# Our Financial Strategy 2021-2031

2021

Mackenzie
DISTRICT COUNCIL

# Our Financial Strategy 2021-2031

## REVISION HISTORY

| | |
|---|---|
| **Status:** | Draft |
| **Policy Owner:** | GM Corporate Services |
| **Approved by:** | Chief Executive Officer |
| **Date:** | October 2021 |

# 1. SUMMARY

The Financial Strategy outlines how we will manage our finances over the next ten years. It sets out our general approach and principles that we will follow and provides a guide to assess spending proposals.

The Strategy includes limits on rates levels, rates rises and borrowing, and aims to promote financial stability and affordability over the short, medium and long-term. In simple terms, the strategy determines the size of our cake over the next ten years, while our policy decisions will determine how the cake is cut.

Our district has been growing and this growth coupled with fast-approaching regulatory deadlines for some of our network infrastructure, will see an increased capital expenditure programme for our district over the next ten years. This will mean that we will be increasing our debt to levels that we have not done so before. However, we are currently in a strong financial position, largely due to previous Council decisions and direction focused on infrastructure renewals and replacements.

The aim of our Financial Strategy is to ensure Council remains financially stable, while financing key priorities.

**Our financial future**

Our projections for the next ten years show the following picture for 2031:

- Total assets are forecast to be $467 million (2020/21: $275 million).
- Total equity is forecast to be $456 million (2020/21: $260 million).
- Liabilities are forecast to be $11.5 million (2020/21: $14.1 million) & 2.3% of total assets (2020/21: 5.1%).
- Cash investments are budgeted to be $11.6 million, (2021/21: $7.2 million)
- Rates revenue is budgeted to contribute 60.2% of total income (2020/21: 41.3%).
- At no time over the period 2021/22 – 2030/31 do we expect to breach our debt ratio limits
- Council will retain its strong financial position

# 2. INTRODUCTION

For decades, Council has held rates at a low level however we now require investment across a range of our Council property, infrastructure and business as usual operational services to ensure that our district is fit for the future.

In response to the short-term impacts of COVID-19 last year, we reduced our rates rise as a one-off support to the community. We acknowledge that there may still be households and businesses with reduced incomes due to the prolonged effects of COVID-19 that remain concerned about their financial stability. We appreciate this has a flow on effect to their wider wellbeing, however it is necessary for Council to take a financially prudent approach in setting its rates requirements going forward.

Our strategy addresses the need to increase service levels while taking account of our growth pressures. In the last Long Term Plan (2018-2028) Council signalled they would increase rates by 8% until 2025 and therafter our rates increases would be 7% per year to 2028. Last year Council recognised that our community was impacted by the border closures and the drop in international tourism. Council reduced the rates take to 4.5% and Council utilised internal reserves and used the proceeds from the sale of carbon credits to offset the rates increase. This is not a sustainable or resilient approach going forward.

### MANAGING OUR TOURISM DESTINATION

Pre-COVID-19, tourism increased at a significant rate. While this was good for our economy, it placed considerable pressure on our district, communities and infrastructure. We have used 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 replacement of these facilities. We are taking the opportunity to prepare a destination management plan (Te Manahuna Ki Uta) with our tourism partners to ensure that we can plan for and manage the tourism future that benefits our communities, environment and economy. We will continue to progress Te Manahuna Ki Uta / Destination Mackenzie to map a more sustainable future for our taoka (treasure).

### HISTORICALLY LOW RATES

Council has for many years prided itself on holding rates at a low level. With changes in regulatory requirements and greater expectations from our community it is now necessary for Council to increase rates requirements going forward. These increased rates mean that Council will be able to provide a higher level of service as well as ensuring an appropriate level of stewardship of our core infrastructure assets and buildings while meeting new legislative standards.

### OUR DISTRICT PLAN NEEDS TO BE FIT FOR FUTURE

Our District Plan became operative in 2004 and although we have completed a few plan changes and updates the remainder of the Plan needs updating. We need to keep up with the changes in our district, environment and government reform.

To ensure our District Plan is fit for the future, we are developing Spatial Plans with a 30-year vision of our communities, and these will form the visual blueprint of our new District Plan.

### 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). All councils have to comply with the same drinking and wastewater standards, regardless of their size and population. This means that the cost of providing these services is higher per ratepayer. The geographic spread of the communities that we service also means that we have to provide more services than councils who have a large population in one area.

