to get around, deliver products off the farm, transport goods to where we need them and identify our street address. The roading network is crucial to the success of the major activities that drive our district – farming and tourism.

There are three major issues affecting our roading network. Firstly, the government have conducted a major review of how they will assist councils in funding local roads in the future. This has resulted in changes across the country to all council Financial Assistance Rates (or FARs). The FAR represents the amount of money the government will contribute towards local roadworks. The review means the rate for Mackenzie District is reducing from 54 percent to 51 percent over the next three years.

Second is the introduction of the One Network Road Classification (ONRC) by government. The ONRC is a new system that will apply to all roads nation-wide. It will influence the availability of funding for district roads.

The third aspect is the need for funding to increase if we are going to keep providing what we currently do. This is required because of:

- the ageing of our district's roading infrastructure (particularly the age of the road seal).
- the changing use on our network, for example, the

impact of heavier trucks, farm machinery and heavy traffic wearing out our roads faster.

- increases in contract costs.

Mackenzie District Council has asked the New Zealand Transport Agency (NZTA) for a 36 percent increase in funding to keep our roads at their current standard. NZTA have indicated that they will fund a 10 percent increase (above what they funded us in 2012). This is effectively only an increase of 7.75 percent because NZTA have also removed the 2.25 percent administration allocation from our funding.

Combined, these issues mean ratepayers will have to either shoulder more local roading network costs, or agree to a drop in the level of service.

We estimate that over the next three years there will be a funding shortfall of about \$1.9 million. This must be found if we are to maintain the level of roading we currently provide.

When considering this issue it helps to remember that when Council spends an extra \$70,000, it means a one percent rates rise for all ratepayers in the district. \$70,000 buys 1.7km of road re-sealing.

Council staff and elected members are continuing to advocate to government to restore funding to an appropriate level.

#### How much do we need?

The current yearly budget for **sealed** road resurfacing is \$525,000, but this needs to increase to \$725,000 a year over the next five years to catch up on resurfacing and maintain our current standards.

The Council's portion of the annual budget for **unsealed** road metalling is currently \$425,000. Recent council surveys of our unsealed roads show that the cost of maintaining these roads at their current service levels will be \$650,000 each year over the next 10 years.



## The Question: Should ratepayers pay more to maintain the roads in their current state?

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### *have your say...*

#### The options

Council currently has three options:

#### OPTION 1

### Increase rates to maintain the roads in their current state.

Under this option .....

<b>Impact on Rates</b>	Total overall rates will increase by 8.65 percent next year, 10.2 percent in 2017 and 11.9 percent in 2018. Costs will then stabilise with lower rates rises. The costs of roading will be met by both ratepayers and NZTA, but ratepayers will pay a bigger proportion of the funding than they have in the past.
<b>Impact on Debt</b>	None.
<b>Impact on Levels of Service</b>	None. There will be no change to the quality of the roads in the district.

#### This is Council's preferred option.

Councillors view the roading network as vital infrastructure and do not want to see it degrade. They also view roading maintenance as a public safety issue because poorly-maintained roads contribute to accidents and hinder the flow of traffic.

Council is therefore proposing to ask ratepayers for more funds to meet the funding shortfall.

The overall rates impact of fully funding the current roading programme would be a 33.62 percent increase over the next three years.

The council is proposing to mitigate the impact on ratepayers in 2016 and 2017 by using some of the proceeds from the sale of forestry land to meet this shortfall. This reduces the overall rates impact to a 30.83 percent increase over the next three years.

Option 1 will address historical underfunding of the road network. Previous council policy was to match the amount spent by ratepayers to the amount of subsidy available from central government. This did not keep up with actual maintenance requirements. Council is proposing to address this underfunding of road maintenance within the next few years. Well-maintained roads cost less in the long-term because they need fewer patches and repairs.

Council is also investigating ways to provide the service more efficiently and reduce overall costs. It has joined the Mid-South Canterbury Roothing Collaboration, along with Ashburton, Timaru and Waimate Districts. This group aims to provide opportunities to share resources, ideas and approaches. It has the aim of reducing costs and improving levels of service in all the districts.

Currently this group is working on a standard maintenance contract. In the future, savings and greater efficiencies could be created for the community through the joint tendering of contracts and combined asset management.



#### More information

Check out the 'Transportation Activity Management Plan' and the '30 Year Infrastructure Strategy' on our website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)



## OPTION 2

**A smaller rates increase that meets some of the funding shortfall, and a corresponding reduction in the quality of the roads.**

Under this option .....

<b>Impact on Rates</b>	Total overall rates will increase by 13.4 percent next year, 7.5 percent in 2017 and will decrease by 1 percent in 2018*. The costs of roading will be met by both ratepayers and NZTA, with ratepayers paying a bigger proportion than they have in the past.
<b>Impact on Debt</b>	None.
<b>Impact on Levels of Service</b>	The quality of the roads in the district would decline further with Council needing to make some hard decisions on priorities.

Option 2 is a middle ground between Options 1 and 3.

If this option is chosen, the impact on the community would include the loss of smooth roads, difficulties for vehicle access in some areas/weathers, and the possible closure of some roads. There will also be an impact on ratepayers because the maintenance that is carried out will cost more if it occurs less often than what is optimal and the road base is damaged. The table on the next page has some examples of options that could be taken to reduce the amount spent on roads. If this option is chosen the council would assess its priorities and work with affected communities.



Braemar Road with 'frost heave'. Winter 2012.

\* Note: Under Options 2 and 3 the assumption has been made that Council would use the interest earned from the sale of forestry land to offset rates, rather than using the cash price.

## OPTION 3

**Keep the status quo. Ratepayers will continue to fund roading at the same level as the NZTA contribution, with a significant reduction in the quality of the roads.**

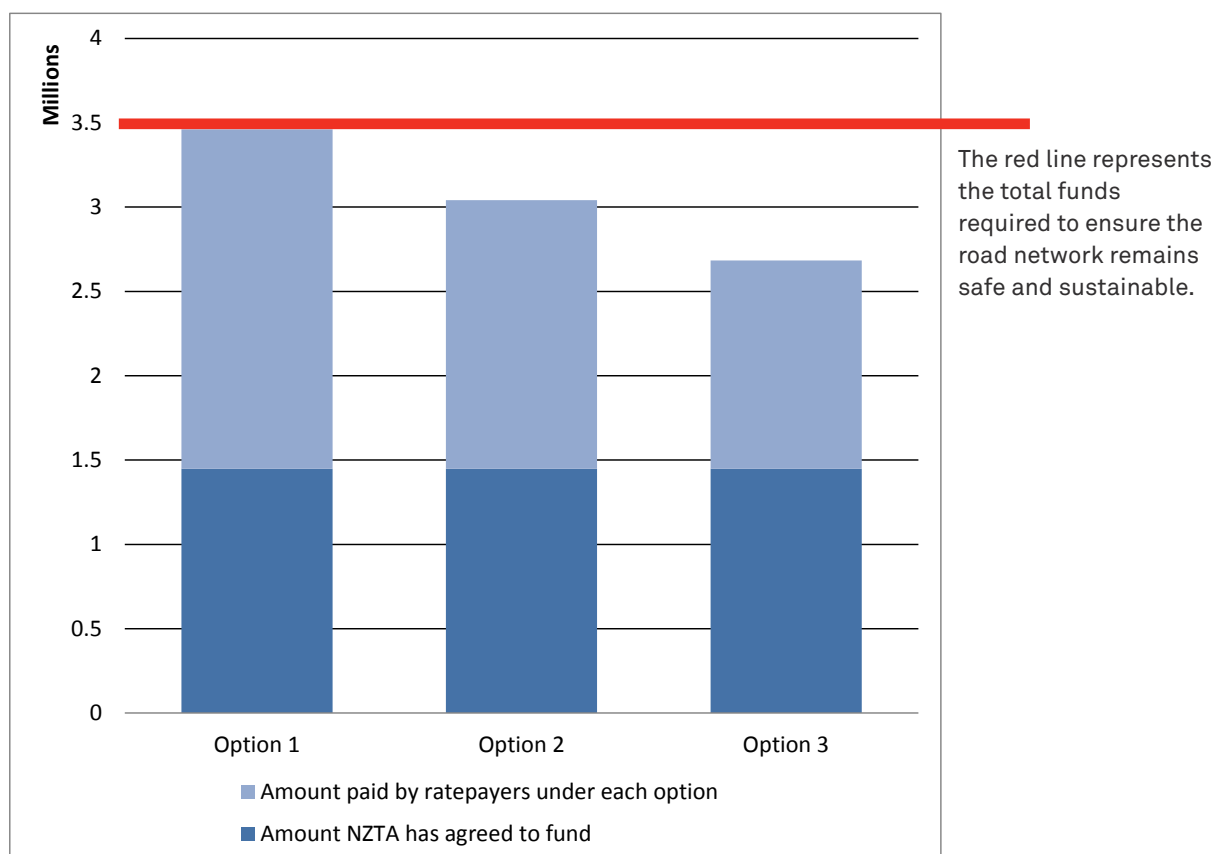
Under this option .....

