

Mackenzie District Council

Long Term Plan

2021 - 2031

It's time for a change



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AUDIT REPORT

A Mackenzie welcome

Tenā koutou e nga whanau o Te Manahuna

Introduction from the Mayor

Our district is the envy of many for a number of reasons. We have amazing natural landscapes, strong and independent communities, and a rich history. However, the very reasons we cherish the district and choose to call it home, are why we are experiencing challenges.

The big challenge facing Mackenzie District Council (MDC) is balancing our small ratepayer base against the pressures of high visitor numbers, increasing government regulation and an ongoing push to improve our natural environment for our locals, visitors and treaty partners.

In this plan we have struck a balance that ensures we can appropriately invest in and fund resilient infrastructure and deliver fit for purpose services, all while ensuring we make sure the district remains a place we are proud to call home.

For a long time, MDC has worked hard to keep rates low, running the district as affordably as possible, while still providing the services our community requires.

Times have changed however, and today we are faced with a raft of challenges and drivers that mean we need to rethink how we fund what needs to be done. These changes include the ongoing impact of tourism and the pressure this places on our infrastructure, increasing government regulation and the rising costs of compliance, improving infrastructure and the increased levels of service expected by our communities and visitors.

This means we find ourselves in a situation where we need to increase our rates. We need to do this to ensure our council can continue to function in a sustainable manner and provide the infrastructure and services our community needs. This is outlined in more detail in this document.

We have tried to keep these rates rises at an acceptable level, Over 80% of ratepayers will see rates rises that fall into the \$0-\$500 per year range. There will be higher increases for some and even a small amount of decreases, but these do not represent the overall picture for the majority. The percentage increases are coming off a very low base in terms of dollar value as we currently have the third lowest average residential rates in the country¹.

There are a number of challenges we're facing. We will continue to deal with the impacts of the loss of international tourism and ongoing national lockdowns in the short term. Central government is continuing to drive a wide reform agenda that includes a review of the ownership of water infrastructure, significant changes to the Resource Management Act (RMA) and a review of Local Government. This all adds to MDC's workload, requiring additional resources to evaluate these changes, which in turn means additional costs.

We also need to focus resources on recovery from the flooding in late May this year which damaged our roading infrastructure. We estimate approximately \$2.04 million will be required to recover from this event. This will be partly subsidised by Waka Kotahi (NZ Transport Agency) with the remainder having to be funded by MDC.

We have made progress on our key strategic project such as Te Manahuna Ki Uta which will develop a Destination Management Plan and a 100-year vision. Likewise, we have completed our Spatial Plans which will help inform a review of our District Plan, which will kick off in early 2022.

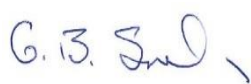
¹ Ratepayers Report 2021

MDC is committed to investing in our community and making decisions that ensure the Mackenzie District continues to be a unique and special place to live, work and play. We believe that today's choices will help us create tomorrow's Mackenzie.

This Long Term Plan promises to do just that and provides the foundation for us to build on going forwards.

We would like to thank the community for the engagement at the various drop-in Sessions and for all the submissions made to this Long-Term Plan. We have listened and have made changes in response to your submissions.

Thank you



Mayor Graham Smith



Acting Chief Executive Angela Oosthuizen



Statement of Compliance


Mackenzie District Council and its officers, confirm that all the relevant statutory requirements of part 6 of the Local Government act 2002 (relating to planning, decision-making and accountability) have been completed with, except for the requirements under Section 93(3) to adopt the Long term Plan by 30 June 2021. The Long Term Plan was adopted on 14 December 2021.

The Council, and its officers, accept responsibility of the preparation of the Long Term Plan and the prospective financial statements.

In the opinion of the Council, and its officers, The Long Term Plan for the 10 years commencing 1 July 2021 provides a reasonable basis for long term integrated decision making by the public and subsequent accountability to the community about the activities of the Mackenzie District Council.



Your Council

 <p>Graham Smith Mayor 027 228 5588 03 615 7804 mayor@mackenzie.govt.nz</p>	 <p>James Leslie Deputy Mayor Pukaki Ward 021 886 806 james.leslie@mackenzie.govt.nz</p>	Committees of Council Audit & Risk Committee Chair: Bruce Mincham (appointed member) Chief Executive Review Committee Chair: James Leslie Commercial & Economic Development Committee Chair: Murray Cox Engineering & Services Committee Chair: Stuart Barwood Planning & Regulations Committee Chair: Anne Munro Strategy Committee Chair: James Leslie
 <p>Matt Murphy Pukaki Ward 021 0231 5773 matt.murphy@mackenzie.govt.nz</p>	 <p>Emily Bradbury Pukaki Ward 021 244 2626 emily.bradbury@mackenzie.govt.nz</p>	
 <p>Anne Munro Opuha Ward 027 228 9627 03 685 5772 anne.munro@mackenzie.govt.nz</p>	 <p>Stuart Barwood Opuha Ward 027 687 8920 03 685 8411 stuart.barwood@mackenzie.govt.nz</p>	

Your Councillors also represent you on a number of joint committees and regional forums to ensure that Mackenzie has a voice in decisions which affect our district. You can find out more about how they represent you at www.mackenzie.govt.nz.

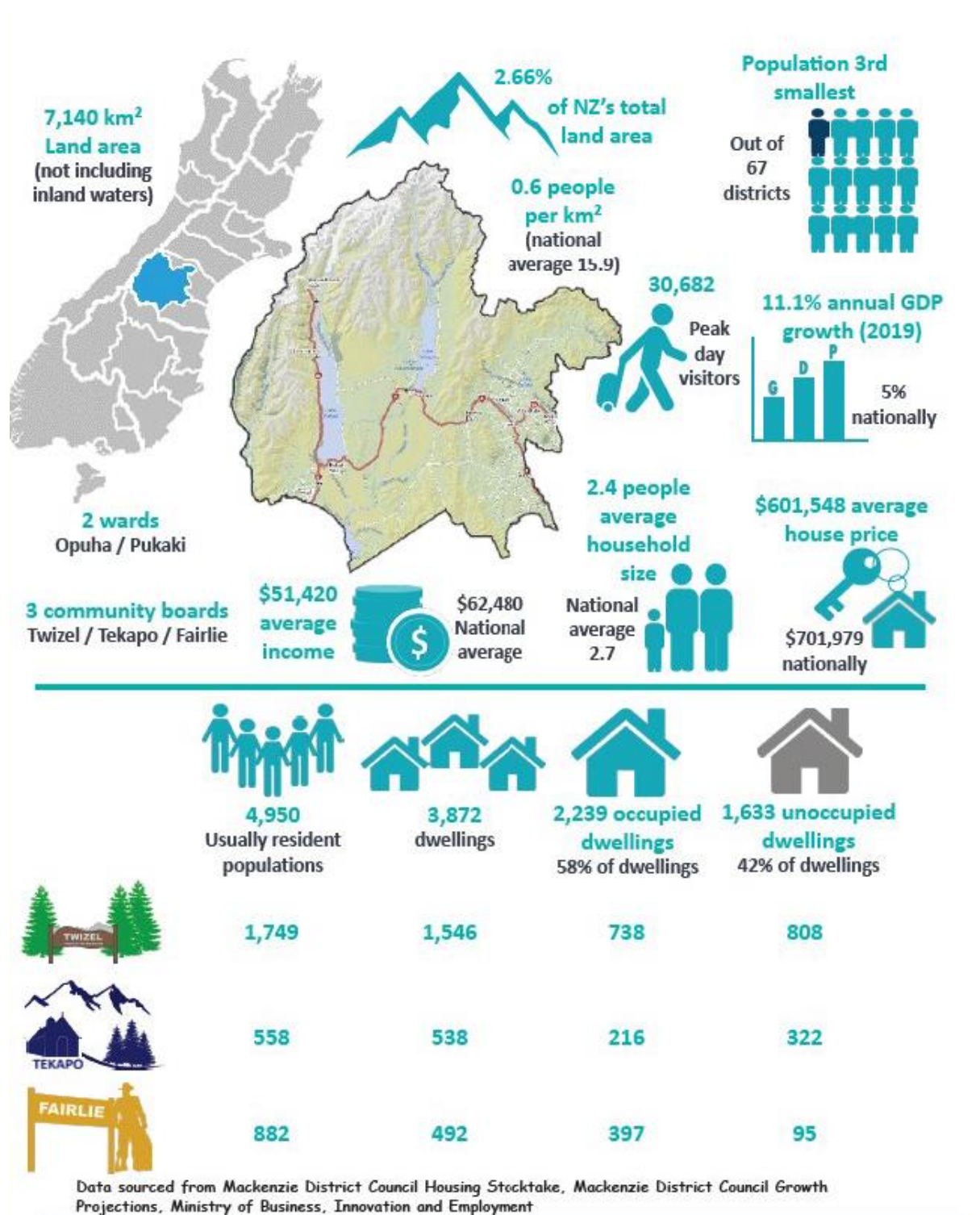
Your Community Boards

The Mackenzie District has three community boards:

- Twizel – elected by the electors of the Twizel township
- Takapō/Tekapo – elected by the electors of the former Tekapo ward
- Fairlie – elected by the electors of the Fairlie community board boundary

TWIZEL	<i>Jacqui de Buyzer (Chair)</i>	027 383 5695 jacqui.debuyzer@xtra.co.nz
	<i>Amanda Sargeant</i>	021 292 0990 amanda.sargeant@gmail.com
	<i>Renee Rowland</i>	027 464 5062 reneerowland@gmail.com
	<i>Tracey Gunn</i>	021 444 583 tracey@highcountrysalmon.co.nz
	<i>Emily Bradbury</i>	021 244 2626 emily.bradbury@mackenzie.govt.nz
TAKAPŌ/TEKAPO	<i>Steve Howes (Chair)</i>	021 801 216 03 680 6674 steve@tekapore.com
	<i>Sharron Binns</i>	027 572 5063 03 680 6990 admin@bpworks.co.nz
	<i>Chris Scrase</i>	021 078 9608 03 680 6978 chris@scrase.com
	<i>Caroll Simcox</i>	027 235 6722 03 680 6607 carollsimcox@gmail.com
	<i>Matt Murphy</i>	021 244 2626 matt.murphy@mackenzie.govt.nz
FAIRLIE	<i>Les Blacklock (Chair) (recently deceased)</i>	027 252 2227 03 685 6115 theteds1955@gmail.com
	<i>Angela Habraken</i>	027 435 448 03 971 2882 ajgrant9@hotmail.com
	<i>Damon Smith</i>	021 065 4062 03 685 8930 damonsmithy@gmail.com
	<i>Leaine Rush</i>	021 055 4844 joeandleaine@gmail.com

A snapshot of our Mackenzie



The Mackenzie District, while having the third smallest usually resident population in New Zealand, has the tenth largest land mass. We also have the third lowest rates in the country. This all means that we have to do a lot, with a little. Understanding how we are changing and growing as a District is key to ensuring that we are positioned to respond and retain what is important for our district.

Our District is diverse with a number of industries contributing to our GDP. At a high level, these are agriculture (including aquaculture) and tourism related industries (accommodation and services). For the year 2019, the nominal GDP of Mackenzie District was \$259m. The annual GDP growth of Mackenzie District was 11.1%, while Canterbury Region and New Zealand had a GDP growth of 3.6% and 5.0%, respectively.