# 3. EXTERNAL FACTORS



Many external factors can impact how the Council delivers services and infrastructure and how we fund these. Although these factors are generally beyond our control, it is important that we continue to monitor these external influences, their impacts and how we respond to ensure that our plans mitigate risk, take advantage of new opportunities and remain fit for purpose.

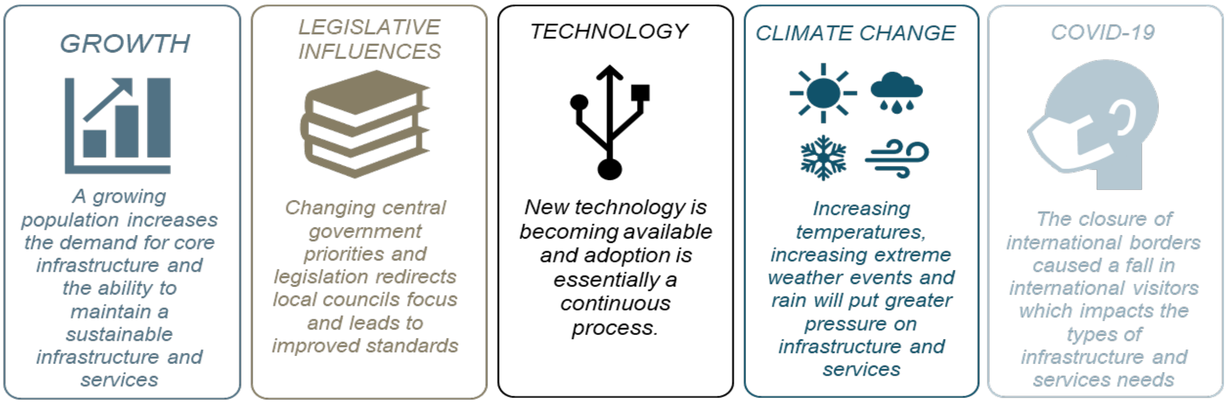



*Figure 1: Summary of the Mackenzie Context and Strategic Issues – abbreviated from the Environmental Scan*

Key strategic work (Te Manahuna Ki Uta/Destination Mackenzie, the District Plan Review and Spatial Planning, and key strategies) will guide the nature of future planning. These processes are underway and are not sufficiently advanced to inform this Long Term Plan or it's supporting Financial Strategy.

## 3.1. Growth

### 3.1.1. Population Growth and our Built Environment

The Mackenzie District has experienced significant growth over the past ten years and this is projected to continue in the immediate future.