<b>Impact on Rates</b>	Total overall rates will increase by 9.3 percent next year, 7.8 percent in 2017 and will decrease by 1.7 percent in 2018*. The roading portion of rates will be set to match the funding coming from NZTA. This is what has happened up to now.
<b>Impact on Debt</b>	None.
<b>Impact on Levels of Service</b>	The quality of the roads in the district would significantly decline with Council needing to make some hard decisions on priorities.

In recent years Council has chosen to set roading rates at the same level as the amount of funding the district receives from NZTA. This has resulted in some roads falling behind in maintenance.

If this option is chosen Council will need to decide which sealed roads should be left to deteriorate back into a gravel surface. Council will also consider not maintaining some unsealed roads to the current standard. With the roads deteriorating at a greater rate they will have a rougher ride and be less safe.

## Paying for Roads - Comparing the Options



### What could a reduction in road funding mean?

Option 1	Option 2	Option 3	Examples of Reductions in Service
×	✓	✓	Take longer to respond to customer concerns.
×	✓	✓	Reduce snow clearance and ice gritting. Some low-use farm access roads will not be cleared of snow.
×	✓	✓	Reduce the frequency of road grading, particularly low-use farm access roads.
×	✓	✓	Halt the culvert replacement programme and only replace on failure. This will lead to more unplanned road closures.
×	✓	✓	Reduce the reconstruction of sealed roads. This will lead to more potholes and a rougher ride.
×	✓	✓	No LED street light replacements. Street light maintenance only.
×	✓	✓	Reduce vegetation mowing on, but not limited to, Glen Lyon Road, Lillybank Road, Godley Peaks Road, North West Arch, Ostler Road, Ohau Road and Pukaki Airport (mow these once a year instead of twice).
×	✓	✓	Reduce safety mowing at intersections and on corners. This will restrict visibility.
×	×	✓	Reduce street cleaning and drain cleaning, leading to a greater risk of blockages and road flooding.
×	×	✓	Reduce or remove edge marker posts on roads.
×	×	✓	Don't maintain or replace intersection controls such as road marks and signs.
×	×	✓	Don't fund new seal leading to increased maintenance, a rougher ride and ultimately some roads reverting back to gravel.

Note the above reductions in service are examples only. Council's preferred option is Option 1.

## KEY ISSUES

### How do we pay for water, sewerage and stormwater?

#### The issue

Mackenzie District Council believes that water, sewerage and stormwater are essential, basic services and that everyone in the district's towns should have the same access to them. This includes everyone having drinking water that meets health standards and sewage disposal that meets environmental standards.

Currently the water supply for drinking and firefighting, along with the collection, treatment and disposal of sewage, is paid for directly by each town in the Mackenzie District. The towns also provide their own stormwater systems. All of these systems include a pipe network, treatment facility and, in the case of sewer and stormwater, an environmentally sustainable disposal system.

When a large upgrade is needed in a town, the rates paid by everyone in that town increase to pay for it. This is based on the philosophy that the people who use a service should pay for it - a strict user pays system.

Council has done extensive forward planning and this shows that over the next 30 years each town in

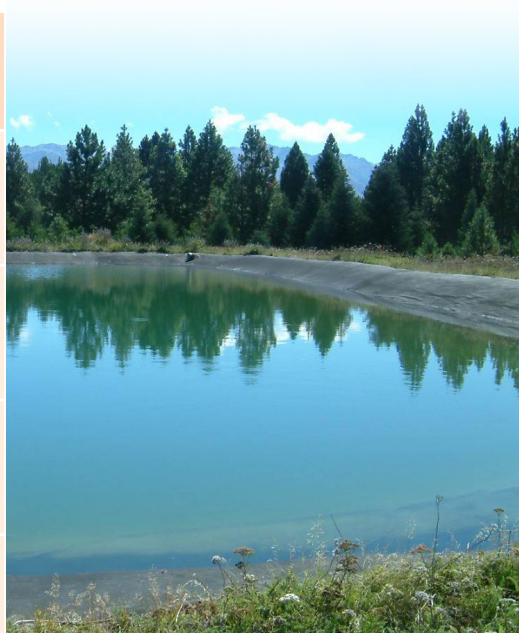
the district will need to upgrade and maintain its infrastructure. These projects come at significant cost.

Council wants to ensure that rates remain affordable across the district. It has concerns that people who rely on a fixed income, such as a pension, might not be able to afford the spikes in rates that will happen in the future as these big projects are undertaken.

If rates increase become unaffordable for some areas, there are risks to the sustainability of the district in the long term. Central government is looking more closely at smaller councils and the affordability of infrastructure in small towns. The council is focused on looking at ways to ensure sustainability for the district into the future. An essential part of this is demonstrating to central government that the Mackenzie District can afford its infrastructure, and that it will plan for this and fund it appropriately.

In summary, keeping essential services at an appropriate standard in all our towns, while at the same time keeping rates affordable for all ratepayers, is the single biggest issue facing the district.

	Capital costs over the next 30 years	Examples of some of the bigger projects*
Twizel	\$5.9 million	Replacing asbestos cement water pipes, a sewer pond upgrade and de-sludge, re-lining and covering the water reservoir.
Tekapo	\$3.7 million	Sewer main replacement, new sewerage disposal, new storm water treatment facility at Lakeside Drive, and a water main renewal.
Fairlie	\$6.7 million	Water treatment upgrade, water main renewal, sewer main replacement and a de-sludge of the sewerage pond.
Burkes Pass	\$146,000	Water plant at the intake will be replaced and will run on solar power. Other minor work is planned.



\* A full list of water, sewerage and stormwater projects planned for each town can be found on page 49 of the 30 Year Infrastructure Strategy on our website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)

KEY ISSUES

*have your say...*

## The options

Council currently has five potential options:

### OPTION 1

**Spread the costs of water, sewerage and stormwater across the towns so all users pay the same for each service they use, and also put proceeds from the sale of forestry land towards these costs.**

Under this option .....