Our tourism numbers and spend have been increasing considerably prior to COVID-19. For the year 2020, the domestic tourism spending in Mackenzie District was \$96m while international tourism spending exceeded \$190m. The top three regions for international tourism spending were Rest of Asia (\$34m), Australia (\$33m), and China (\$27m).

The status of our people and communities is important to the prosperity of the District. The annual average unemployment rate in Mackenzie District was 1.1% in June 2020, up from 0.8% a year earlier. While this has increased, in large part due to the impacts of COVID-19, the district remains below the national average of 4.1% for the same period. Accommodation and Food Services remains the largest source of employment in the District. According to the Index of Multiple Deprivation, Mackenzie District had an overall deprivation score of 3 (1: least deprived; 10: most deprived). As we continue to feel the impacts of COVID-19, with loss international tourism, we will also see growth from building and associated activities.



10 Year Long Term Plan Engagement Feedback

Between 7 October and 8 November | 2021, we asked you what you thought of this plan – and also got your specific feedback on four questions

1. Funding our future
2. How we fund our Pools and Halls
3. Our approach to rates
4. Changes to policies

Our LTP Engagement

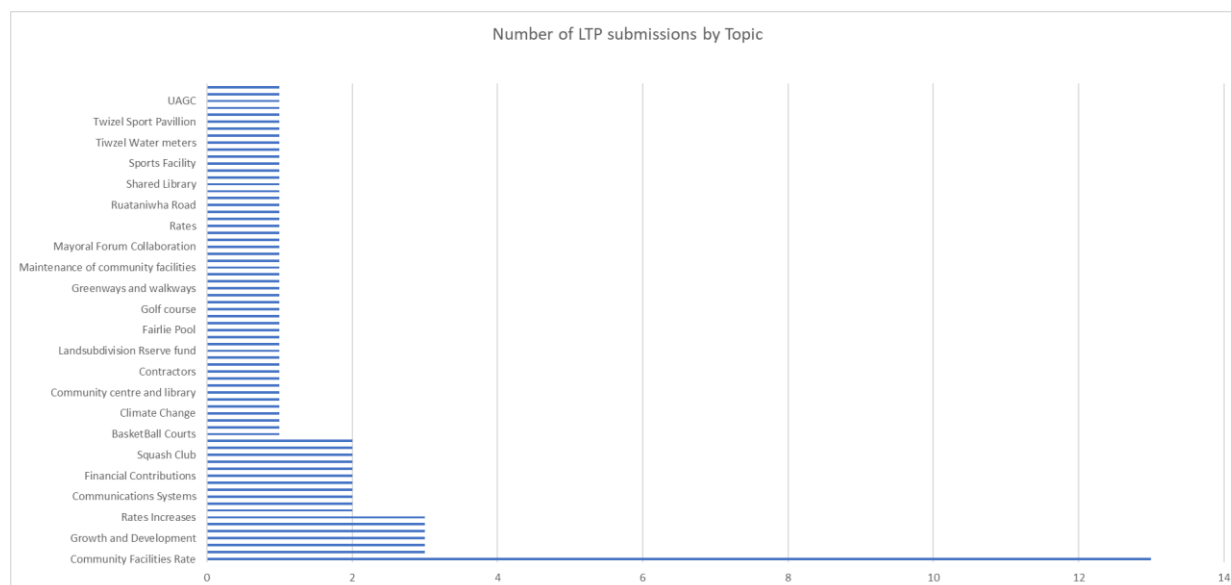
As highlighted in our consultation document we held several community drop-in sessions as shown below:

- 12 October and 20 October 2021 at the Fairlie office
- 13 October and 21 October 2021 at the Tekapo Community Hall
- 14 October at the Mackenzie Country Hotel
- 23 October at the Twizel Community Centre

We would like to thank all the community members that attended the drop in sessions and for the discussions and feedback provided to with the elected members and the Council staff.

Engagement Feedback

Council ran a special consultative procedure from the 7 October to the 8 November and in total we received 26 submissions on 108 issues on 69 topics. The graph below shows the submission per topic.



Funding our Future

There are a number of challenges that we're facing as a council. Mackenzie District isn't alone in this situation, in fact many councils around the country have had to put up rates this year.

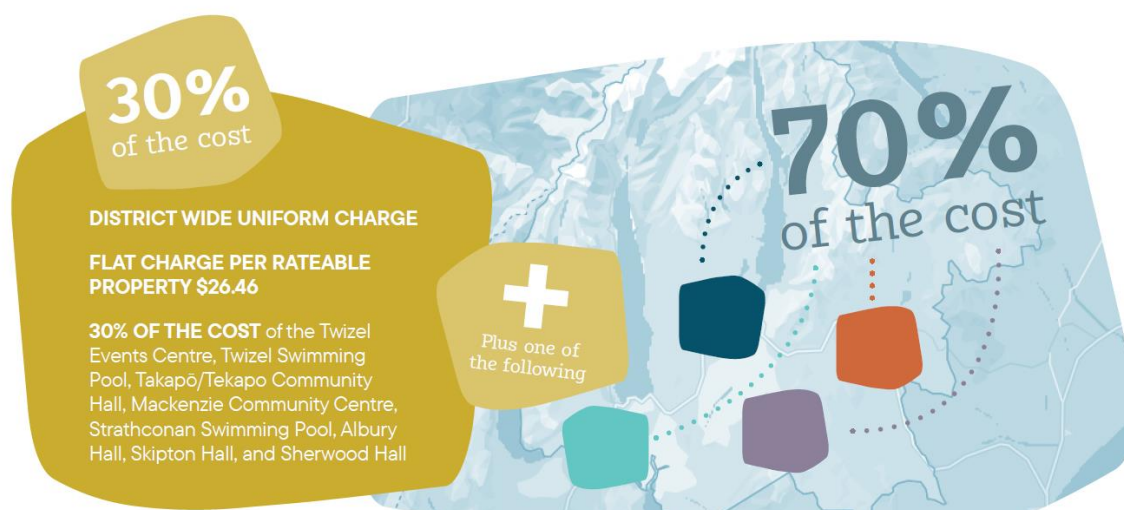
Local Government across New Zealand is responding to challenges and increased expectations, both from Central Government and from our communities. In order to meet them, and to continue to operate in a financially responsible manner, rates have to be increased. We don't like it any more than our ratepayers do, but we believe there is no other choice

Our Long-Term Plan 2021-2031 we will::

1. Adequately fund the required levels of service in township maintenance to meet community and visitor expectations
2. Tackle a capital and operational maintenance programme that includes road safety improvements, maintains accreditation for building control, maintains council property to required building standards and to ensure we meet legislative requirements for services such as the management of swimming pools and animal control.
3. Resource appropriately so we can deliver key projects with short timelines set by Central Government.
4. Fund compliance requirements for the Fairlie Council Building and the Twizel Events Centre to ensure we provide safe and resilient facilities for our residents to use.
5. Begin a complete review of the Mackenzie District Plan.
6. Address additional Central Government requirements, particularly new Drinking Water Standards requiring higher service levels in terms of treatment.
7. Increased associated costs (depreciation and interest payments) for increased capital expenditure.

Traditionally, we have had some of the lowest rates in the country, however we now have to upgrade what we offer and join the rest of New Zealand improving how we deliver across a number of areas

LONG TERM PLAN 2021 - 2031



Funding Pools and Halls

Council agreed to fund our pools and halls using Option 2 which was to strike a balance between district wide benefit, while giving consideration to the geographic spread of our district. MDC will now recover 30% of the funding required through a district-wide rate, while the remainder is paid for by the communities where the facilities are located. This will be levied through our current township and rural works and services rates.

This is an equitable approach as it sees communities with better access and higher usage of nearby facilities contributing slightly more towards the operational costs and capital upgrades.

Rates Increases

Council approved the following rates increases:

	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Overall increase in the rates Council receives	13.58%	17.3%	10.2%	10.00%	8.00%	5.00%	3.7%	4.1%	4.5%	0.7%
Additional rates required \$(000) (rounded)	\$1.5m	\$2.1m	\$1.5m	\$1.5m	\$ 1.6m	\$1.4m	\$1 m	\$ 0.8m	\$ 1 m	\$0.150m

Council has increased the Uniform Annual general Charge (UAGC) from \$24.63 to \$150.00. A UAGC is a fixed charge set per rating unit in the District. The charge enables all ratepayers to make a minimum contribution to the Council's costs and ensures that higher value properties do not carry a disproportionate amount. Increasing the UAGC from \$24.63 to \$150.00 will increase the amount of rates paid by lower value properties.

MDC increased the flat charge roading rate from \$79.18 to \$99.30 per separately used or inhabited part (SUIP) of a rating unit on every rating unit situated in the Mackenzie District (excluding Mount Cook Village). This reflects the increase in roading investment and ensures that the general benefits are widely spread across all ratepayers.

Changes to the Revenue and Financing Policy

Council has agreed to the following changes in the revenue and financing policy.

The RFP outlines the Council's policies on funding sources to be used to fund the operational and capital expenditure of Council's activities and the rationale for their use. The policy is required by Section 102 and 103 of the Local Government Act 2002 (the Act). The full policy must be included in the LTP. In addition to identifying the sources of funding, the policy must outline why the Council has determined they should be used.

The new policy shows all activities and reflects percentage ranges for various funding sources for the activities as documented. It was updated to show the funding sources for both capital and operating expenditure.

In addition, the policy allows borrowing for operating expenditure to smooth lumpy costs for the ratepayers e.g. District Plan review and Building Services costs to achieve accreditation.

Changes of note approved are:

- Allowing borrowing for operating expenditure to smooth lumpy costs for the ratepayers e.g. District Plan Review
- Introducing percentage ranges for various funding sources for the various activities
- Funding of District promotion and Tourism from a capital value targeted rate to a flat rate with a 10% contribution from General Rates.

Changes to the Significance and Engagement Policy

This policy has been refreshed with the following changes

- Criteria – Significance vs Significant continuum
- Procedures – Table to assist in determining levels of significance
- Engagement – Explanation on levels of engagement scale; Engagement selection guide; Examples of how engagement scale is used
- New Clarifications and Breaches section
- Replacement of Interpretation section with Definitions section and wider inclusion including Mana whenua
- Pukaki airport has now been added as a strategic asset

Both of these policies are included in Volume 2.

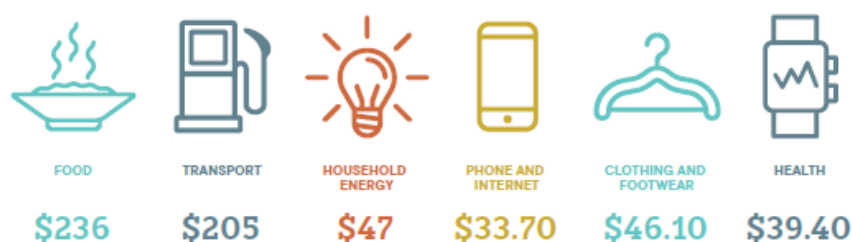
Changes to Rating

The most significant rating changes are highlighted on page 11 and 12..

Other rating changes include:

- The apportionment of Water Treatment (13%) and infrastructure (87%) rates have been updated to better reflect the latest costs associated with improved treatment for drinking water and investment in water infrastructure.
- The apportionment of Sewerage Treatment (20%) and Infrastructure (80%) rates have been updated to better reflect the latest costs associated with improved treatment for drinking water and investment in water infrastructure.
- Other rating changes have included minor changes to the Tourism and Economic Development Rate and how we fund community facilities as described above through the a uniform rate ,user charges and the targeted works and services targeted rates per township and rural area.