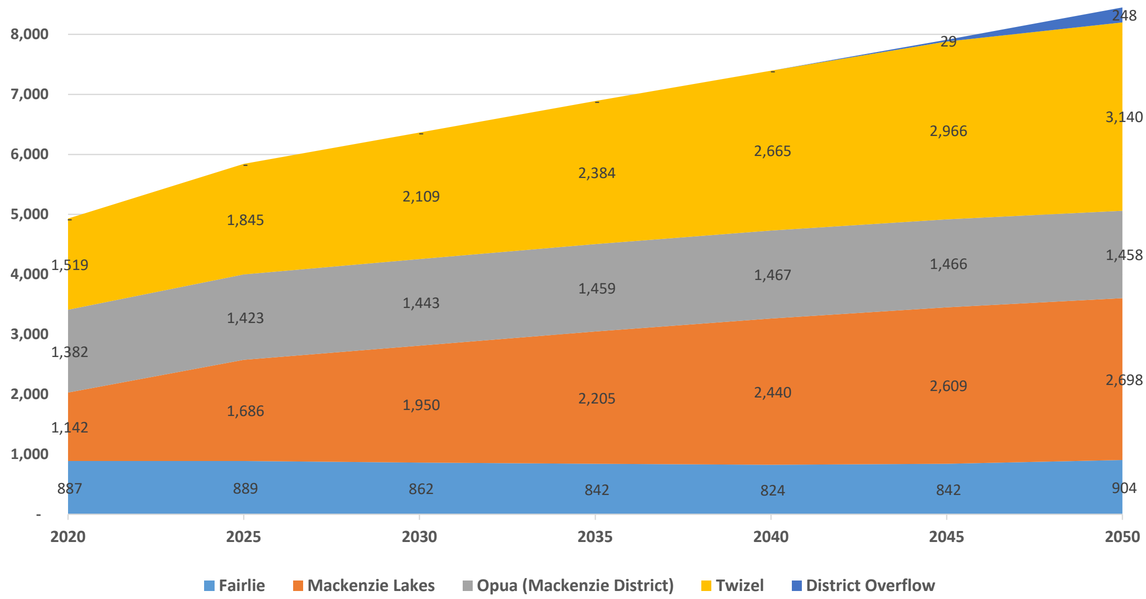



*Figure 2 MDC Usually Resident Population*

Development (and associated demand for services) has increased beyond the level indicated by population growth, largely driven the tourist and holiday destination potential of the Mackenzie Basin. Increases in dwelling numbers are significantly higher than corresponding population changes.

The Mackenzie District is unique in that the district has a significantly high proportion of non-resident ratepayers. This is most noticeable in the townships of Takapō/Tekapo and Twizel. A consequence of this is a marked change in population of townships during peak times. Fluctuations in population levels throughout the year can pose challenges for activities such as traffic and water management.

Managing the demands of tourism recovery on infrastructure and services post COVID-19 and the population growth against affordable rates and sustainable debt levels remains an ongoing challenge for small councils like Mackenzie.

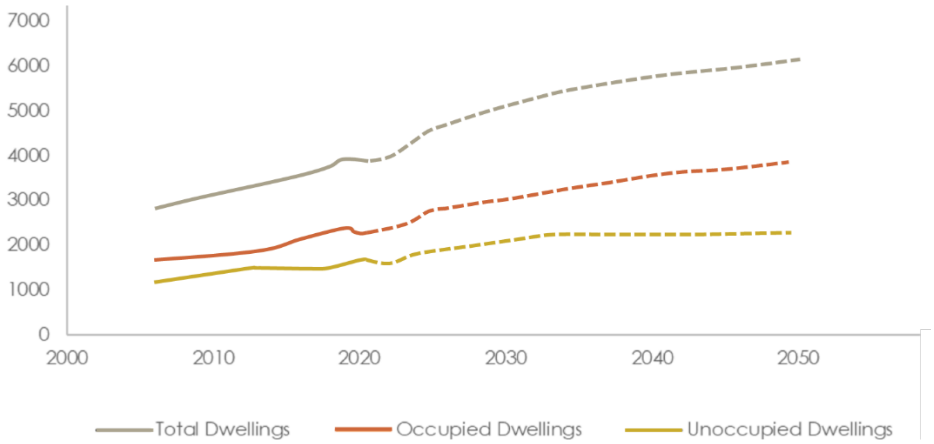



*Figure 3: Mackenzie District Occupied and Unoccupied Dwellings*

#### 3.1.2. Land use changes and trends

The district is changing and there are several workstreams in process to better understand and plan for this. Demand for permanent and holiday housing remains strong, and the forthcoming District Plan will create a platform for changes to the development and subdivision within our landscapes. Key land change matters are detailed below:

- **Primary Production Intensification -** Council anticipates an increase in primary production as the result of on-farm intensification and irrigation consents being implemented.
- **Large scale accommodation (hotel/resort) -** The hospitality sector is a significant part of the Mackenzie economy. The return of tourists following the COVID-19 pandemic is expected to determine the time for these developments to proceed.

## 3.2. Legislation

### 3.2.1 Three waters reform

In the wake of the Havelock North Inquiry and subsequent Three Waters Review, central government is embarking on significant water reform which will establish a new water regulator - Taumata Arowai, and big changes to the way water services are delivered nationwide. We have signed a Memorandum of Understanding (MoU) with Central Government to explore future service delivery options and have secured $5.12 million in the first tranche of funding.

While the impacts of this change are yet to be finalised, it appears likely that water will be delivered by a new statutory authority instead of council. Our community needs three waters services regardless of what happens. As such, we have assumed the status quo for three waters in our financial and infrastructure strategies. For more information on the Government reforms visit www.dia.govt.nz/ three-waters-reform-programme.

#### 3.2.2 Central Government requirements

Increasing central government requirements and reforms are driving additional standards and reporting, particularly within our three waters (water, wastewater and stormwater) infrastructure. We will continue to improve our services to meet increasing standards, however this comes with a cost.