<b>Impact on Rates</b>	Rates charged for water, sewerage and stormwater will rise smoothly over time, with everyone paying the same amount no matter which town they live in.
<b>Impact on Debt</b>	None. The towns are unlikely to need to borrow money if this option is chosen.
<b>Impact on Levels of Service</b>	Every town will have the same service across the district.

### This is Council's preferred option.

Council prefers Option 1 because it will spread the costs smoothly over time and insulate towns from sudden costly rate increases when capital work is needed. This will make it easier for ratepayers to budget ahead to pay their rates.

Option 1 is also the best option to ensure the sustainability of the district in the future. The Council's 30 Year Infrastructure Strategy shows some significant costs are coming up for the towns. There is potential for this to make the district unsustainable in the long term.

Option 1 is the most affordable option for people living in smaller towns. It will also ensure the district is not split into towns with different levels of service - for example, different drinking water quality.

Another benefit of Option 1 will be cost savings from more efficient project management. At the moment each job in each town is priced and built separately. Large infrastructure jobs are spread out over several years to reduce the impact on the ratepayers in each town, but this means they take longer and cost more.



Option 1 will allow Council to assess priority work on the basis of need, rather than making decisions based on whether the ratepayers in that town can afford it in the current year. When the district manages essential services as a whole, rather than separately, it can make better use of the assets and manage them more effectively.

### Has Option 1 been used before?

Yes. Three years ago the council changed how it rates for roads and introduced a standardised rate across the whole district with everyone paying the same amount for roads. This has been successful and resulted in significant savings with maintenance targeted to high priority areas.

Mackenzie District Council also uses a consistent district-wide approach to pay for libraries, public toilets and cemeteries.

According to the Auditor General, one of the themes from the last Long Term Plan period (2012) was for local authorities in small and rural areas to move away from the use of targeted rates towards district-wide funding of projects. Some councils changed their rating systems in 2012.

Other South Island councils currently consulting their ratepayers on this issue include Queenstown Lakes District Council and Hurunui District Council.



## OPTION 2

## Keep things as they are (status quo) which is towns paying for their own water, sewerage and stormwater.

Under this option .....

<b>Impact on Rates</b>	Rates will increase significantly for each town when its infrastructure is being upgraded. Rates will exceed affordability levels in some areas.
<b>Impact on Debt</b>	Towns may need to borrow money to help fund big projects in the future.
<b>Impact on Levels of Service</b>	None.

Up to now the water, sewerage and storm water services in each town have been paid for by the people who use them.

If the status quo remains, each town will face rate increases when work becomes due. Examples of upcoming projects include:

- The 656 ratepayers in **Fairlie** will need to fund \$2.6 million in 2017 for an upgrade to bring their drinking water up to health standards.
- The 1,774 ratepayers in **Twizel** will need to fund \$700,000 next year to upgrade their sewerage pond and an extra \$4 million over the next 20 years to replace 25km of asbestos cement water pipes in the town. They will also be spending \$600,000 next year to re-line and cover the water reservoir and boost water pressure at The Drive. Twizel will also need to finish its water upgrade next year.
- The 723 ratepayers in **Tekapo** will need to fund \$130,000 next year for a new disposal system at the oxidation ponds and \$300,000 in 2017 for a new stormwater treatment and disposal system at Lakeside Drive.
- The 18 ratepayers in **Burkes Pass** will need to fund \$15,000 in 2017 for Scada telemetry on their water supply and another \$15,000 in 2018 for Scada telemetry on their sewerage oxidation ponds.

All of these projects are planned in advance. Sometimes a town also faces an unexpected problem that was not budgeted for. For example, in 2014/15 Twizel went over-budget on repairs due to unexpected breakdowns. Under Option 2, each town continues to pay for its own urgent repairs.

One of the benefits of this option is that beneficiaries of the service (townships) are paying the actual cost of their upgrades, so there is a clear link between the rates collected and spent in each town, and the actual costs of each system.

However, one of the disadvantages is that some areas in the district will face a high burden and this may make areas of the district unsustainable. If this occurs it will impact negatively on the whole district.

Under Option 2, there will be significant peaks in rates for each town at the time upgrades are required, and these will need to be managed.

### Can we stay with the status quo (Option 2) and use the council's investments to pay for infrastructure?

Mackenzie District Council currently has money invested in a portfolio that earns interest. This interest goes towards paying a portion of your rates and everyone in the district benefits equally from this money.

It is possible to redirect interest earnings away from rates and instead put the money into a town that needs to build a big infrastructure project. But everyone else will lose the benefit of that interest and their rates will rise.

The biggest rates impact would be shouldered by rural ratepayers and the power generators. Neither of these groups benefit from town water, sewerage or stormwater.

Redirecting interest is another way to spread the costs of township infrastructure across everyone in the district. This has the same outcome as choosing Option 1, but the people who contribute the most financially do not have the ability to use the services they are paying for.

*have your say...*

**OPTION 3**

**Spread the costs of town water, sewerage and stormwater across everyone in the district.**

Under this option .....

<b>Impact on Rates</b>	Rates charged for infrastructure will rise smoothly over time, with everyone paying the same amount no matter where they live.
<b>Impact on Debt</b>	None. The towns are unlikely to need to borrow money if this option is chosen.
<b>Impact on Levels of Service</b>	Every town will have the same service across the district.

Option 3 would involve charging all ratepayers equally for water, sewerage and stormwater infrastructure in the towns.

This option would mean rural ratepayers and the power generators would pay again for a service they already use (e.g. rural water) or cannot use due to not being able to connect to the service. This would create an unfair situation.

**OPTION 4**

**Decide not to meet drinking water standards or upgrade water, sewerage or stormwater infrastructure in the towns that cannot afford it.**

Under this option .....

<b>Impact on Rates</b>	None
<b>Impact on Debt</b>	None
<b>Impact on Levels of Service</b>	Some towns in the district will have poor quality drinking water and a lower level of service in sewerage and stormwater. Other towns will be able to afford a higher standard.

At present Twizel, Fairlie and Burkes Pass have drinking water considered to be low quality under Ministry of Health standards. Tekapo water meets the standards. Twizel water is expected to become high quality by September, 2015, as part of the current upgrade.

If the status quo remains with the towns continuing to pay for their own infrastructure, it may be possible for the Fairlie and Burkes Pass communities to decide they cannot afford to meet drinking water standards and that they are happy for their current water quality to continue.

This would place some ratepayers in the situation of having to choose between unaffordable rates and a lower standard of drinking water. Council is very reluctant to allow this situation to occur.

The council is required by law to meet the needs of communities for efficient, effective and appropriate infrastructure. If it is unable to demonstrate that it can achieve this, the control of water services may be removed from the council or other similar interventions may be considered by central government.



## OPTION 5

## Use funds from the sale of forestry land to subsidise the costs of water, sewerage and stormwater in the towns facing big projects in the next few years.

Under this option .....