CONSIDER HOW
THESE AVERAGE
RATES PER
WEEK COMPARE
WITH OTHER
COMMON WEEKLY
HOUSEHOLD
EXPENSES.



**Source: Figures based on the Statistics NZ Household Economic Survey 2019 – Average weekly household expenditure for Canterbury region.

Decision Making Process

The feedback from the community on the proposals and related budgets presented in the consultation document and supporting information led to a number of changes to our proposals. In making the decisions, the Council sought to balance the needs of our communities, businesses and tourists, and the requirement to keep rates affordable. Council's key decisions are outlined in the 'Key Issues' section of this LTP

About this Long Term Plan

Every three years local councils prepare a Long-Term Plan which sets out the activities they plan to undertake over the coming 10 years, and the community outcomes those activities aim to achieve. It also details how activities will be funded, and provides for community input into setting the priorities and directions for the decade ahead.

This document highlights some important challenges we are facing across the District, how Council plans on addressing them and how they will impact on rates.

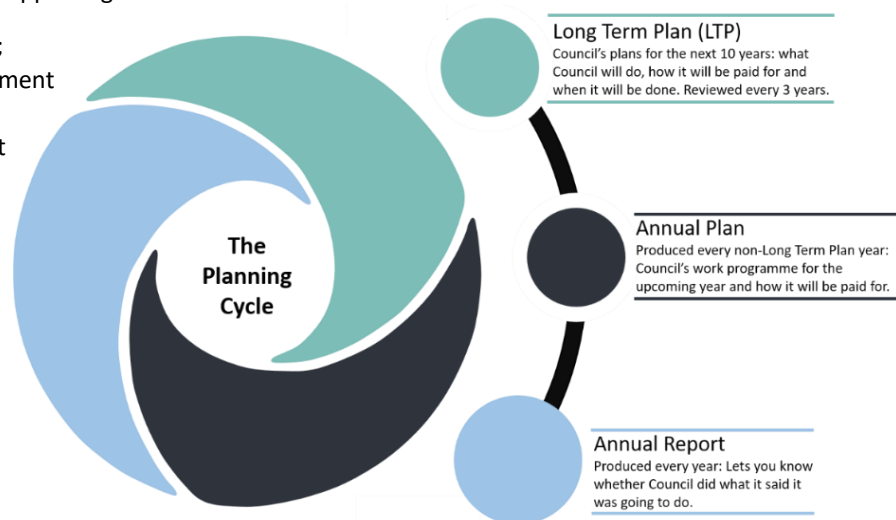
Council has put in place a plan that balances the investment needed to keep core infrastructure in good shape, whilst maintaining rates at reasonable levels.

The material contained within this document

t provides some of the detail around Council's plans for the next decade.

Other important documents supporting the LTP are

- Environmental Scan;
- Activity Management Plans (AMPs);
- Waste Management and Minimisation Plan.



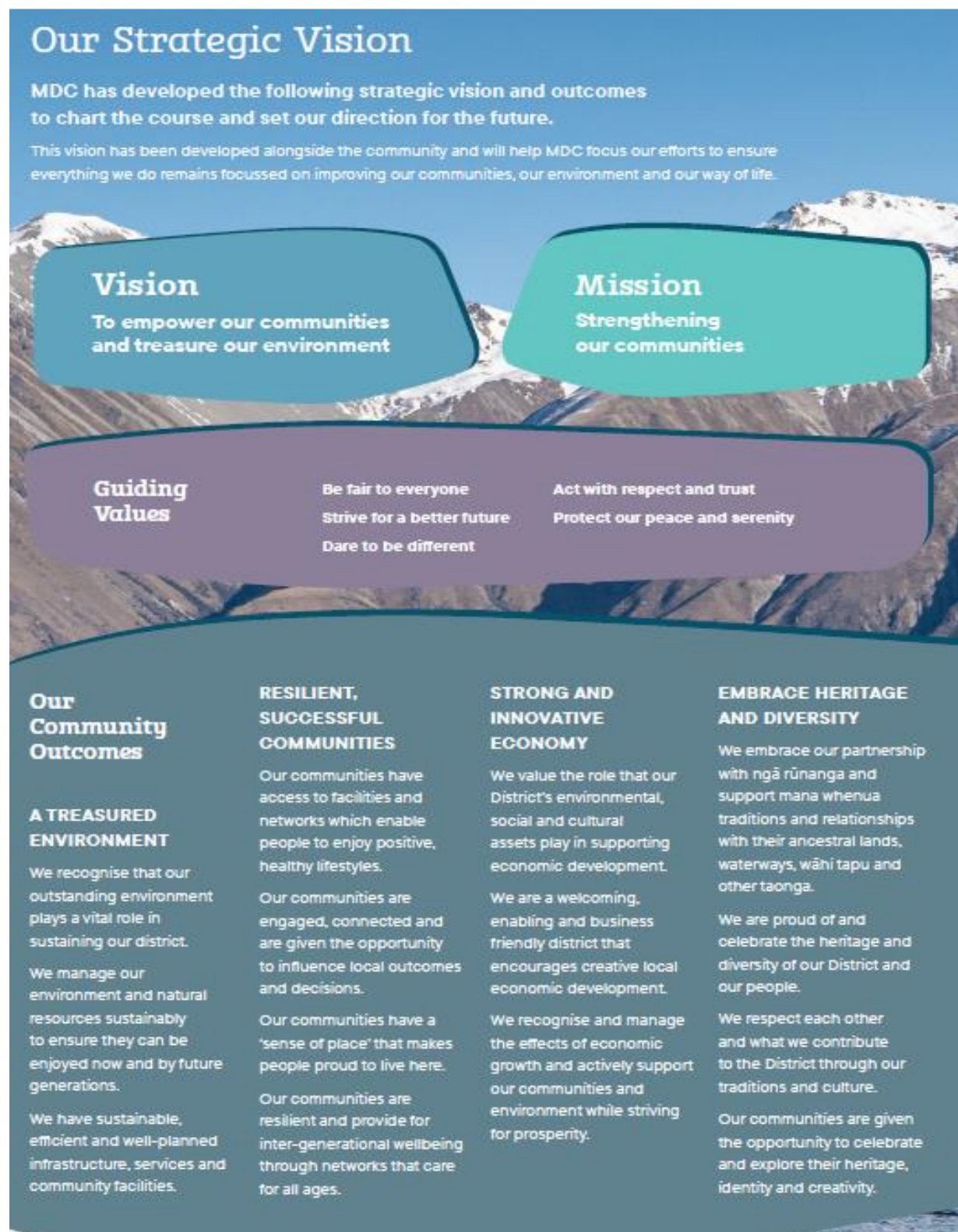
Planning our future

As things are constantly changing and we need to be able to adapt, we prepare our ten year Long Term

Plan every three years. In the intervening years between LTPs, Council prepares an Annual Plan. The Annual Plan updates the work programme and budget for the year covered.

Each year, Council is also required to prepare an Annual Report to demonstrate how Council measured against its budget and work programme for the preceding year and to report any variations

Our Strategic vision



Development of opportunities for Māori to contribute to decision making processes

Section 81 of the Local Government Act 2002 requires all local authorities to establish and maintain processes to provide opportunities for Māori to contribute to Council's decision-making processes. The Act also requires Councils to consider ways to foster the development of Māori capacity to contribute to these processes and to provide Māori with relevant information about the above.

Ngā papatipu rūnanga

Three papatipu rūnanga have their rōhe within the Mackenzie District: Te Rūnanga o Arowhenua based at Arowhenua, Temuka; Te Rūnanga o Waihao based to the north of the Waitaki River, South Canterbury; and Te Rūnanga o Moeraki based at Moeraki, North Otago. The Council considers it important to further develop relationships with the papatipu rūnanga who have interests in the district, as the fostering of these relationships is key to assisting the contribution of Māori to decision-making processes. Council will endeavour to extend and promote opportunities for involvement as far as practicable, and as available resources allow.

Council provides copies of all plans, including the Long Term Plans and Annual Plans, providing opportunities for papatipu rūnanga to make submissions on any issues deemed appropriate. Early consultation on resource management plans and policies is also undertaken, and opportunities considered for appointments on planning and resource consent hearing committees. Council will continue to work with ngā papatipu rūnanga where processes and decisions will involve, or are relevant to, mana whenua.

To maintain good working relationships, Council seeks to meet with papatipu rūnanga a minimum of twice a year to discuss matters of common interest. Council's Senior Management Team are also available to meet with local Māori on an as required basis.

Te Rūnanga o Ngāi Tahu

Te Rūnanga o Ngāi Tahu is the governing tribal council of Ngāi Tahu, with their offices based in Christchurch. Currently Council engages with Te Rūnanga o Ngāi Tahu on a case-by-case basis, on individual matters, recognising that local matters should be addressed through fostering relationships and collaboration with papatipu rūnanga. Council is working to ensure that closer liaison with Te Rūnanga o Ngāi Tahu is sought when appropriate, to maintain an ongoing and active relationship.

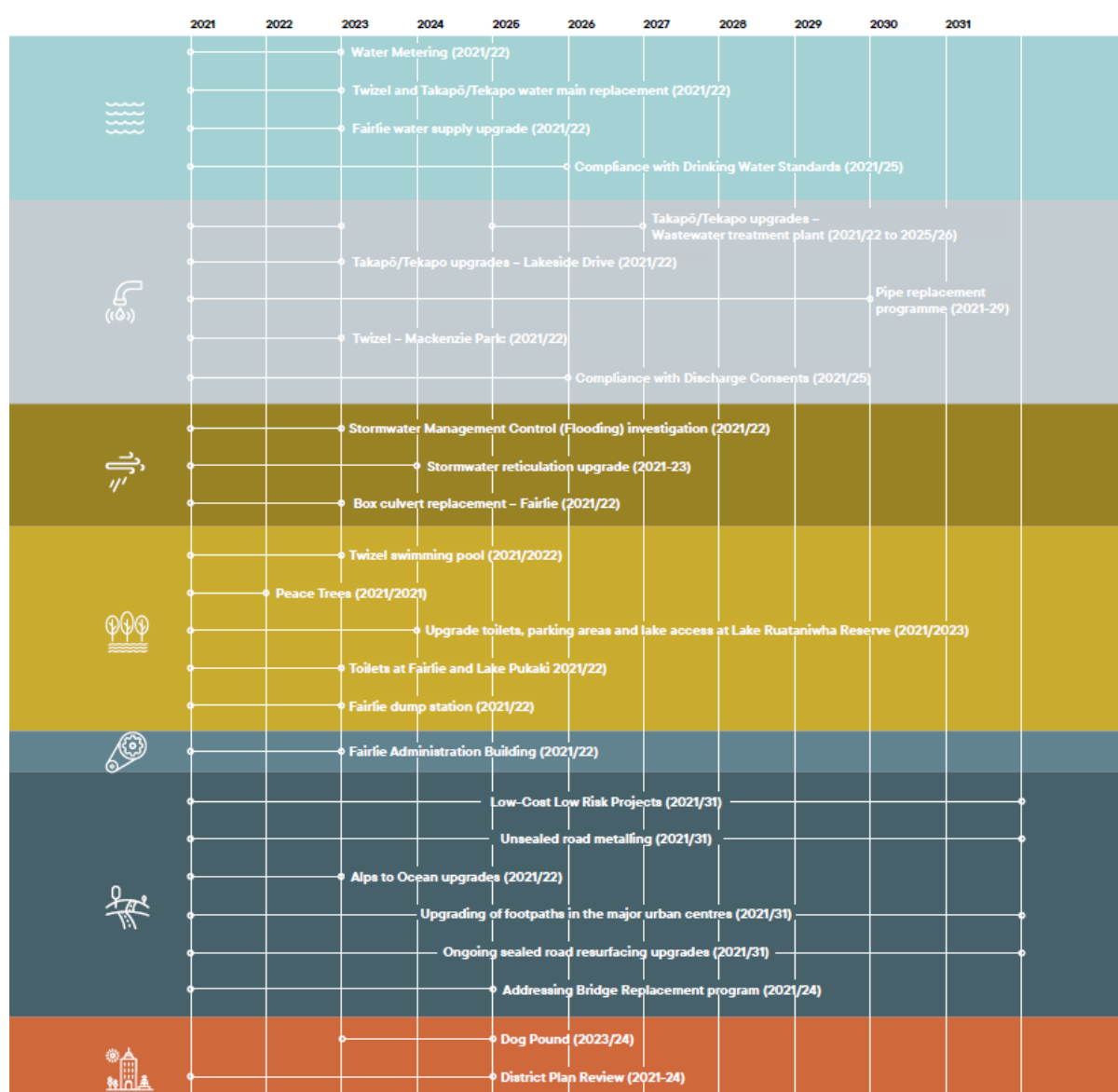
Contribution to Decision Making

The above opportunities will be promoted through Council activities and other will be explored to ensure that Council is working as a good faith partner, and providing for the development of Māori capacity to contribute to decision making processes.