### 3.3 Technology

Investing in our information technology will improve the quality, value and transparency of the services we provide and will mean our residents can engage with us in different ways. That investment will also allow us to improve the timeliness and accessibility of information that supports decision making by the Council, communities, Mackenzie businesses, and individuals. Council has formalised an Information, Communication and Technology strategy.

### 3.4 Climate Change

Climate change is a critical consideration in the Council's long-term planning and the Council is developing a Climate Change Response Policy. Council uses guidance from the New Zealand Government, based upon the best available climate science, to support the planning.

Adaptation to climate change is important and a matter that our community needs to consider and start planning for. Climate change is expected to change the frequency of extreme weather events, as well as introduce some long-term shifts in climate patterns both locally and across the country. This may impact our infrastructure, levels of service and see more council resources required to respond to natural hazards (fires, floods etc). Building resilience to the changes and challenges presented by climate change requires long-term planning. We are proposing several programmes in this Long-Term Plan which will have the effect of improving or increasing our resilience in relation to climate change impacts. These include:

- Rolling out water meters to encourage sustainable water use.
- The installation of a water reservoir for Fairlie which will increase resilience and security of water supply by increasing storage capacity.
- A proposal to build a monetary reserve to fund activations of our emergency operations centre in response to emergency events.
- A review of our District Plan which will consider the impacts of climate change.

### 3.5 COVID-19

The COVID-19 pandemic is still ongoing. The impacts will be wide ranging and could include a significant and protracted recovery period for tourism operators and related businesses. The pandemic has created a very fluid environment which can change rapidly. Visitor projections are difficult to determine due to the ongoing impact of COVID-19. Council is working to develop future scenarios. Currently a return to pre-COVID activity is expected in 2023.

## 3.6 Expenditure Drivers

Our Long-Term Plan 2021-2031 prepares for the delivery of key services and infrastructure. We intend to:

- **Adequately fund the required levels of service in township maintenance**
- **Tackle deferred capital and operational maintenance backlog** and ensure we meet the required compliance requirements (roading safety improvements, building control, Council property, township maintenance and dog control).
- **Resource appropriately to deliver key projects**
- **Fund building control compliance requirements** for the Fairlie Council building and the Twizel Events Centre
- **Improve roading infrastructure**. This is driven by the need to undertake this work to prevent fatalities, especially on high traffic tourist routes.
- **Address additional central government requirements** especially the new Drinking Water Standards
- **Increase associated costs (depreciation and interest payments) for increased capital expenditure**

Operating costs for Council range from $24.8 m in 2021/22 to $28.86 m in 2030/31. Inflation (using the BERL mid scenario) will add a cumulative effect of 18.33% over the ten years.