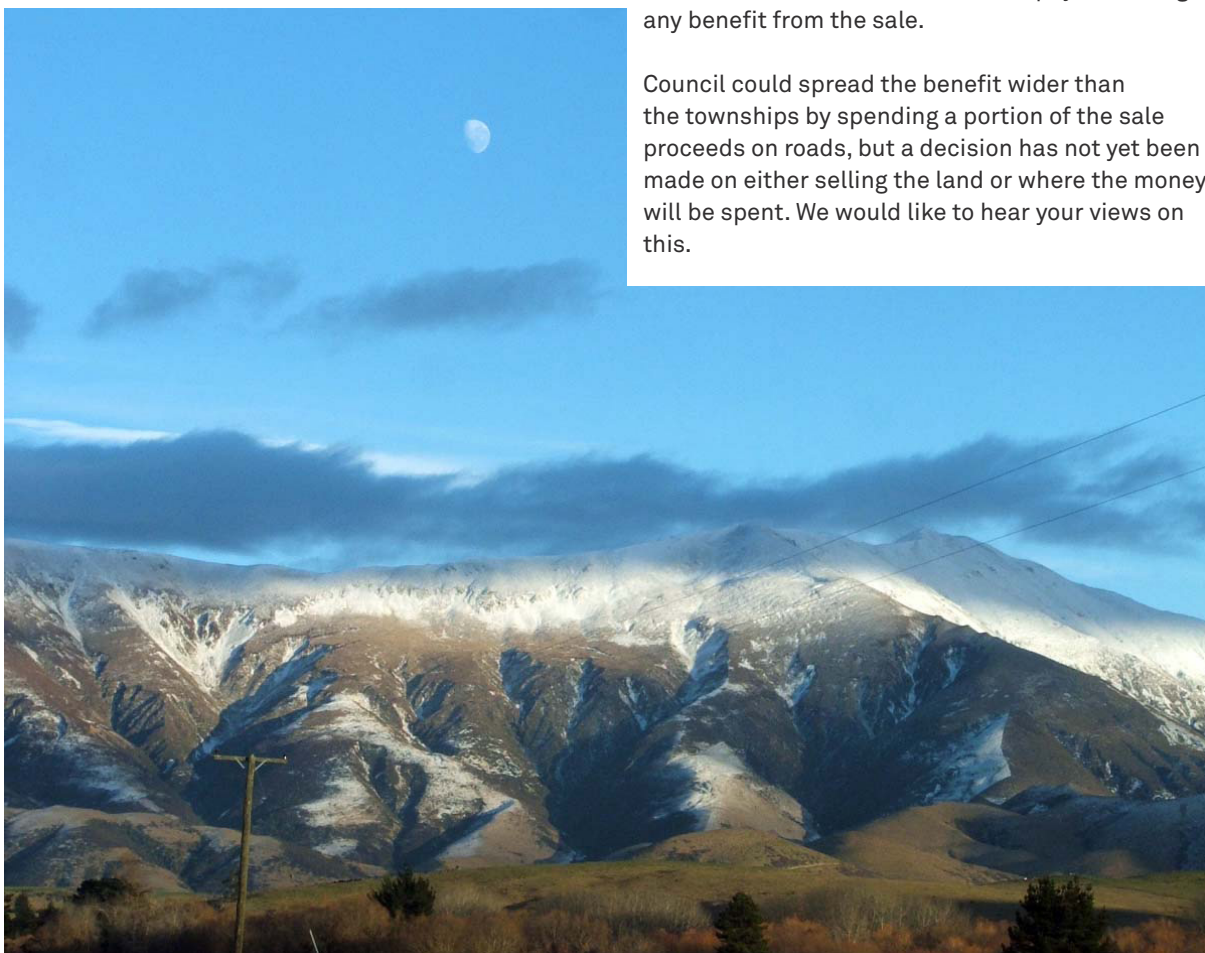
Impact on Rates	Rates charged for infrastructure would be partly subsidised by a cash injection from the sale of forestry land.
Impact on Debt	None
Impact on Levels of Service	None

Unlike some other councils, the Mackenzie District is fortunate to carry no external debt and has assets it can sell. The issue of whether or not the council should sell forestry land is addressed in detail as a key issue on page 8. If Council decides to sell the land it will then need to decide where best to spend the money. This option suggests using some, or all of the proceeds to subsidise the cost of town infrastructure.

Under this option Council would target forestry money towards the towns needing extra financial support to pay for their infrastructure. There would not be enough money raised from the sale of forestry to pay for all the projects coming up in the next 10 years. Council would need to assess its priorities when allocating the money.

Option 5 raises an important issue. At present Council's forestry land is owned by everyone in the district equally, including ratepayers who do not use town water services. Selling land and putting all of the proceeds towards infrastructure in some of the towns would mean some ratepayers don't get any benefit from the sale.

Council could spread the benefit wider than the townships by spending a portion of the sale proceeds on roads, but a decision has not yet been made on either selling the land or where the money will be spent. We would like to hear your views on this.



## Comparing the options

### What about fairness?

Options 1 and 2 raise questions about fairness:

For example, is it fair for the council to charge different amounts to provide the same service, such as drinking water, to customers in different towns? (Option 2)

Or is it fair for the council to charge all customers the same amount for drinking water when it costs different amounts to produce the water in different towns? (Option 1)

Mackenzie District Council has traditionally taken the stance that charges should be cost driven. It could equally be argued that it is unfair to charge different amounts for what is essentially the same service across the district.

### What if we've already done the work in our town?

One of the issues is that towns are not all starting from the same place in the infrastructure cycle. Some have recently paid for, and carried out, extensive work. Is it fair to now ask them to support other towns as well?

If Option 1 is chosen, each town will benefit in the future. For example, **Twizel** will be the first town to benefit because it is currently upgrading its town water supply. Twizel ratepayers have already paid \$1.9 million for stage one of this project (up to June this year) resulting in a 13 percent rates increase in Twizel last year.

In the next five years, stage two of the upgrade and other work on the water supply will cost Twizel another \$1.53 million. Under Option 2 (status quo), this work will be funded by Twizel ratepayers alone and rates will need to increase to pay for it. Under Option 1, the costs will be spread across all the towns with smaller rates increases carried by all town water supply users.

Twizel also has some expensive work coming up to replace 25km of ageing asbestos cement water pipes. This will cost about \$4 million.

Under Option 1 **Fairlie** will benefit in 2017 when it needs to spend \$2.6 million on an upgrade of its water supply to meet drinking water standards.

At the moment under the status quo, Fairlie ratepayers are looking at big rate rises to meet this cost - possibly as high as 20%. Fairlie is the town with the highest proportion of ratepayers who live on a pension in the district.

Under the status quo (Option 2), rates could become unaffordable for these people. Under Option 1, rates will still rise but not as much in Fairlie, and the rise will be smoother without sudden jumps. Option 1 is the best option for people on fixed low incomes who live in small towns.

### How does this issue affect visitors to the district?

The Mackenzie District relies heavily on tourism and has a reputation as a safe and clean place to visit.

Council considers it important to offer visitors the same standard of drinking water and hygiene no matter where they stay. A single experience of a visitor contracting an illness from unsanitary conditions while visiting one town in the district would spread on social media and reflect badly on the whole district.