Key projects in the LTP

Council recognises that several projects planned for the next ten years will be matters of interest to papatipu rūnanga. The following is a list of some of these projects where engagement can build on recognised common interest between rūnanga and Council.

- Fairlie water supply upgrade
- Te Manahuna Ki Uta/Destination
- Mackenzie District Plan Review
- Tekapo /Takapo wastewater upgrade
- Stormwater Management Plans
- Tourism management
- Water metering
- Economic Development Strategy



Our future challenges

Climate Change

Climate change is expected to change the frequency and intensity of weather-related events (drought, wildfire, floods and other storms). It is also likely to introduce some long-term shifts in climate patterns both locally and across the country. Increased severe weather events cause more regular flooding which can lead to extensive road, bridge and infrastructure damage costing millions of dollars to repair.

This LTP aims to plan for climate change, by investing in the improved resilience of our infrastructure, particularly our three waters and transportation assets, and our emergency management (Civil Defence) activities.

Ensuring we are prepared for the changes and challenges presented by a changing climate requires long-term planning. We are proposing several programmes which will improve our resilience.

These include:

- The installation of two 1,000 m³ water reservoirs for Fairlie which will increase resilience and security of water supply by increasing storage capacity to round 120 m³.
- Water meters will be rolled out across the district to help us track water use and improve water efficiency.
- Development of a financial reserve to fund activations of our Emergency Operations Centre in response to emergency events.

Further information specific to how climate change is impacting investment in infrastructure can be found in our Infrastructure Strategy.

COVID-19

The effects of COVID-19 have seen an almost complete loss of international tourism, which has had a significant impact on our local tourism sector and supporting businesses. We have also seen the effects on the wellbeing of our community, with uncertainty and anxiety on the increase. We recognise that these impacts are continuing to be felt locally, nationally and internationally.

In response to the short-term impacts of COVID-19 last year, MDC reduced planned rates increases from 8.00% to 4.48% to carry some of the load of the financial impacts on our community and local businesses. This has had an impact on our balance sheet and needs to be factored into our future financial forecasts.

Recovering from the impacts of COVID-19 has become part of our business as usual. It is important that we focus on economic development, assisting businesses to secure resourcing and supporting those looking to diversify. We will also increase our resourcing to assist our businesses and communities through this challenging time.

Managing Tourism

Before COVID-19 dramatically reduced our visitor numbers, tourism was increasing at an unprecedented rate. While this was good for our economy, it placed considerable pressure on our district, communities, and infrastructure. We have taken advantage of Central Government funding when available for tourism infrastructure projects, but this still comes at a cost to our communities who pay for the ongoing maintenance and depreciation costs (saving for the replacement) of these facilities.

We are taking the opportunity provided by a lull in visitor numbers to prepare a destination management plan that maps out the future of tourism across the district. This is being developed in conjunction with mana whenua and other partners to ensure tourism benefits our communities, environment and economy in a sustainable way. We will continue to progress Te Manahuna Ki Uta - Destination Mackenzie to set the direction for our future as a destination.

Big district, small population

One of the main challenges facing the Mackenzie is that we have a small population base (the third smallest in NZ) dispersed across a wide geographic location (the tenth largest). We have also been affected by the impacts of tourism, particularly in terms of our population size compared to the number of visitors we receive.

All councils are required to comply with the same Central Government standards, regardless of their size and population. This means that the cost of providing services for Mackenzie is higher per ratepayer. The dispersed nature of our communities also means that we have to provide more services than councils who have larger population densities confined largely to one area.

Our District Plan needs to be updated

The Mackenzie District Plan hasn't been reviewed since 2004. Although we have completed a number of important plan changes and updates since our District Plan became operative in 2004, the majority of the District Plan needs updating. We need to ensure the District Plan reflects the needs of our community, our environment, and the values of our treaty partners.

MDC has finalised the Mackenzie Spatial Plans, which outline out the zoning for our main towns and rural settlements, mapping out a 30-year vision for how each area can grow. The next step is to review the Mackenzie District Plan and ensure it is fit for purpose. This is a significant project and is expected to kick off in early 2023. A budget has been allocated for the District Plan Review as part of the LTP.

Three Waters Reform

In the wake of the Havelock North Inquiry and subsequent Three Waters Review, Central Government is embarking on significant water reform. A new water regulator, Taumata Arowai, has been established and big changes are coming to the way water services are delivered nationwide.

Over the past three years, central and local government have considered solutions to the challenges facing delivery of Three Waters services. This has seen the creation of Taumata Arowai, a national water services regulator, to oversee and enforce a new drinking water regulatory framework, with additional oversight of wastewater and stormwater networks.

In July 2020, the Government announced a \$761 million stimulus funding package to maintain and improve three waters infrastructure, support the three-year reform programme, and support the establishment of Taumata Arowai, the new Water Services Regulator. Funding has been given to all councils that agreed to participate in the first stage of the reform programme. This included Mackenzie District Council who signed the associated universal Memorandum of Understanding with the Government, agreeing to work together to help identify an approach to the delivery of water services. The Council's share of the stimulus funding is being used to improve Mackenzie District's three waters service delivery principally in water and wastewater. Mackenzie District has actively participated in discussions regarding future delivery models and engaged with its community regarding water service reform as information comes to hand.

In October 2021 the Crown announced, much to the Mackenzie District Councils disappointment, that it would progress with the establishment of four entities rather than having individual councils providing three water services. They also announced that joining would be compulsory for all Councils. However there is significant opposition to this position throughout New Zealand and the draft legislation has still to be released and is not expected to be fully enacted till mid-2022. Details regarding ownership, transfer arrangements, associated financial transactions and in fact the final form the future service delivery entities will take, are all unknown and uncertain at this stage.

This LTP 2021-31, the Financial Strategy and the Infrastructure Strategy have been based on the assumption that Mackenzie District Council will continue to provide water, wastewater and stormwater services throughout the full periods of these documents as there is not enough information at this stage on which to base any alternative delivery model. Given the community will continue to require Three Waters services to be delivered, regardless of whether the Council does this or not, the core issues, work programmes and budgets will remain relevant.

If, in future, these services are to be provided by a new entity this will significantly change our financial position as revenue, costs, debt and possibly asset ownership associated with provision of water, wastewater and stormwater services transition out of the Council's books. This would require significant changes to the Financial and Infrastructural Strategies either as part of the process to develop the LTP 2024-34 or as an amendment to this LTP 2021-31.

This approach is aligned to that taken by all Councils in New Zealand as recommended by the local government sector and is still considered the appropriate approach to take at this time.

Mackenzie District Council is disappointed to note that we have received an adverse Audit opinion as Audit consider the current assumption made by the Mackenzie District Council to be incorrect and the impacts of this assumption to be pervasive across the financial statements. This is the same assumptions that has been made by all other Councils for their Long Term Plans and Mackenzie District Council does not believe at this preliminary stage that it would be able to determine the impacts of the legislative change as the full and financial and legislative arrangements regarding the Three waters reform have still to be fully determined.

Increased roading investment

The costs of maintaining our roads are increasing and we need to do more to meet levels of service and road safety requirements. There is also the need to invest in safety improvements on our roads to meet national road safety targets. These improvements, while costing more now, will help futureproof our network and manage the ongoing cost of maintenance.

What are planning over the next 10 years?

Over the next ten years we will continue to improve, replace, and construct the necessary infrastructure to service our community. This includes a number of key projects that have been included in this LTP:

CATEGORY	KEY PROJECTS
WATER	<ul style="list-style-type: none"> • Water Metering (2021/22): Install universal water metering of properties connected to urban water supplies, beginning in Twizel. (\$322,753) • Twizel and Lake Tekapo/Takapō water main replacement (2021/22): Replace asbestos cement, cast iron and galvanised steel water mains as part of an accelerated renewal programme under the COVID 19 recovery stimulus. (\$13.8 million) • Fairlie water supply upgrade (2021/22): Upgrade of Fairlie's water supply to meet New Zealand Drinking Water Standards. This involves the construction of a new plant capable of managing the current source water quality fluctuations. The upgrade also involves the construction of two new supply reservoirs. (\$7.4 million) • Compliance with Drinking Water Standards (2021/25): With the exception of Allendale and the Albury Rural Water Supply work at all water treatment plants is expected to ensure compliance with Drinking Water Standards. It is anticipated that Allendale will be compliant within the 10 years of this LTP.