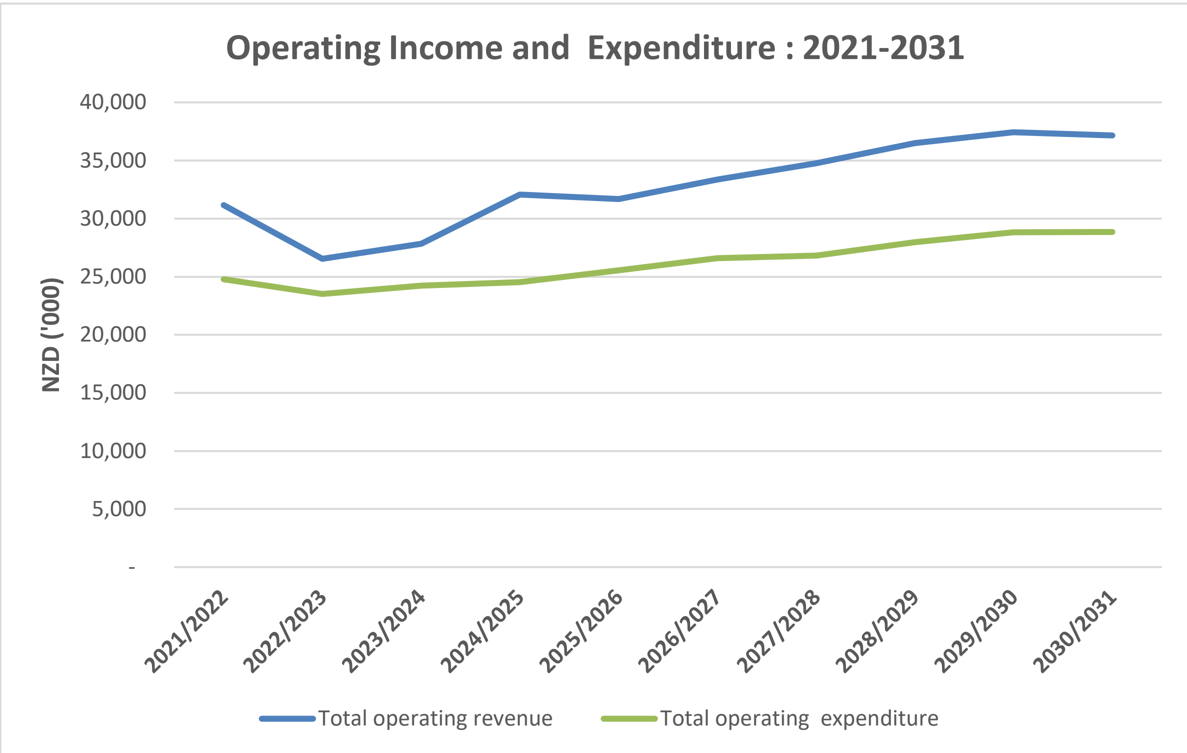



*Figure 4: Operating Income and Expenditure 2021-2031. Operating income peaks in 2021/2022 due to grants for water reform and stimulus funding. Thereafter income increases in line with the operating expenditure.*

# 4 OUR FINANCIAL STRATEGY

Our Financial strategy supports Council to deliver on our required levels of service and supports our investment in resilient infrastructure. We have worked to balance the affordability of rates increases, debt and to balance our budget.

In planning for our future, we have sought to put the long-term needs of our community first, taking a proactive approach to addressing the opportunities and challenges facing our district. The choices being made today, will lay the foundation for tomorrow's Mackenzie.

This means that the headline rate increase for the next ten years will be higher than rate increases have been in previous years. We are confident, however, that this will put our district in a stronger position to meet the needs of our current and future community.

We've pulled every lever and used every tool we can to minimise our rates rise and to deliver the things we really need to. We've applied external funding and prioritised all of our work programmes. Despite this, we still face large rate increases for the first few years of our Long-Term Plan 2021-2031.

Our financial strategy illustrates how we will live within our means – to do everything we need to do, while balancing the cost to our communities now and into the future.

The financial strategy sets out our goal to:

- Manage our finances in a prudent and strategic manner which will ensure that adequate funds are available to deliver on the levels of service we have agreed with our community, cater for growth and support the maintenance, renewal and upgrade of our assets to meet community expectations and legislative requirements.

- Remain operationally and financially sustainable while achieving our strategic goals and priorities.

- Manage borrowing levels to ensure that investment in and funding of core infrastructure is within our capacity and to ensure that appropriate intergenerational equity is achieved.

- Sustainable management of investments including how distributions and investment income will be utilised.

# 5 OUR FUNDING APPROACH



Funding of Council activities will be in accordance with Council's Revenue and Financing Policy.

**5.1 Inflation**

> All councils are required to set limits on rates and rate increases over the 10 year period of the Long Term Plan.

We are required to budget for an inflation adjustment in each year of our plan. Our costs reflect the type of work we undertake for the community and are significantly affected by the price of items such as energy, bitumen and civil contracting services. This is quite different from the average household, and so using the Consumer Price Index (CPI) for inflation is not appropriate. Instead, Business and Economic Research Limited (BERL) have prepared specific inflation values for councils - referred to as the Local Government Cost Index (LGCI).

All budgets across the ten years have been adjusted using these values. They are also used as part of our setting of limits on rates and borrowing.

## 5.2 Rates

## We'll keep rates as low as is prudent

Rates are a form of property tax and must be paid by all property owners in the district. As much as we would all like to keep rates low, we need to increase rates. We know this will be felt by our community however we need to invest now to avoid even higher increases in the future.