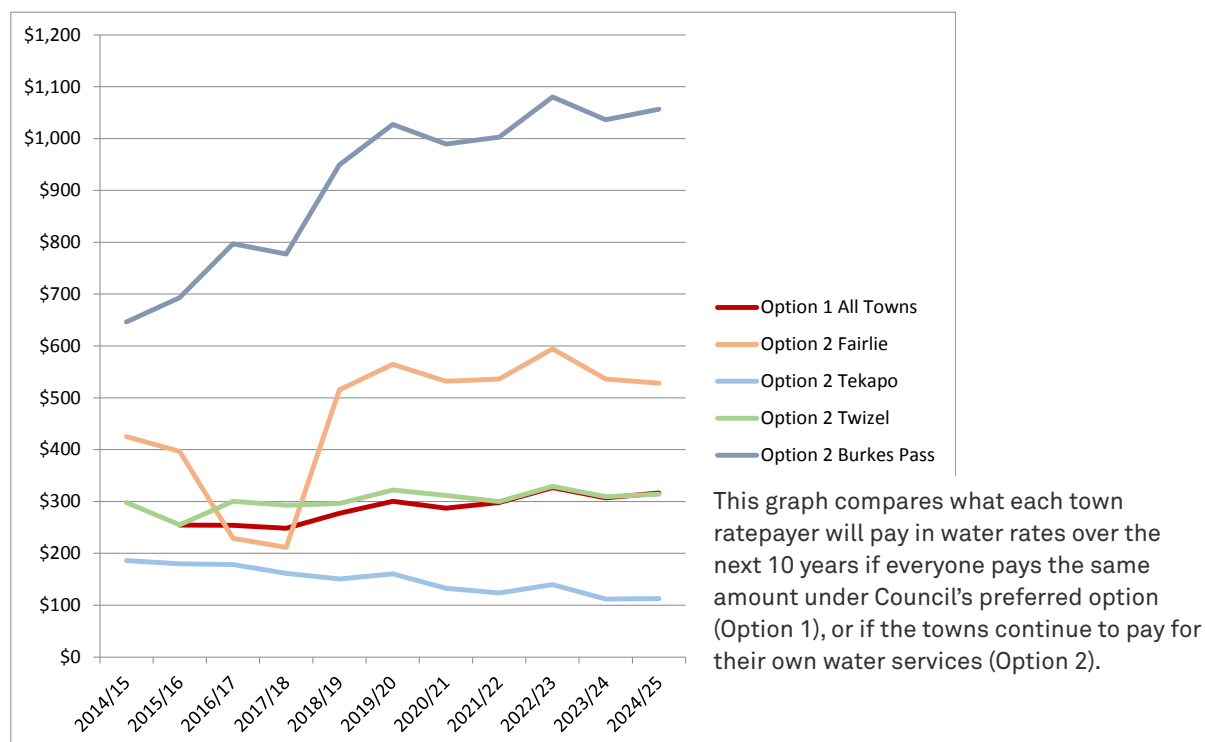
Standardised, high quality water and sewerage schemes that protect health and the environment are important for our future as a tourism destination.



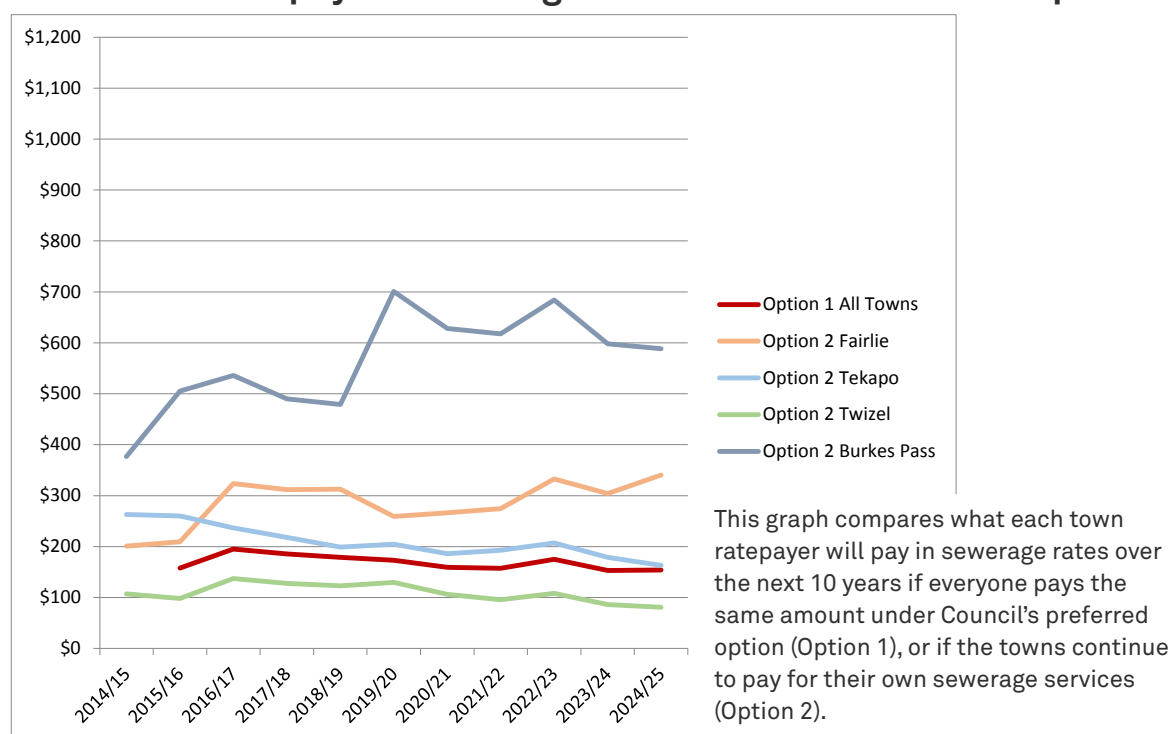
### More Information

Check out the 30 Year Infrastructure Strategy  
Stormwater Activity Management Plan  
Water Activity Management Plan  
Sewerage Activity Management Plan  
on our website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)

## How much will I pay for water rates under the two main options?



## How much will I pay for sewerage rates under the two main options?





# OTHER CHANGES PROPOSED BY COUNCIL

The following changes are proposed in Council's Long Term Plan over the next 10 years. We would like to know your thoughts on these.

## PROPOSAL

### Disposal of Grampians and Goodmans Bridges

Council would like to dispose of these two bridges as they will reach the end of their useful lives in the next 10 years.

The reasons for the proposed disposals are:

- neither bridge has high public use
- alternative accesses or routes are available
- the costs of replacement are significant.

Options that have been considered are:

- Replacement
- Transfer the ownership of the bridges
- Removal

**Grampians Bridge** is outside the road reserve and sits on private land. Council has maintained this bridge to date, but it has been assessed as reaching the end of its life by 2019/2020. Replacement is estimated to cost \$62,000 and not considered financially prudent given it services one property and there is an alternative, all-weather access road to that property. Council will consult with the landowner about transferring ownership of the bridge to that owner. If a transfer proceeds, no conflicts of interest arise and no ongoing monitoring arrangements would be necessary. If a transfer does not proceed, the bridge will be removed.

The removal of **Goodmans Bridge** is planned for 2019/20. Goodmans Bridge would cost an estimated \$170,000 to replace. This is not considered financially prudent as it services one property and there is alternative access. It is unlikely to attract NZTA subsidy on this basis. There is no realistic option to transfer the asset to any party.



Grampians Bridge is at the end of Grampians Road, off Haldon Road, in the Pukaki Ward.



Goodmans Bridge is at the end of Nixons Road in the Opuha Ward.

## PROPOSAL

## Manuka Terrace Water Supply

Council is considering providing a potable water supply to Manuka Terrace residents, near Twizel.

The reasons for the proposal are:

- Manuka Terrace has undergone significant development and there has been more than 200 sections created.
- individual owners were originally to source their own water supplies. However, over time it has become apparent that the bores people have to dig to find water are up to 85m deep and the cost to drill these is in excess of \$16,000 each.
- Council has reviewed the costs of providing a community supply to all lots. This could be installed for considerably less cost per ratepayer.

Options that have been considered are:

- provision of a community water supply
- status quo – landowners source their own water supply

A community water supply on a restricted basis, that meets drinking water standards, can be provided at less cost per ratepayer than individual owners would



pay for the development of a water supply on their

properties. Council's 30 Year Infrastructure Plan estimates the cost of a new water scheme at Manuka Terrace to be \$1.4 million.

Council is currently consulting with Manuka Terrace ratepayers to hear their views on the proposal. If the feedback is positive, this would confirm the provision of a community supply as the council's preferred option.