CATEGORY	KEY PROJECTS
	Council is currently working to better understand the status of the Albury Rural Water Supply.
WASTEWATER	<ul style="list-style-type: none"> • Lake Tekapo/Takapō upgrades – Wastewater treatment plant (2021/22 to 2025/26): An upgrade of the wastewater treatment plant is required to cater growth including the Station Bay subdivision. This is likely to include the establishment of a new treatment plant, a new discharge site, additional storage and pump replacements. (\$18.1 million) • Lake Tekapo/Takapō upgrades – Lakeside Drive (2021/22): Refurbishment of the lakeside pump station including installation of additional monitoring equipment. (\$50,000) • Pipe replacement programme (2021-29): Acceleration of asbestos cement line replacement, previously planned for 2026/27 due to three waters stimulus funding. (\$4.8 million) • Twizel – Mackenzie Park: (2021/22): A new rising main and pumping station is programmed from Mackenzie Park to the Twizel oxidation ponds to improve the treatment and manage growth. (\$1.005m) • Compliance with Discharge Consents (2021/25): Work at all Wastewater Treatment Plants to ensure compliance with Resource Consents.
STORMWATER	<ul style="list-style-type: none"> • Stormwater Management Control (Flooding) investigation (2021/22): Stormwater management control investigation for the Alloway Street upgrade. (\$25,000) • Stormwater reticulation upgrade (2021-23): The design and construction of upgraded reticulation for Alloway Street in Fairlie. (\$764,000) • Box culvert replacement – Fairlie (2021/22): Replacement of the Sloane Street stormwater box culvert, pending investigation. (\$34,670)
TRANSPORTATION	<ul style="list-style-type: none"> • Low-Cost Low Risk Projects (2021/31) This includes a range of safety focused projects including surface improvements, speed management, travel management demand, kerb and channel improvements and intersection improvements. (\$10.9 million) • Unsealed road metalling (2021/31): Road metalling will continue, particularly on high risk and high trafficked roads like Lilybank and Braemar Road. An investigation will be undertaken in 2021/22 to assess the viability of seal extensions along these roads. (\$9 million) • Alps to Ocean upgrades (2021/22): Plans in place to take the Alps to Ocean great ride fully off-road to improve safety and increase the attractiveness of the trail for users. (\$465,000) • Upgrading of footpaths in the major urban centres (2021/31): Footpaths will be upgraded in all major towns in response to the increasing focus on walking and cycling and reducing carbon emissions. (2.4 million) • Ongoing sealed road resurfacing upgrades (2021/31) – Resurfacing of sealed roads is programmed to respond to the need to improve the condition of roads across the district. (\$6.4 million)

CATEGORY	KEY PROJECTS
	<ul style="list-style-type: none"> • Addressing Bridge Replacement program (2021/24): MDC will work with the community and stakeholders to understand and implement a bridge replacement program based on age and criticality, including discussions on bridge ownership models.
COMMUNITY SERVICES	<ul style="list-style-type: none"> • Twizel swimming pool (2021/2022): Improvements to the pool's heating are planned (\$250,000) • Peace Trees (2021/2021): Situated on the road between Cricklewood and Kimbell, the Fairlie Peace Trees currently consists of up to 500 deciduous trees, planted to commemorate the end of the First World War. A recent survey of the trees has identified deferred maintenance works that are required to ensure the continued health and wellbeing of the trees and safety of the road users. (\$180,000) • Upgrade toilets, parking areas and lake access at Lake Ruataniwha Reserve (2021/2023). 88% of this work is funded from the Tourism and Infrastructure Fund. (\$761,500 total) • Toilets at Fairlie and Lake Pukaki 2021/22). Funded 85% and 84% respectively from the Tourism and Infrastructure Fund. (\$1.7 million total) • Fairlie dump station (2021/22): Improvement works funded 78% from the Tourism and Infrastructure Fund. (\$95,000 total)
GOVERNANCE & CORPORATE SERVICES	<ul style="list-style-type: none"> • Fairlie Administration Building: 2021/22: Upgrades to this building to meet appropriate standards are scheduled (\$1.0 million)
REGULATORY SERVICES	<ul style="list-style-type: none"> • Dog Pound (2023/24): A new dog pound is required to meet the requirements of the Dog Control Act 1996. The cost of the proposed new purpose-built facility is \$410,000 • District Plan Review (2021-24): A budget amount of \$2.2 million over the next three years is proposed to meet the cost of the District Plan Review.

How will this be done?

Council has traditionally had a small capital investment program (in the past between \$3.5 – \$5.5m) and has delivered most of the projects in house, through existing roles and as part of ‘business as usual’.

Council is investing in the development of a Program Management Office (PMO) which will be tasked at supporting the delivery of this large capital works program. This is to be completed in year one of the LTP and will be crucial in ensuring the work programme can be delivered on time and on budget.

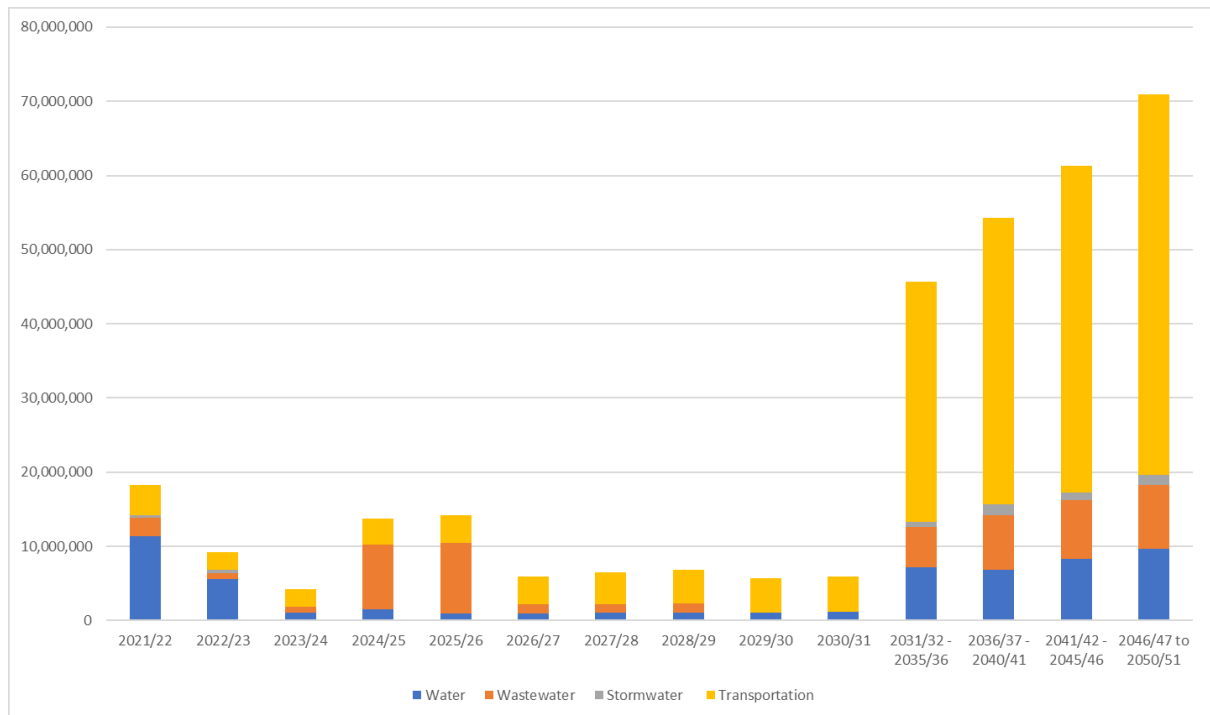
Even with a PMO in place, Council will still be reliant on external resources to support the delivery of the program. The PMO will ensure Council evolves into a smart buyer of these services from the open market.

However, many of the capital projects planned for the next 10 years are being undertaken in the first year of our LTP which means we will have a very busy year. There is the risk that we will struggle to find the necessary resources to undertake this level of capital works. To ensure the works are more likely to be done, we have sourced a number of external resources who have begun work on many of the planned capital projects and will provide ongoing project management support.

If the major projects are delayed potential impacts on the provision of Council services may include:

- Delay in upgrading the Fairlie Water Treatment plant which would delay compliance with new Drinking Water Standards for Protozoa and the distribution system would remain below minimum storage requirements.
- Delays in upgrading the AC reticulation of reticulation in Twizel and Tekapo could lead to unanticipated breakages and water leaks.
- Delays in the desludging would result in less efficient performance in the Wastewater Treatment ponds
- Delays in the projects funded by the Three Waters funding could lead to loss of Central Government funding which would result in increased borrowings for Council should projects proceed
- Delays in remediating the safety and earthquake risks for the Fairlie Civic Office and Twizel Visitor Centre could pose safety risks for the public and community users

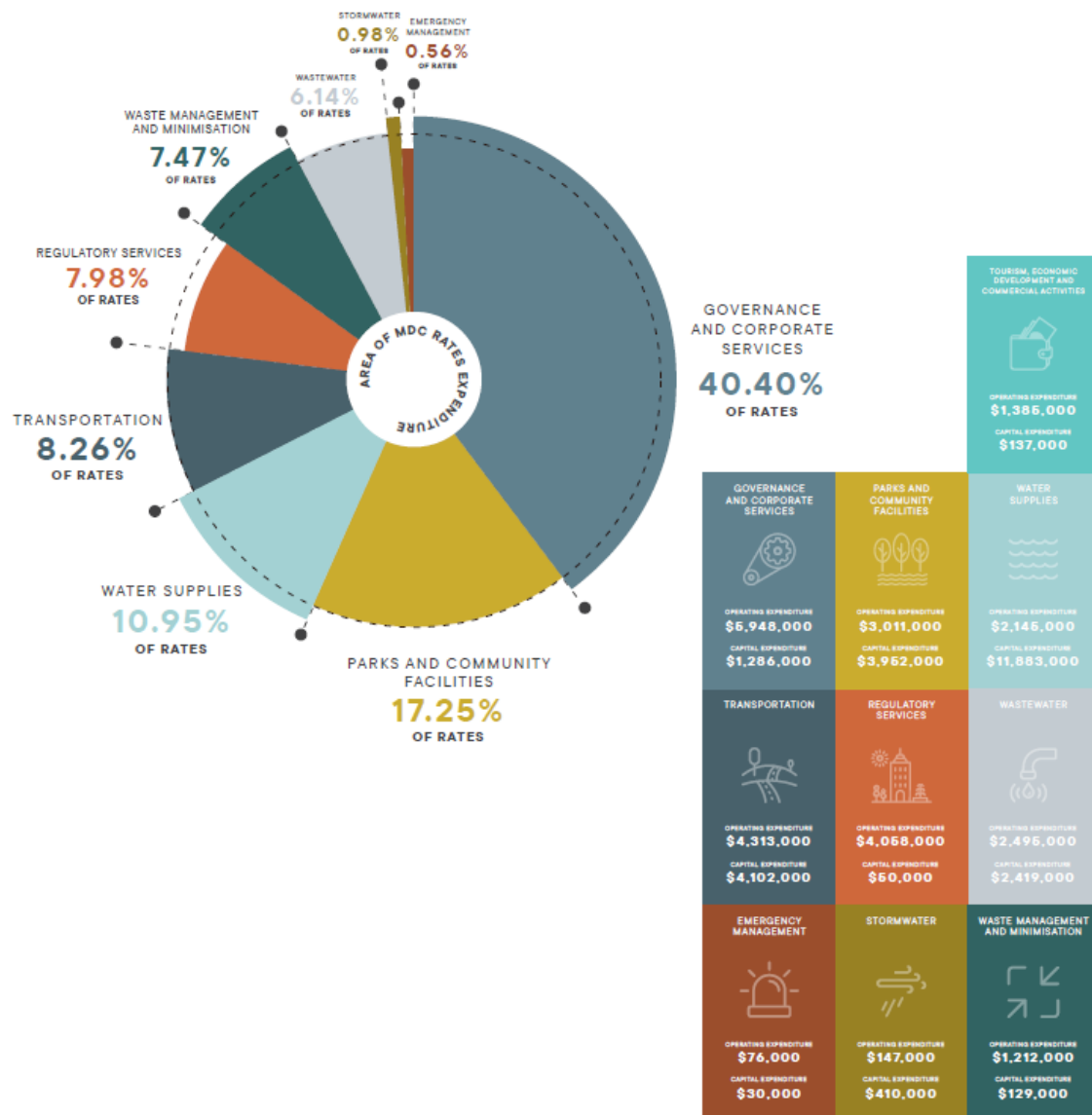
What will the Infrastructure Program cost?



Projected inflated Capital Expenditure for infrastructure assets

How are your Rates Spent ?

AREAS OF EXPENDITURE 2021/2022



Rates By Community

Due to the late adoption of the Long-Term Plan, Council invoiced the first instalment of the rates at 25% of the 2020/2021 (last year's rates). All rates shown are GST inclusive.