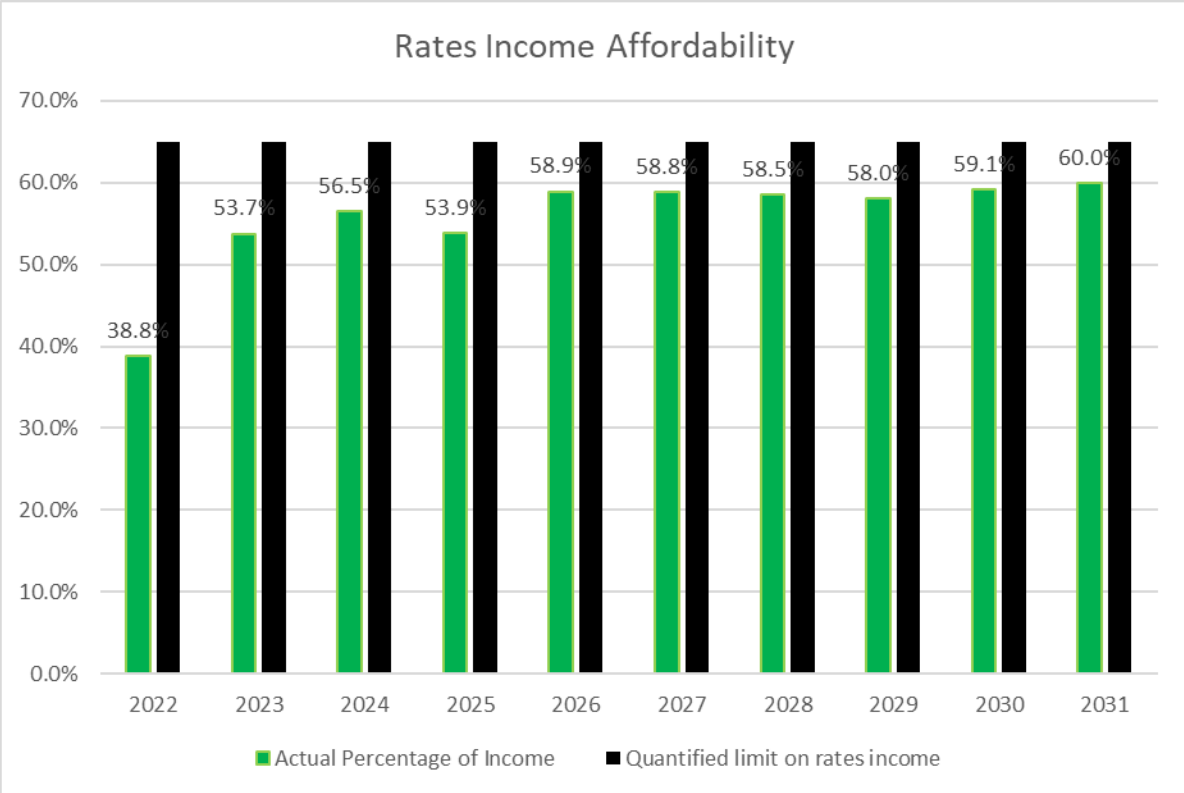
With the economic impact of Covid-19 likely to continue to affect the Mackenzie District for the next few years, we were faced with an option of making substantial reductions in levels of service to help moderate rates revenue increases. However, in considering overall well-being now and in the future, the Council decided that maintaining services to the community and continuing to invest in assets and infrastructure was the better option. Not only does this help make progress in the district but also recognises the Council's important role as a significant consumer of goods and services that support the local economy. By investing in the economy, the Council can have a much larger impact on jobs than by reducing rates by an equivalent amount.

Even though we are having to face large rates rises in the next few years, we're starting from a very low base - the third lowest in the country. The rates increases being proposed, will still keep our rates in the bottom five nationally.

Our plan for the next ten years has been prepared based on the following limits on total rates and annual total rates increases. There are no rules around how we are to determine what limits are appropriate.

The Council has set the following rates limits:

## Rates Limit One: **Total rates will not be more than 65% of the total revenue.**

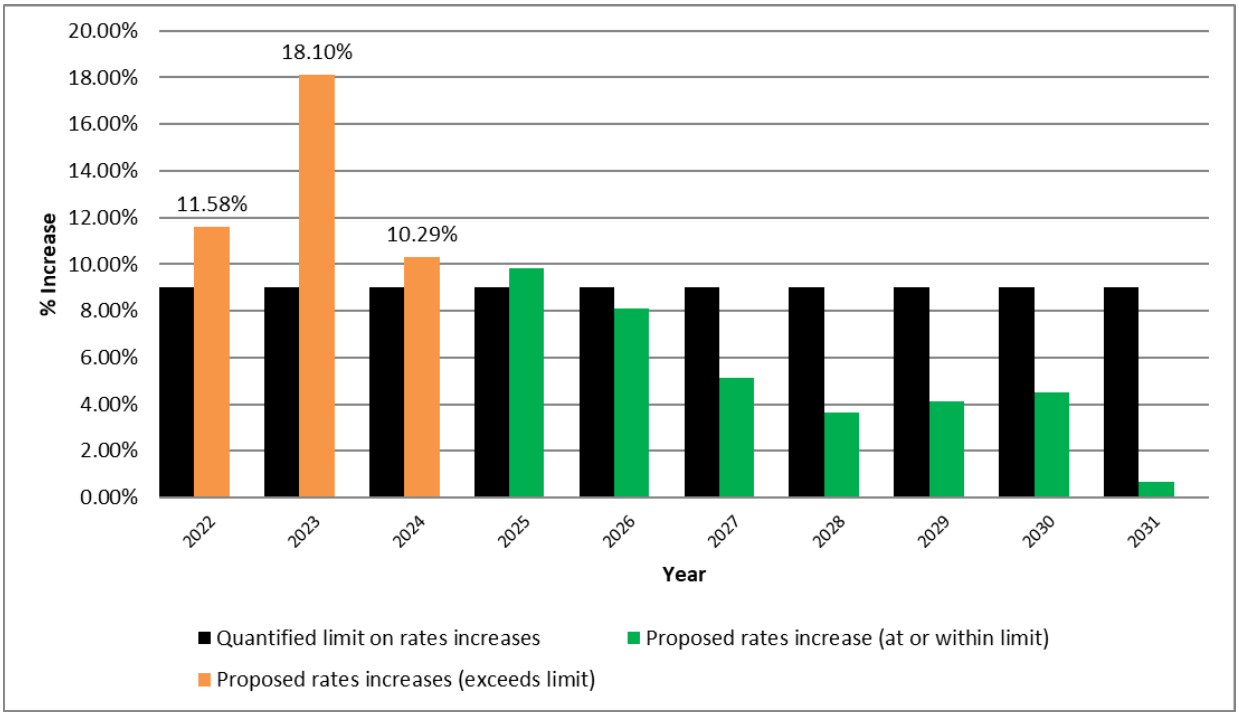



**What does this graph show?**

Our rates affordability graph shows our rates limits are not exceeding 60% of our total income. This means that each year we will find at least 40% of everything we do from sources other than your rates (fees and charges, government subsidies, investment returns and spreading costs through borrowing). The graph shows that, although we need to increase our rates across the Long Term Plan 2021-2031, we will remain within this limit.

## Rates Limit Two: **Annual rates increases will not be more than 6% + LGCI.**

The LGCI is the Local Government Cost Index which is used to calculate annual inflation of expenses. This inflation factor is determined by BERL. Over the life of this plan the LGCI is expected to be 2.97%. This means that the annual rates increase per year should not be more than 8.97%.




**What does this graph show?**

Our first three years of proposed rates rises will exceed out limits but will drop within our target from year four onwards.  We believe we need to increase rates for the first few years at a higher rate to address the challenges Council faces

Over the 10 years of this LTP the average rates increases are 8.4 % which is lower than the benchmark of 6% plus the LGCI.

### 5.3 Operating Expenditure

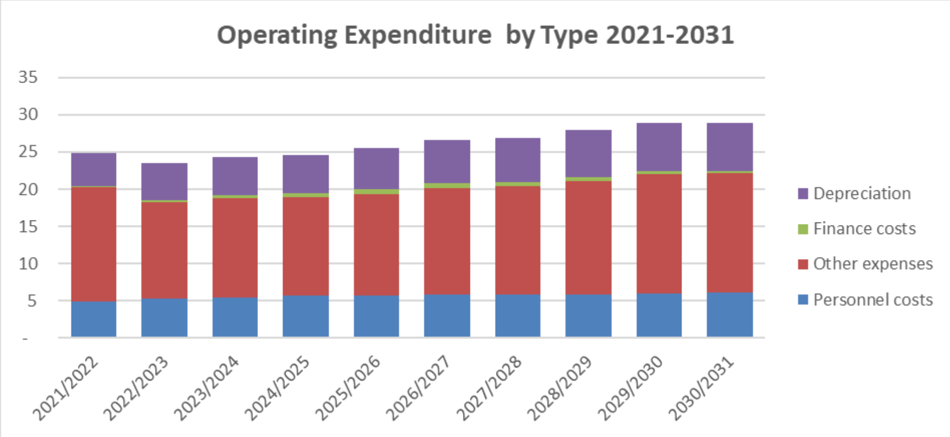
Our services and day-to-day maintenance of our assets are paid for using operating expenditure. We aim to raise enough revenue each year to cover our budgeted operating expenditure (including depreciation), unless it is prudent not to do so.