The status quo would mean that the council would not involve itself in the provision of a community water supply and this would remain the responsibility of individual owners. This may be inefficient given the higher costs to individuals.

## PROPOSAL

## Changing how the Tekapo A Power Station is rated

It is proposed that from 2015/16 the Tekapo Works and Services Rate will cease to be differentiated, but a new differential (Tekapo A) will be added to the Rural Works and Services Rate.

Council intends to change how it rates the Tekapo A Power Station and this will change who benefits from the money. Historically, although the Tekapo A Power Station sits in a rural area, the rates paid by the power station were directed towards improvements in the Tekapo township.

Council believes it is no longer appropriate to re-direct the rates in this way. Now that Tekapo is an established town that stands on its own feet, it no longer needs the extra help. Council is proposing that future rates from the power station go into the rural area to pay for rural services. This means that

in the future the Tekapo A power station will cease to contribute to the Tekapo Works and Services Rate, and will instead contribute to the Rural Works and Services Rate.

This will not significantly change rating levels for rural ratepayers, but there will be an impact on Tekapo ratepayers. To mitigate this impact, Council is proposing to reduce the rates requirement for Tekapo ratepayers by using funds from the sale of land in the Tekapo Lakefront Development to pay for projects linked to the development in the town.



## PROPOSAL

## Changing how rates are collected for Tourism, Economic Development and Alps2Ocean

Council intends to change the way these activities are funded to make it fairer across the district.

Council is proposing to reconfigure the previous tourism and economic development rate into three new rates - one each for tourism, economic development, and Alps2Ocean.

The current rating system for these activities has resulted in inequities. Primary accommodation providers have been rated differently to secondary accommodation providers. Commercial tourism activities have had a flat rate.

Council now proposes to rate for tourism as follows:

- 10 percent of the costs of tourism promotion will be met by a fixed charge across the district.
- 30 percent of the costs of tourism promotion will be broken down into two components - a \$100 fixed charge on industrial ratepayers, with the remaining amount to be charged to tourism businesses based on capital value.
- 60 percent of the costs of tourism promotion will be met by commercial accommodation providers, with a 60 percent differential on secondary accommodation providers to recognise that they live in the premises and the primary use of their property is not accommodation.

This proposal will change how much tourism businesses pay towards tourism promotion in the district. Some will see their tourism rate component reduce. For a small number of tourism businesses located on properties with a high capital value (e.g. high country stations), the move to a capital value-based rate will see their tourism rate increase. If you have any questions about how this proposal will affect you personally please contact the council rates officer on 03 685-9010.

Council also proposes to rate for economic development as follows:

- A fixed charge of 10 percent of the rate, or \$10, whichever is higher will be charged across the district.
- 90 percent of the costs of economic development will be met by commercial and industrial properties based on capital value.

Regarding the costs of the Alps2Ocean cycleway, the council considers this to be an asset to the district and of benefit to all ratepayers, and on this basis proposes to fund it partly by the general rate and partly from a uniform targeted rate as follows:

- \$50,000 of Alps2Ocean costs will be charged across the district through the general rate.
- All ratepayers in the district will also pay a fixed charge of \$25.11 to pay for the balance of Alps2Ocean.

This change does not represent an increase in rates for Alps2Ocean.

These rating changes are proposed to increase transparency, eliminate the anomalies in the previous system and better spread the costs of the activities across those who benefit.

## have your say...

### What do you think?

- Have we got these right?
- Have we missed anything you think should also be included?

# RATE CHANGES FOR YOUR PROPERTY

Note that the amount you pay for rates depends on many variables including the capital value of your property and the mix of fixed and variable charges in your town. Some percentage increases will be higher or lower than the average rates rise. Also, the estimated rates in this table include the impact of all the changes proposed in this document and described as “Council's preferred options”.

	Capital Value \$	Rates \$	Estimated Rates \$									
	2014-15	June 2015	June 2016	June 2017	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023	June 2024	June 2025
<b>Fairlie</b>												
<b>Section</b>	55,000	836	800	815	844	842	867	832	842	882	850	863
<b>Lower Value House</b>	175,000	1,602	1,541	1,555	1,634	1,630	1,664	1,650	1,662	1,691	1,675	1,699
<b>Mid Value House</b>	210,000	1,722	1,660	1,669	1,755	1,752	1,786	1,770	1,782	1,808	1,797	1,819
<b>Upper Value House</b>	250,000	1,859	1,797	1,799	1,893	1,891	1,925	1,907	1,919	1,942	1,934	1,957
<b>High Value House</b>	315,000	2,081	2,019	2,011	2,118	2,118	2,152	2,130	2,141	2,160	2,158	2,180
<b>Tekapo</b>												
<b>Section</b>	185,000	1,083	1,073	1,124	1,266	1,277	1,296	1,264	1,266	1,303	1,281	1,302
<b>Lower Value House</b>	280,000	1,589	1,577	1,658	1,862	1,875	1,899	1,894	1,896	1,927	1,918	1,954
<b>Mid Value House</b>	390,000	1,811	1,777	1,871	2,117	2,138	2,159	2,154	2,152	2,178	2,178	2,217
<b>Upper Value House</b>	580,000	2,193	2,123	2,239	2,558	2,594	2,608	2,604	2,594	2,611	2,627	2,671
<b>High Value House</b>	760,000	2,556	2,450	2,588	2,976	3,026	3,034	3,029	3,013	3,021	3,052	3,102
<b>Twizel</b>												
<b>Section</b>	89,000	759	854	891	932	934	949	917	925	950	893	908
<b>Lower Value House</b>	175,000	1,309	1,348	1,411	1,471	1,499	1,511	1,514	1,526	1,548	1,518	1,543
<b>Mid Value House</b>	215,000	1,409	1,437	1,505	1,574	1,605	1,615	1,618	1,629	1,652	1,630	1,656
<b>Upper Value House</b>	350,000	1,744	1,739	1,820	1,925	1,965	1,966	1,968	1,978	2,002	2,008	2,037
<b>High Value House</b>	445,000	1,982	1,952	2,042	2,171	2,218	2,212	2,214	2,223	2,249	2,275	2,306
<b>Rural</b>												
<b>Section</b>	110,000	316	317	470	483	502	505	509	513	516	531	542
<b>Lifestyle</b>	400,000	644	639	828	906	961	965	980	981	976	1,021	1,044
<b>Farm Property</b>	1,000,000	1,323	1,304	1,569	1,781	1,913	1,916	1,955	1,949	1,927	2,034	2,084
<b>Farm Property</b>	2,000,000	2,455	2,413	2,804	3,240	3,498	3,502	3,579	3,562	3,513	3,723	3,816
<b>Farm Property</b>	3,000,000	3,587	3,522	4,040	4,699	5,084	5,088	5,203	5,175	5,099	5,412	5,548
<b>Farm Property</b>	4,000,000	4,719	4,630	5,275	6,158	6,669	6,673	6,827	6,788	6,685	7,101	7,281
<b>Farm Property</b>	5,000,000	5,851	5,739	6,510	7,617	8,255	8,259	8,452	8,401	8,271	8,790	9,013
<b>Farm Property</b>	6,000,000	6,983	6,848	7,745	9,076	9,840	9,845	10,076	10,015	9,856	10,479	10,745
<b>Farm Property</b>	7,000,000	8,115	7,957	8,980	10,535	11,425	11,431	11,700	11,628	11,442	12,168	12,478
<b>Farm Property</b>	8,000,000	9,247	9,065	10,216	11,993	13,011	13,016	13,324	13,241	13,028	13,857	14,210
<b>Farm Property</b>	9,000,000	10,379	10,174	11,451	13,452	14,596	14,602	14,948	14,854	14,614	15,546	15,924
<b>Farm Property</b>	10,000,000	11,510	11,283	12,686	14,911	16,182	16,188	16,572	16,467	16,200	17,235	17,675

# KEY POLICIES AND STRATEGIES

## 30 Year Infrastructure Strategy

### **This section of the Consultation Document is a brief summary of Council's Infrastructure Strategy 2015 – 2045.**

The 30 Year Infrastructure Strategy summarises the issues facing the Mackenzie District over the next 30 years. It will help Council plan ahead more effectively. It specifically covers the following assets: stormwater, foul sewer, water supply, roads and footpaths.