Fairlie

Type	Last Year's Capital Value	Actual 2020/22	New Capital Value	Proposed 2021/22	Rates Change
Mid Value Section	67,000	1,013.86	140,000	1,254.20	240.34
Low Value House	150,000	1,659.58	205,000	1,835.60	176.02
Mid Value House	270,000	2,060.87	350,000	2,219.20	158.33
High Value House	520,000	2,896.99	630,000	2,959.90	62.91
Commercial Mid Value	410,000	2,862.48	530,000	2,977.60	115.12
Commercial High Value	700,000	3,913.55	1,130,000	4,669.20	755.65

Takapō / Tekapo

Type	Last Year's Capital Value	Actual 2020/22	New Capital Value	Proposed 2021/22	Rates Change
Mid Value Section	310,000	1,369.66	500,000	1,708.00	338.34
Low Value House	320,000	1,870.23	500,000	2,294.10	423.87
Mid Value House	730,000	2,363.19	860,000	2,602.80	239.61
High Value House	2,650,000	5,222.06	2,900,000	5,353.80	131.74
Commercial Mid Value	2,360,000	8,981.59	3,360,000	10,464.10	1,482.51
Commercial High Value	6,300,000	24,447.30	8,470,000	26,634.50	2,187.20

Twizel

Type	Last Year's Capital Value	Actual 2020/22	New Capital Value	Proposed 2021/22	Rates Change
Mid Value Section	170,000	1,126.36	265,000	1,300.60	174.24
Low Value House	230,000	1,607.47	365,000	1,862.30	254.83
Mid Value House	395,000	1,917.92	500,000	2,068.00	150.08
Mid Value House	780,000	2,642.46	980,000	2,799.30	156.84
High Value House	1,150,000	3,338.74	1,300,000	3,286.80	(51.94)
Commercial Mid Value	710,000	3,270.07	1,010,000	3,514.80	244.73
Commercial Mid Value	2,890,000	12,098.75	3,520,000	11,866.10	(232.65)

Rural

Type	Last Year's Capital Value	Actual 2020/22	New Capital Value	Proposed 2021/22	Rates Change
Low Value Township Section	22,000	191.44	50,000	365.00	173.56
Low Value Township House	116,000	1,346.03	175,000	1,570.20	224.17
Lifestyle Low Value	580,000	860.78	660,000	1,330.70	469.92
Lifestyle Mid Value	585,000	1,276.09	700,000	1,458.20	182.11
Lifestyle High Value	775,000	1,641.97	930,000	1,882.00	240.03
Farm Low Value	1,015,000	1,382.62	940,000	1,345.80	(36.82)
Farm Mid Value – Sheep and Beef	2,690,000	5,258.58	4,325,000	6,811.00	1,552.42
Farm Mid Value - Dairy	9,190,000	13,386.17	8,280,000	11,789.30	(1,596.87)
Farm High Value – Cropping	15,600,000	23,811.72	14,500,000	20,994.20	(2,817.52)
Farm High Value – Sheep and Beef	17,000,000	20,393.15	18,800,000	20,717.60	324.45
Commercial Low Value	265,000	2,642.25	345,000	2,987.60	345.35
Commercial Mid Value	2,940,000	6,605.79	3,450,000	6,770.10	164.31
Commercial High Value	35,000,000	66,726.65	31,300,000	48,780.20	(17,946.45)

Rates are GST inclusive

Due to the late adoption of the Long-Term Plan, Council invoiced the first instalment of the rates at 25% of the 2020/2021 (last year's rates).

Instalment 2,3 and 4 will be based on the rates set in the final Long-Term Plan. There will be changes in the due dates of these instalments as follows:

Instalment 2	Due date 30 December 2021
Instalment 3	Due date: 20 March 2022
Instalment 4	Due date: 20 June 2022

We talk about the percentage increase when it comes to rates. This is the overall increase to the amount of money Council collects in rates across our whole district. **This does not mean that every property will get that increase.** Some will pay more, others less. Some properties will even see reductions in their rates.

Rates have changed as a result of the impact of capital valuation changes. If the value of a property had increased relative to another or a sector has changed relative to another sector, rates will be impacted. While rates are climbing in percentage terms, changes in the rating model such as amendments to the UAGC and the Rooding flat rate have spread the increases across a wider distribution base and overall 83% of our ratepaying properties are going up in the band of between \$0 - \$500 a year. While this is a considerable amount of money to many of our ratepayers, when spread out over a year it is roughly \$40 a month or just under \$10 a week. There is also an increase in the Uniform Annual general charge from \$24.63 to \$150.00 per Separately Used or Inhabited Part (SUIP). This means that all rateable properties per SUIP will pay a higher flat UAGC.

Council needs to adequately fund our rates to:

- Deliver the required levels of service to meet increasing compliance requirements, regulatory standards for building, planning and treatment of water.
- Meet the additional operational funding costs for capital expenditure to upgrade three waters infrastructure to meet new water standards and minimize environmental impacts.
- Upgrade our Council buildings to meet public safety and earthquake risk.

Summary of our Financial Strategy

MDC wants to place the long-term needs of the community first and has taken a proactive approach to address the opportunities and challenges facing our district. The choices being made today are to deliver a higher level of service that meets the increased expectations of our communities and New Zealand as a whole.

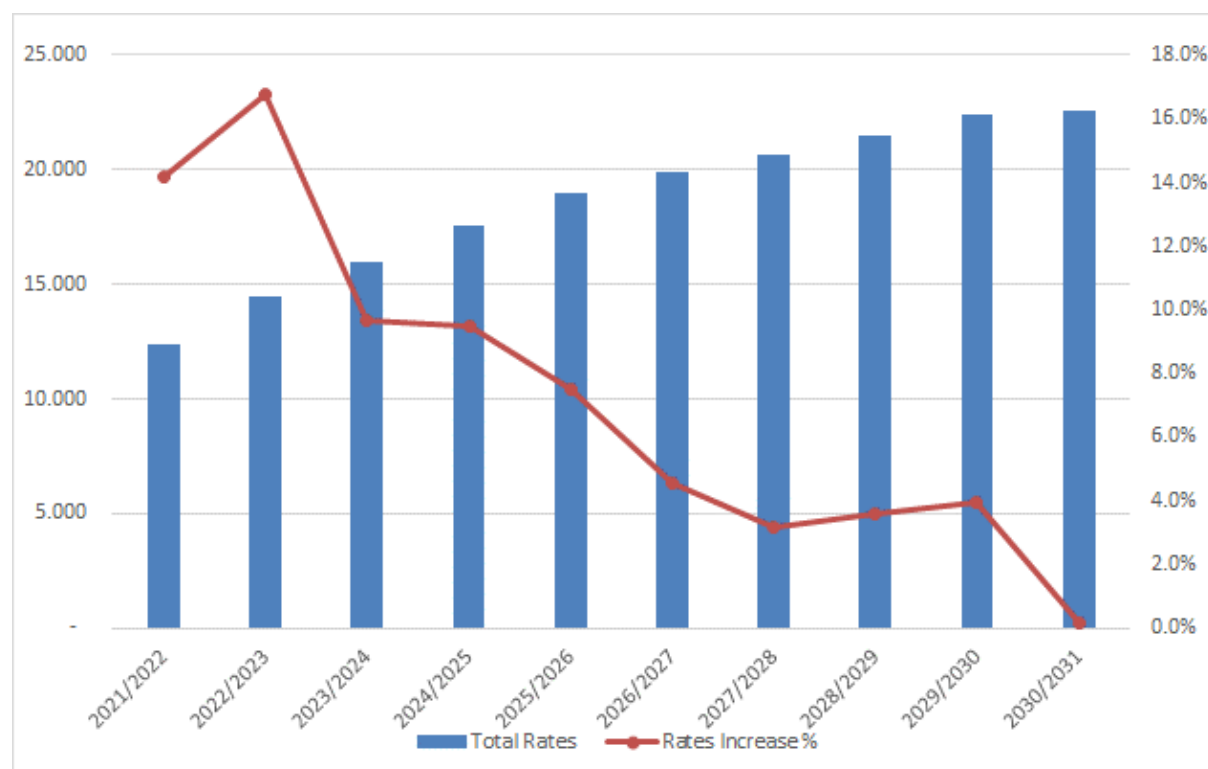
This proactive approach means that the headline rates increases for the first three to five years are higher than our community will have seen in previous LTPs. We are confident however, that this will put the district in a stronger financial position to meet the current and future needs of our residents.

MDC has produced a prudent financial strategy for the next ten years which meets its required levels of service and invests heavily in improving infrastructure. MDC has balanced the rates increases so that the impacts are as affordable as possible for the community. Our debt level management over the term and interest servicing requirements fall well within threshold requirements.

MDC will maintain a strong balance sheet and will ensure cash remains available to meet our working capital requirements.

We're actively managing MDC's investment portfolio to ensure it generates returns for our ratepayers.

Rates rises are higher early on, but reduce as time goes on



We are continuing to use internal borrowing

MDC uses a mix of rates, reserves (accumulated funds), subsidies and grants, financial contributions and Central Government contributions to fund our expenditure. Borrowing may be internal (Council borrowing from itself) or external.

Internal borrowing reduces the cost of borrowing as we do not have to pay the lenders margin. Internal borrowing works by in the first instance funding capital expenditure from reserves. These reserves are made up of money received from rates that is yet to be spent. If there is a balance in the reserve internal borrowing is not required.

However sometimes projects have cost overruns or unforeseen projects and unanticipated events (e.g. emergency responses) arise. This sometimes results in some of these reserves having deficit balances. Deficit reserves represent internal loans. These internal loans are repaid by the activity that raised the internal loan.

MDC will continue to use internal borrowing to fund its capital projects when it believes it is prudent to do so. We'll also use internal loans to fund certain operational projects where there is a long term benefit to the community, such as the District Plan Review.

We're taking on External debt

While Council has not previously had external debt, our ten year capital expenditure program requires external borrowing. If these works were not funded by external borrowing, the impacts on rates would be significantly higher. The use of external borrowing ensures appropriate levels of service are maintained for our infrastructure and facilities.

In one area however, pending the outcome of central government reform, Council has made a conscious decision to borrow externally for the Three Waters capital expenditure.

The LTP will see external borrowings utilised, increasing from \$17m at the end of June 2022 to a peak of \$33.3m by 25/26. It is expected that by the end of 2031 external debt will be \$6.5m.

21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
\$17.0m	\$23.4m	\$22.8m	\$27.9m	\$33.3m	\$29.4 m	\$24.7m	\$19.3m	\$12.8m	\$6.5m

In the first few years of the plan, the Council has taken on large amount of debt to fund major capital projects. As Council accumulates investment funds and reserves, these are utilised to pay down the debt. This means debt decreases sharply from \$ 33.3m in 2025/2026 to \$6.5m in 2030/2031. This aggressive repayment of debt may be reviewed in subsequent years if unanticipated projects arise.

To ensure that our debt remains within affordable levels, we have ensured net debt will not exceed 175% of our total revenue. We have also ensured that we can meet our financing costs by ensuring that finance costs will not exceed 10% of total revenue. This ensures that we can continue to manage our debt repayments and interest. It also provides the District with capacity to fund recovery if we are struck by a significant natural disaster.

We're going to continue to invest

We have a range of investments which provide returns. Our investments include cash on term deposit, equity (our 4.96% share of Alpine Energy Ltd), forestry (1,000 hectares of plantation), and a range of property investments.

We want to ensure that our investments continue to pay off for our community:

We're spreading the cost of replacing our assets

Depreciation is the spread of the cost of an asset over its useful life. By funding depreciation through rates, we are putting aside money to replace the asset at the end of its life. This means that future ratepayers won't be hit with lumpy expenditure to replace failing assets. For example, if a water treatment plant was installed at a cost of \$30 million, and is expected to last for 30 years, it would have a depreciation charge of \$1 million per year.

In an ideal world, MDC would rate to fund depreciation so that when an asset needs replacing, we are holding cash reserves (from years of funding depreciation) equal to the cost of the replacement. Sometimes it is appropriate not to fully fund depreciation. This might include when we can assume that we will be able to get external funding assistance with the replacement or where external borrowing is planned. Sometimes the decision to not fully fund depreciation has been made to keep our rates low.

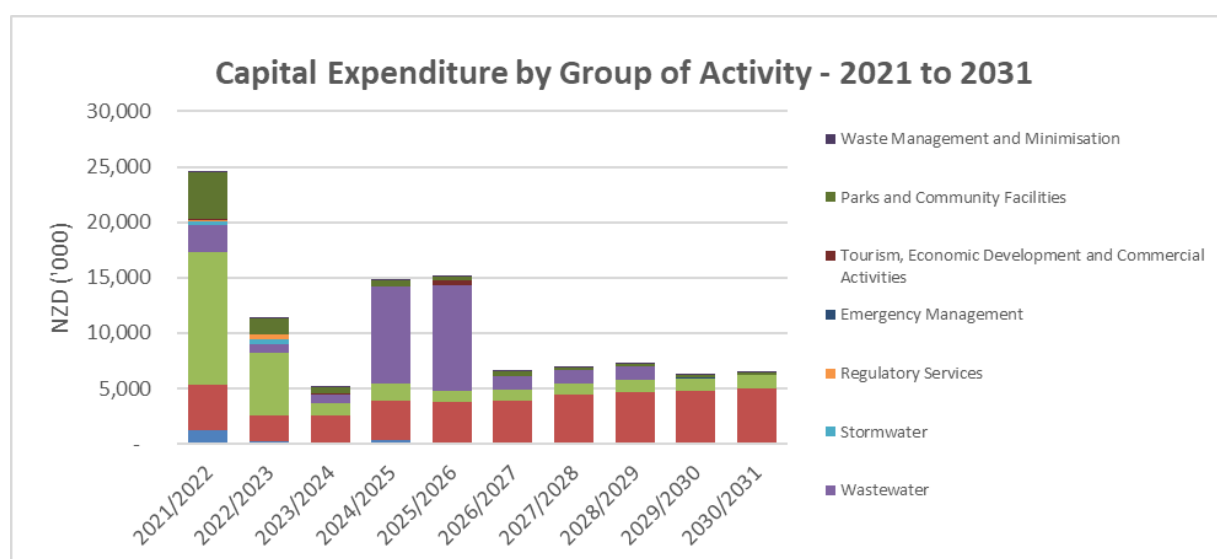
To balance costs, we have decided it is prudent to largely continue with our current depreciation funding (to not fully fund the depreciation on all assets). We consider that, in most instances, where an asset needs to be replaced there will be sufficient funds available to do this or we will have the capacity to borrow if required.

There are however some changes in our approach to the funding of depreciation (the changes are included in the calculated rates increases:

- **Transportation:** to fund the roading programme outlined in the Infrastructure Strategy, we will need to increase our funding of depreciation from 10% to 75% over the life of the plan.
- **Halls and Swimming Pools:** we were planning to increase our depreciation funding to 100% over the first five years of our Long-Term Plan 2021-2031. We have reassessed this and consider that remaining at 50% is appropriate as we will engage our community in funding initiatives and look for external support for the replacement of these assets. Despite this our rural halls (Albury, Sherwood and Skipton) will remain at 0% depreciation.



The graph below shows the total capital expenditure in the plan.



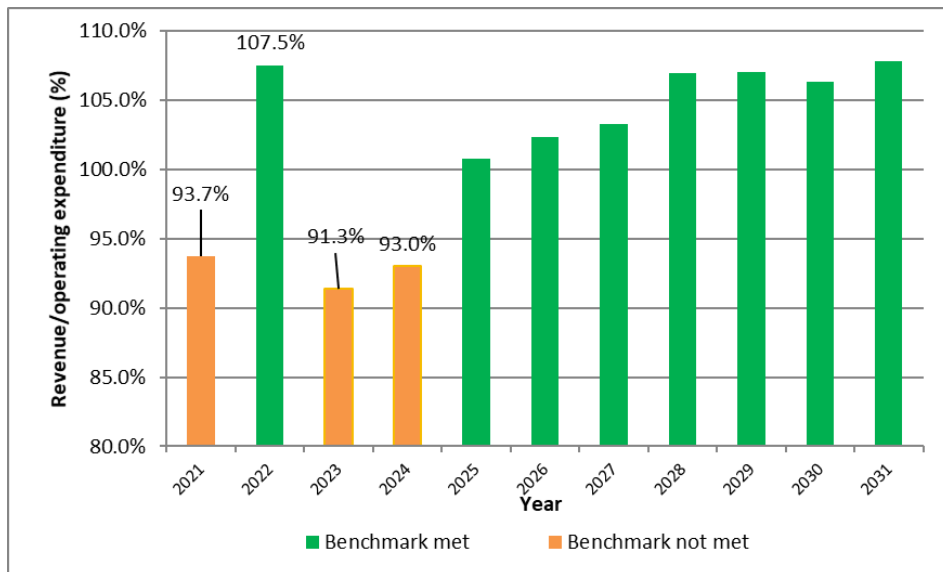
We're working towards balancing our budget

Although Council shows an operating surplus on our comprehensive revenue and expenditure statement, the prudence balanced budget prudence measure excludes revenue which is used to fund capital expenditure such as development and financial contributions and revenue which is non-cash such as vested assets and derivative gains. The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

For years two and three our revenue (when excluding the items above) is less than our operating expenses.. We are increasing our levels of service and spending more money on renewing and upgrading assets and have instead utilized debt in the short term. We've done this to avoid increasing rates any further as this would be unaffordable for our community.

Council has met the requirements of section 100 of the Local Government Act and although Council does not meet the balance budget prudence benchmark for 2022/2023 and 2023/2024, the benchmark is met for the remaining years of the Long Term Plan.

To manage this, we are proposing to continue to use operating deficits in years two and three, before returning to a balanced budget from 2024/25. We believe that this is financially prudent in the short term, with a return to a balanced budget important in the medium term.



Summary of our Infrastructure Strategy

The purpose of the 30-year Infrastructure Strategy (the Strategy) is to identify significant infrastructure challenges for Mackenzie District Council (the Council) over the next 30 years. The Strategy sets out what issues are currently and likely to impact on our core infrastructure assets, our response to those issues and the costs associated with maintaining, operating, renewing, and developing the range of assets Council is responsible for. This includes:

- Water Supply
- Wastewater Disposal
- Stormwater Disposal
- Roads and Footpaths, also referred to more holistically as Transportation.

The Council manages assets to provide services to residents and visitors, and to contribute to our community wellbeing. It is Council's responsibility to do this in a way in which meets our sustainability goals. This means making the best decisions across the four well-beings (cultural, economic, environmental and social) of the community for the long term. Rather than focussing on the infrastructure itself, the outcomes sought are key.

At a high level, Council's priorities align with the community well beings:

- A Treasured Environment
- Resilient successful Communities
- Strong and Innovative economy
- Embrace Heritage and Diversity

This moves the discussion from pipes and roads, to how the infrastructure will support the community and enable the future we seek together.

The following three issues are key focus areas for the Council which need to be addressed over the next 30 years.

1. RENEWAL: Renewal and replacement of aging infrastructure

Assets change and the assets wear out. This means replacement or upgrades are necessary.

A fit for purpose transportation network continues to serve an increasing number and variety of users. Replacements and upgrades across the network support transport in Mackenzie evolving for the future, with safety for all users as the priority. Providing better linkages so walking and cycling is encouraged will require both stronger spatial planning and network improvements.

Where there is a conflict between the user's expectations and the infrastructure itself, changes will be required. Examples of this include bridges that are inadequate for heavier vehicles, drainage that cannot cope with storms and cyclists having to share the Alps to Ocean route with forestry trucks.

Community satisfaction with service - along with future planning exercises - will be used to gauge what changes are required. Monitoring tools and resources will also be used to assess the condition and performance of our infrastructure.

2. LEVEL OF SERVICE: Responding to increasing standards and changing priorities

Government priorities and national legislation change with changing governments. This is to increase nationwide standards, improve the overall level of service and respond to increase customer expectation. These changes trigger Councils to either invest in improving the quality of core infrastructure or alternatively risk being non-compliant.

Recently there have been a number of legislative and governmental changes which impact on required level of service for Council owned infrastructure. This includes:

- Changes to the National Policy Statement for Freshwater
- Changes to NZs response to climate change (Zero Carbon vision for 2050)
- Increased focus on delivering sustainable outcomes
- Changes to Land Transport policies and legislation
- Increase in customer expectations regarding the level of service of infrastructure

3. GROWTH: Delivering sustainable infrastructure to a growing population

Prior to the COVID-19 Pandemic the growth within Mackenzie was largely driven by investor confidence in the tourist and holiday destination potential of the Mackenzie Basin. The recent lockdown has slowed this demand in the short term; however, it is expected that the population will continue to increase overtime, with tourist numbers reaching pre-covid numbers by 2023.

This growing population means a growing demand for core infrastructure. Moving forward, the provision of all community assets must be undertaken to ensure a sustainable future. Council's sustainable approach involves investing in appropriate infrastructure which achieves the existing community outcomes without compromising the ability of future generations to meet their own needs.

A growing population in the Mackenzie District impacts key infrastructure in the following ways:

- An increase in vehicles means an increase in potential contaminants such as vehicle emissions, tyres, brake pads, fuels, and lubricants. This impacts on stormwater discharge quality
- An increasing population increases the effluent flows
- An increasing population increases the demand for potable water
- An increase in vehicles means an increase to the demand for parking and safe road crossings in the main townships. Increasing number of vehicles also causes greater wear and tear on local roads and potentially have congestion effects, particularly in town centres.

Core water and transport infrastructure must be planned in order to cater for this demand, particularly during peak tourism periods.



External Factors Influencing Key Infrastructure Decisions

There are a number of moving parts which influence and effect how and when Council respond to the above infrastructure issues. Table 1 below summarises these factors.

Table 1 Externalities

Externality	Impact
Population Growth	As indicated above, a growing population increases the demand for core infrastructure and the ability to maintain a sustainable infrastructure
Climate Change	Increasing temperatures, increasing extreme weather events and rain will put greater pressure on infrastructure and a need to build in greater resilience within any new infrastructure.
Technology	Changing technologies can potentially provide a catalyst for upgraded or new infrastructure. Increasing regulatory standards has meant local governments need to consider innovative technologies and new building processes.
Legislative influences	Central Government's commitment to meet a zero carbon economy by 2050 will require significant changes to the existing infrastructure in Mackenzie District over the next 30 years and also in the way in which new infrastructure is built. The governance of Three Waters infrastructure is currently being reassessed. The increasing regulatory focus on improved environmental and health outcomes means there is a need for local governments to upgrade much of its Three Waters infrastructure.
COVID-19	The closure of international borders as a result of COVID-19 has led to a drop in international visitors, which in 2018/19 made up approximately 65% of total visitor spend in the Mackenzie Region ² . This fall in tourism has reduced the demand for short term accommodation. It is expected that visitor numbers will increase back to pre-covid numbers by 2023.