The full strategy is available on the council website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz). Supporting details can be found in the relevant Activity Management Plans for each of the activities, also on the website.

The 30 year strategy is prepared on the basis that there will be slight growth in the resident population. This will create steady growth in Tekapo and Twizel, but this growth will not put significant pressure on the current infrastructure. (The exception to this is the need to provide an alternative effluent disposal area in Tekapo.)

It is also assumed that the existing resource consents held by Council can be renewed without the need for significant upgrades.

The strategy proposes spending \$18.15 million (based on 2015 values) over the next 30 years on 164 different infrastructure projects in water, sewage and storm water. These include some big ticket items like replacing asbestos cement water pipes across the towns, improving storm water treatment, bringing the Fairlie water supply up to drinking water standards and re-lining and covering the Twizel reservoir. About 31 percent of the money will go towards improving services, with the remaining money spent on maintaining/replacing what we currently have.

On the roads it is assumed that the agriculture sector will continue to intensify over the next 30 years. As irrigation becomes available it will drive more intensive use of the land, putting pressure on the existing roads. Tourism is also putting increasing pressure on roads in some parts of the district.

### Facts

Council maintains 722km of roads and 97 bridges.

Sewage travels through 78km of pipes and ends up in one of four treatment plants.

Council staff look after 237km of drinking water pipes with 2,531 water tobies and 426 hydrants.

The district has 62km of footpaths and 791 street lights.

### Sewer

In Twizel, sewage effluent is currently discharged to a trench which has a resource consent for seven years. This will be replaced with a new disposal system immediately to the south of the site. New in-ground pipes will be laid to dispose of the effluent on land. An application for resource consent to approve this will be lodged this year.

Tekapo will need a new effluent disposal system to allow for growth and changing climactic conditions. The original sewerage networks were laid in Fairlie in 1940 and Tekapo in 1955 using earthenware pipe. We plan to re-inspect these networks for deterioration. It is expected that the rate of deterioration is such that the network will have to be substantially replaced over the next 30 years, and funding has been allowed for this.

## Water Supply

The biggest issue facing all three communities in the next 30 years is the deterioration of the asbestos cement (AC) water mains. There are 45km of AC pipes in the district, 14km in Fairlie, 5.9km in Tekapo and a further 25km in Twizel.

The Fairlie water supply will be upgraded in 2016/17 to comply with Ministry of Health drinking water standards. Completion of the concrete water pipes a few years later will see a reduction in maintenance costs associated with pipe failures.

The upgrade of the treatment of Tekapo water supply took place in 2013 and will not require further work apart from the normal renewal of the plant components when they wear out or become obsolete. There is 5,895m of asbestos cement (AC) water pipe under the ground in Tekapo that will need to be investigated. The programme for replacing this will depend on the results of that investigation.

In Twizel the treatment and pump control is currently being upgraded to modernise the plant and provide water that complies with Health (Drinking Water) Amendment Act (2007). The reservoir is programmed for relining and covering in 2015/16. Relineing is essential maintenance, but while covering is not necessary from an operational point of view, it is seen as desirable by the community. The rural residential area known as the 'The Drive' has experienced low pressure during periods of high demand. The solution is to install an in-line booster pump to lift the pressure to an acceptable level. This work is programmed for 2015/16.

## Stormwater

There is not expected to be a significant change to the normal operation of most of the stormwater assets. However, Environment Canterbury's Land and Water Regional Plan requires "that where the discharge is from an existing local authority network, demonstration of a commitment to progressively improve the quality of that discharge be as soon as practicable, but no later than 2025".

This means some existing stormwater discharges may have to be progressively upgraded. In Tekapo there will need to be a system designed and installed to cater for stormwater coming from the Lakeside

Drive area and the commercial land in front of the existing shops.

## Roads

Constraints on funding from central government will continue to make maintaining the road network a challenge. A significant amount of work is required to maintain sealed roads at the current level. If the funds are not available a number of sealed surfaces are at risk of failure. The un-sealed roads are also in need of regular metalling to continue to provide a surface suitable for traffic.

## Footpaths

No significant change is expected to normal footpath activity. However, as the asbestos cement water main replacement programme is rolled out over the next 20 years in Twizel, the footpaths in the affected streets will be substantially rebuilt and it is recommended that they get reconstructed in asphalt or concrete at that time. This will help to improve road safety by making a clear demarcation between the roadway and the pedestrian footpath.

With traffic regularly parking on footpaths in Twizel and the operation of the refuse collection truck stressing the surface, these seals only have a life of approximately 10 years. Moving to asphalt footpath surfacing will extend the life out to 30 years.

## Bridges

The strategy includes a modest bridge replacement programme and this is thought to be fundable by Council and NZTA, with the exception of the Cass River Bridge. This structure will be expensive to replace due to the location and span of the structure. With the public road ending 800m on the north side of the bridge it is likely to be considered uneconomic to replace. Consultation with all parties will be required.



# KEY POLICIES AND STRATEGIES

## Financial Strategy

**The Financial Strategy is a chance for Council to set out its financial position over the next 10 years, and the financial limits it is committed to working within. The following is a summary of its main points.**

### Rates

In general terms, we try to minimize the overall rate increase each year. We do not use the Consumers Price Index (CPI) as our absolute target, but more as a guide. This is because the inputs used by Council tend to increase by more than the CPI.

The Mackenzie District has a small population (one of the smallest in New Zealand), and because of this, relatively minor factors can have a marked effect on the rate increases in any one year, as there are fewer people to share the cost. As a result there is an allowance for any rate increases being higher than the level of inflation due to extraordinary items. These items include, but are not limited to, the following:

- Capital expenditure requirements, which increase the level of debt, both internal and external.
- Increased expenditure due to compliance with new legislation.
- Increases in input costs (as measured by the Local Government Construction Index).

When determining the overall rate increase, an allowance has been made for a \$58 million increase per annum in capital value of the district over 10 years. This may be reviewed if there are significant areas of growth in excess of this. The increase is applied to all capital values.

### Quantified limits on rates, rate increases and borrowing

Total rates will not exceed 0.35 percent of the total capital value of the district.

The total rates increase will be no greater than:

- 9 percent in 2015/16;
- 10.5 percent in 2016/17;
- 12 percent in 2017/18;
- 5 percent +LGCI thereafter.

### Borrowing

We do not anticipate taking on any external debt in the next 10 years, excluding joint ventures. If we do, the following ratios will be used to limit the level of debt we can incur:

- a) Debt will not be more than two times our rate income.
- b) Debt will not be more than 100 percent of total operating revenue (excluding property sales, capital type contributions or vested assets).
- c) Financing costs will not be more than 10 percent of total rate income.

### Investments

Our quantified target for returns on investments and equity securities is five percent.