² Source: [Mackenzie Region \(mbie.govt.nz\)](http://mbie.govt.nz)

What's our Investment and Renewal Strategy ?

We will manage our assets to ensure that we can continue to provide services to our community and visitors in a sustainable way. This means making the best decisions for the wellbeing of our community for the long term rather than focusing on the infrastructure itself.

Our overriding infrastructure goal is:

“The outcome desired by the community is to have safe, effective and sustainable water, communication, energy and transport systems in place when required, through sound long term planning and funding”.

The Infrastructure Strategy includes a lot of detail about how Council is responding to a number of key issues that affects how services are to be delivered. These issues affect how much our infrastructure cost to operate and maintain. These include:

Investment into both three waters and transportation infrastructure over the next 10 years is prioritised by using the following high-level principles:

- Maintaining and Improving Level of Service is generally prioritised first, specifically around improved safety and compliance.
- The renewal of aging infrastructure is then prioritized. Specifically, infrastructure which is high use, high criticality, high vulnerability and/or showing signs of failure. Renewal timing for critical assets is typically based on conservative base lives and actual condition assessments of asset and estimated future deterioration. However, assets which are at the end of their theoretical design life but are still structurally sound (no signs of failure) and are also used very infrequently are not targeted for replacement, but are instead regularly inspected. Inspections provide Council with better data upon which they can more accurately predict the assets remaining useful life.
- Projects which address growth are prioritised last. Currently the Mackenzie district are seeing a fall in visitor numbers giving Council breathing space to prioritise other aspects of infrastructure improvement first and get in place appropriate planning and delivery tools. Additionally, developers are, in the first instance, responsible for providing the infrastructure for new developments.

In Year 1 of the LTP extensive CCTV will be undertaken to help inform Council on the condition of our oldest wastewater pipelines. This information will generate more accurate remaining assets lives.

Data confidence

Data Confidence Grades are held against each individual asset class. These grades indicate the type of data source and the confidence in the specific data source. Since the last independent data confidence review there has been a significant improvement in base asset information. An in-house assessment showed an improvement to the data confidence ratings from previous years. In general, there is a relatively high understanding of the conditions of three waters assets. Council will be as part of the Three Waters Stimulus Funding, be undertaking a full Closed Circuit Television (CCTV) assessment of its wastewater network which will allow for a much better understanding of condition of these pipes and their expected lifespan.

CCTV monitoring cannot be replicated for water pipe assets. Instead, Council performs condition assessments on its water pipes when a failure occurs, or a larger connection or pipework cut in is undertaken. Pipelines are inspected in general accordance with best practice and relevant Water New Zealand Technical Manuals, and the results reported for an assessment of the likely remaining life of the asset. This data can be used to infer the condition of that section of pipeline to provide a complete picture of the network. Council has the “expected

remaining life” of the majority of its pipe network aligned with national best practice. Our Council will continue to improve on data relating to asset criticality and vulnerability.

The level of confidence with roading and transportation data has remained relatively static since 2018. Council has carried out a significant auditing and validation programme on its Roding Asset Management database but there are still areas of improvements. The Council recognise that there is improvement which can be made with regards to its data management for roading assets and has since let a contract to undertaken pavement testing over various locations within the district. This will provide data to check pavement depths and ensure performance, deflection and strength.

Good data ensures that we have correctly forecast and optimised the MDC renewal programme. For further information on the individual grades assigned to each asset class please refer to the detailed infrastructure strategy

Risks of using aging data

Risks of using age data to predict end of useful asset life

Mackenzie District Council has historically planned its renewals and investments to address compliance requirements. Traditionally it has based its renewals on age and limited asset condition information. The useful life of an asset is theoretical. The actual life of an asset varies depending on several conditions which is why regular inspections and condition assessments are necessary. There is a risk that Council’s current renewal and investment strategy will vary significantly as more information is discovered about the assets. It is important that as much asset condition and performance information is gathered to better inform infrastructure investment decisions. Council has recognized this and projects are in place to update and generate more up to date and reliable asset management information.

As previously mentioned Council has aligned its age data with national best practice. It is improving this data through the collection of specific asset condition information. While our age data is aligned with national best practice there is a risk that if these national figures under estimate the life of the asset Council could be replacing assets early war effort over estimates the life Council will experience an increasing number of breakages and failures.

It needs to be noted that a lot of Councils 3 waters infrastructure was installed as part of the hydro developments within Mackenzie basin and as such is approaching the end of its theoretical life at the end of this LTP.

Major renewals more than ten years away

Bridges

Future costs, beyond 2031 were estimated based on the first 10 years costs. However, additional deferred renewals were also considered. This included the following bridge renewals which have been deferred over this LTP period due to financial constraints:

- Otama Road
- Coal Pit Rd No 2
- Goodmans Bridge
- (Nixons Road)
- Clayton Settlement
- Single Hill
- Cass River
- Black Birch Stream

In Lieu of replacing these bridges, Council will instead conduct regular inspections to ensure the bridges are safe to use.

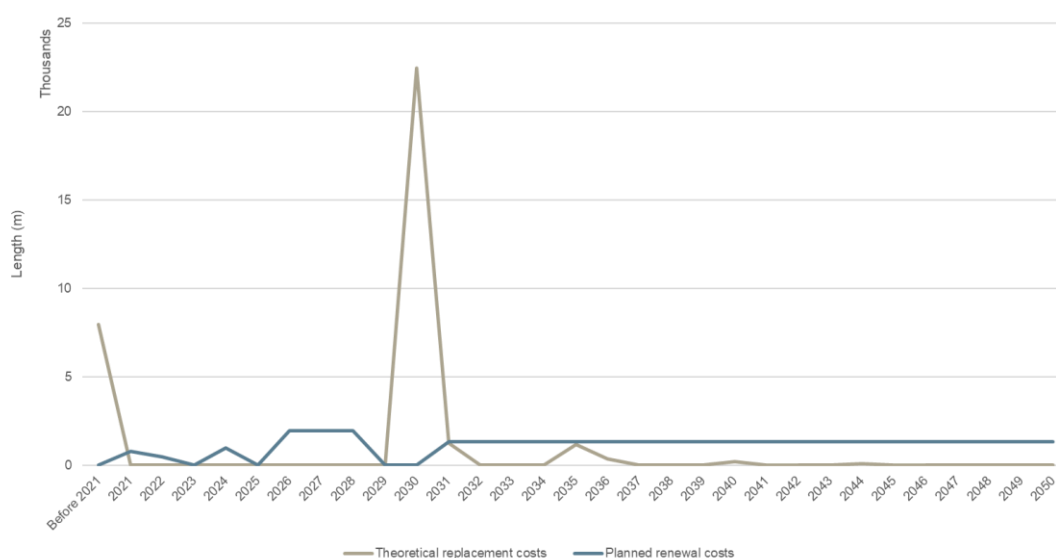
Each bridge generally only services a single owner and is therefore not seen as an immediate priority for Council.

As funding becomes available, Council will prioritise the Cass River bridge (due to the increased number of heavy vehicles accessing the site) and Otama Road Bridge (as this bridge services three properties and has only 3 to 10 years of remaining useful life). Council will also look at alternative options such as fords if applicable.

Wastewater – Twizel Asbestos Cement Reticulation Approach

An indicative long term programme has since been put together based on the Council's design life data which spans across the next 30 years. The figure below illustrates the difference between the projected and planned renewal profiles. As shown, the large replacement projected for 2030, has been spread across the next 30 years, concentrating on the replacement of AC pipes first and any other parts of the network which were identified during the CCTV assessment. Council is taking a prudent and reasonable approach to this investment and will prioritise renewals as further condition data becomes available. Performance data on the network clearly shows the pipe network is not currently failing due to end of life failures.

Theoretical vs planned wastewater reticulation programme



Approach to Roading damage caused by the recent Flooding event

A significant storm event occurred at the end of May 2021, impacting on our district.

Damage to our roading network includes 282km of roads, 46 bridges and 705 culverts. The impact on three waters infrastructure from the flooding event was relatively minor.

Preliminary assessments estimate repair costs between \$2.3 and \$3.075 million. Waka Kotahi has confirmed it will co-fund a total of \$2.04m of flood damage. The flood damage assistance rates is capped at 51% for the first 10% of the Council's maintenance budget and then the FAR rate will be increased by a maximum of 20% in any financial year. This means that Council's maximum funding rate would be 71%.

Since the flood Council staff have developed a priority programme. This program reflects that some of the initial works were undertaken in the first days of the event and therefore are reflected in the previous financial year. The priority programme outlines a total of \$553,000 of works that need to be addressed as soon as possible. The balance of the works will need to wait to be completed when local funds can be allocated or an alternative source of funds can be identified. Some of the works will attract the enhanced funding assistance rate but will be limited to \$200,000. It is not possible to increase the local share any further given the sizeable rates increases.

Discussion are being held with the agency to understand the process for applying for a higher levels of funding assistance.

Staff are taking a whole of network approach to addressing the priority one works list. This will mean that the works will occur over the next 6-12 months and or as needs require them to be. This will allow for the network to be managed in consultation with customers in the impacted areas and maintenance activities adjusted at a district wide level to accommodate these works. This approach aligns with good asset management principles and utilizes some of the built in resilience in Councils roading network. Should further funding eventuate, the programme can be accelerated in line with the funding. As such the approach will see no impact in the overall Long term plan estimates and levels of service.

Assessment of any significant variation between the proposals outlined in the plan and the territorial authority's assessment of water and other sanitary services under section 125 of the Act, and the waste management and minimisation plans adopted under section 43 of the Waste Minimisation Act 2008. The Waste Management and Minimisation Plan (WMMP) 2018 provides a direction for waste within the district and the LTP aligns with the WMMP. The WMMP identifies a number of goals and key waste issues for our district, combined with an action plan that outlines the key focus areas for the six year life of the plan from 2018-2024. The LTP helps to give effect to the WMMP and work towards achieving the set targets of waste minimisation and diversion from landfill. The action plan within the WMMP identified the issue of looking at solutions for the removal of green waste from the waste stream and this LTP brings this piece of work to a solution.

Since the last Water and Sanitary Services Assessment was produced, there has been no significant variation in the Mackenzie District other than the assessment of the impact of the new Water Services Act 2021 and the establishment of the new drinking water regulator, Taumata Arowai.

In response to these recent legislative changes, Mackenzie District Council have commenced work on comprehensive programme of projects to improve the quality of water services in the district, some of which is funded within the LTP through rates, and a suite of projects being delivered under the Crown Stimulus Grant of \$5.11M. This has been well reflected in the LTP and covered by the disclosure statement contained in the plan.

One project currently being undertaken within the stimulus package is a project to assess the status of rural drinking water services across the district that were not supplied by Council owned schemes.

The project is a study into the current status of drinking water supplies to remote properties across the district and consists of three phases:

1. A study to determine the status of remote drinking water supplies within the Mackenzie District as little or no records are currently available.
2. Development of a database of all water supply sources within the Mackenzie District (including MDC water supply schemes), with an assessment of 'compliance' and recommendations for any improvements. Improvements may be identified to water distribution networks as well as to water sources.
3. Implementation of agreed recommendations.

This work may lead to an update of the assessment of water and sanitary services but the outcome is not expected till March 2022 so will be reflected in future plans.

Variations between the proposals outlined in the plan and the territorial authority's assessment of water and other sanitary services under section 125 of the Act, and the waste management and minimisation plans adopted under section 43 of the Waste Minimisation Act 2008.

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