**Cash Investments** - During the period of the last LTP we managed to build up our cash reserves to a significant level. The council will be undertaking significant capital projects. These cash reserves will be used to fund those programmes in the form of an internal loan to that activity or project. The loans will be repaid over a 25 year period. The cash investment income, along with the interest earned on internal loans, is used to offset the district-wide general rate.

**Equity Investments** - Currently we hold one equity investment being a 4.96 percent share in Alpine Energy Ltd. Our objective is to retain ownership of this investment.

**Forestry Investments** - We hold approximately 1,040 hectares of trees. Some of the key plantations are due for milling during the life of this plan. All income from forestry is included in the statement of comprehensive income and is used to fund replanting of the land. Where there is an excess of funds we may allocate this as appropriate.

During this Long Term Plan period Council is proposing to sell two blocks of forestry land in the Opuha Ward and maintain the balance of its forestry operation.

## More Information

Check out the full 'Long Term Plan Financial Strategy' on our website [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)



# AUDIT OPINION

# HOW TO HAVE YOUR SAY

**This Consultation Document was released for public consideration on May 21, 2015, and is open for submissions until 12 noon on June 22, 2015.**

During this time there are a number of ways you can find out more information about any aspect of this document or the wider Long Term Plan process. Public workshops will be held in each major township. Details are listed below. Council's website also holds the supporting documents that have informed this consultation document.

Submission forms are available at the end of this document or can be filled out on our website at [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz). Copies are also available from council offices and libraries.

Submitters who wish to speak to their submission will have the opportunity to be heard on July 6, 2015. Deliberation on all submissions will then take place.

During the consultation period, council staff and elected members will be available to speak to any ratepayer or resident about the issues outlined in this document. If you wish to make an appointment with a council officer, please contact the council by phone on 03 685 9010 or email [info@mackenzie.govt.nz](mailto:info@mackenzie.govt.nz). If you wish to speak to an elected member, then please contact them directly. Their contact details can be found on the last page of this document.

Submissions close at 12 noon on June 22, 2015. Submitters are encouraged to prepare their submission using the submission form which is attached or available on our website.

Submitters are also welcome to attend one of three public workshops during the consultation period:

- 26 MAY 2015**  
Tekapo Public Workshop  
6.30pm, Tekapo Hall
- 27 MAY 2015**  
Fairlie Public Workshop  
6.30pm, Council Chambers
- 28 MAY 2015**  
Twizel Public Workshop  
6.30pm, Twizel Events Centre

**Your submission needs to be in before 12 noon on June 22**

**If you ask to speak, Council will allocate you a hearing time**

**Councillors read every submission**

**The hearing of submissions is scheduled for July 6**

**Submitters will speak at the hearing**

**Elected councillors will consider all information and make decisions**

**The Long Term Plan will be finalised**

**The Long Term Plan will be adopted**

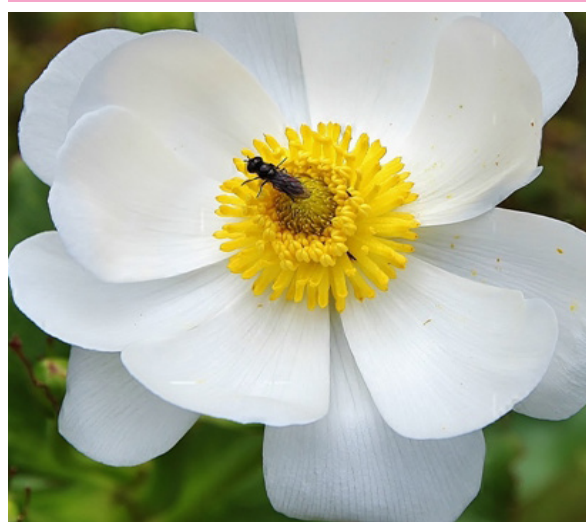


Photo George Empson



## LONG TERM PLAN 2015-2025

## SUBMISSION FORM

If you prefer, an online submission form can be filled out on our website at [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)

### Submissions can be:

#### Delivered to:

Mackenzie District Council Offices,  
Main Street, Fairlie, or Market Place, Twizel

**Posted to:** Mackenzie District Council,  
PO Box 52, Fairlie

**Faxed to:** (03) 685 8533

**Emailed to:** [submissions@mackenzie.govt.nz](mailto:submissions@mackenzie.govt.nz)

Copies of the Consultation Document for the Draft Long Term Plan 2015-2025 (and supporting information) are available online or at council's offices in Fairlie and Twizel.

**Submissions must be received by Council no later than 12pm on June 22, 2015**

### Contact Details (You must provide your contact details for your submission to be considered)

Full Name:

Name of Organisation:

Postal Address:

Post code:

Telephone:

Mobile:

Email:

### Hearings (Hearing of submissions will take place on Monday, July 6, 2015, in the council chambers at Fairlie)

Do you wish to present your submission to Council in person at the hearing? ☐ YES ☐ NO

If you answered 'yes', the hearing will start at 9am on July 6. You will be allocated 10 minutes to speak. You do not need to read out your written submission as the councillors will have already read it.

Can you please indicate whether you would prefer to present your submission during the: ☐ MORNING ☐ AFTERNOON

**Note:** It is not guaranteed that every submitter will get their preferred time to present.

## Key Issue: Is it Time to Sell Some Forestry Land?

Should Council sell two blocks of forestry land and put the money towards essential services? (see page 8)

☐ I prefer Option 1 - Sell two blocks of forestry land and use the proceeds, or a portion of the proceeds, to subsidise the costs of infrastructure in the towns, and roading.

☐ I prefer Option 2 - Keep things as they are. Don't sell any forestry land and wait for the trees to mature.

Why is this your preferred option?

(Continue on last page if necessary)

## Key Issue: Who Pays for Roads?

Should ratepayers meet the road funding shortfall to maintain the roads in their current state? (see page 10)

☐ I prefer Option 1 - Increase rates to maintain the roads in their current state.

☐ I prefer Option 2 - A smaller rates increase that meets some of the funding shortfall, and a corresponding reduction in the quality of the roads.

☐ I prefer Option 3 - Keep the status quo. Ratepayers will continue to fund roading at the same level as the NZTA contribution with a significant reduction in the quality of the roads.

Why is this your preferred option?

(Continue on last page if necessary)

Should the cost of infrastructure be paid for by each town individually or spread across the towns evenly? (see page 14)

- ☐ I prefer Option 1 - Spread the costs of water, sewerage and stormwater across the towns so all users pay the same for each service they use, and also put proceeds from the sale of forestry land towards these costs.
- 
- ☐ I prefer Option 2 - Keep things as they are (status quo) which is towns paying for their own water, sewerage and stormwater.
- 
- ☐ I prefer Option 3 - Spread the costs of town water, sewerage and stormwater across everyone in the district.
- 
- ☐ I prefer Option 4 - Decide not to meet drinking water standards or upgrade water, sewerage or stormwater infrastructure in the towns that cannot afford it.
- 
- ☐ I prefer Option 5 - Use funds from the sale of forestry land to subsidise the costs of water, sewerage and stormwater in the towns facing big projects in the next few years.

Why is this your preferred option?

(Continue on last page if necessary)



☐ Other topic (Please state)

(Continue on last page if necessary)

(Attach a separate sheet if necessary)

Please note that submissions are public information. The content on this form, including your personal information and submission will be made available on our website, to the media and public as part of the decision making process. Your submission will only be used for the purpose of the long term plan process. The information will be held by the Mackenzie District Council, Main Street, Fairlie. You have the right to access the information and request its correction.

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# 2015-2025 LONG TERM PLAN

## Consultation Document

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For more information about the LTP go to  
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