Rates are used to fund the balance of operating expenditure after all other revenue streams are accounted for. We have budgeted for operating expenditure to increase from $21.1 million to $28.7 million between July 2021 and June 2031.

The increase is the result of:

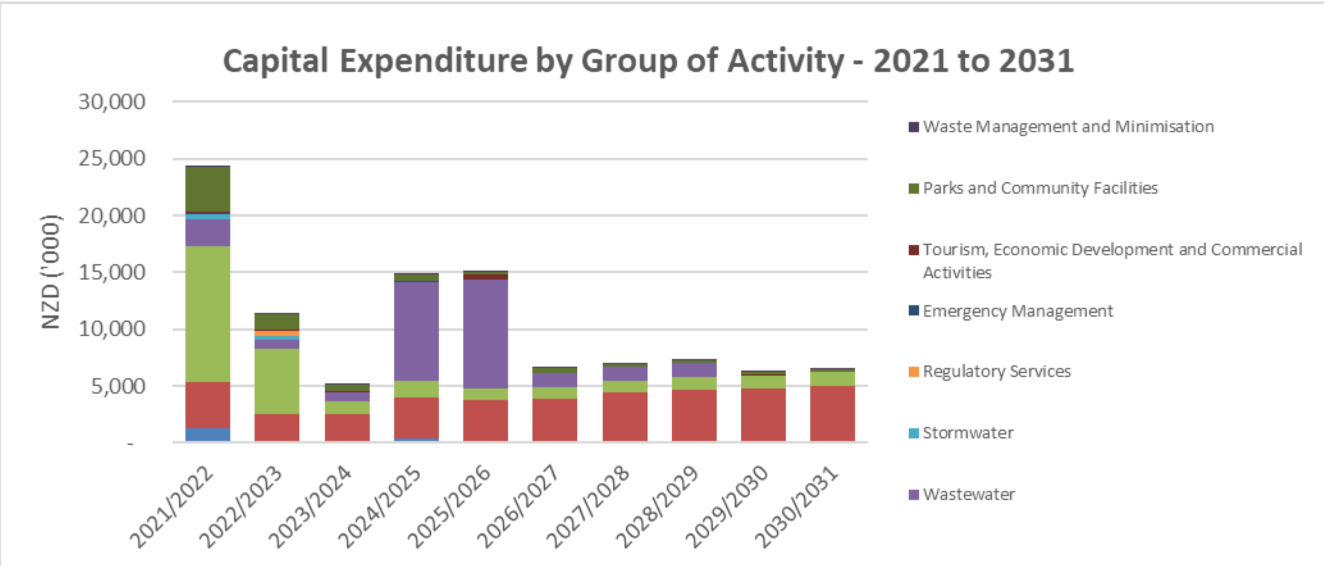
- price increases (inflation);
- improvements to the level of service we provide; and
- to a lesser extent - population growth.

The following graph provides a breakdown of our forecasted operational expenditure.




### 5.4 Capital expenditure

Capital expenditure includes both renewal of existing assets and new assets that increase the levels of service or build resilience into the core Council assets. We project capital expenditure of $103.05 million between July 2021 and June 2031




### 5.5 Depreciation Funding

# 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, 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 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, the Council would rate to fund depreciation so that when the asset needs replacing, we are holding cash reserves (from years of rating for 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 to assist 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 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. We have made some key changes to our approach in the funding of depreciation:

- Transportation: to fund the proposed roading programme outlined in the Infrastructure Strategy, we will need to increase our 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.

## 5.6 Borrowing

### 5.6.1 Internal borrowing

# We'll continue to use internal borrowing.

Council uses a mix of rates, reserves (accumulated funds), subsidies and grants, financial contributions and central government contributions to fund our expenditure. In the first instance capital expenditure is funded from reserves. In the past - project overruns, unforeseen projects and unanticipated events (e.g. COVID response) have been funded from internal reserves resulting in some of these reserves having deficit balances. Deficit reserves represent internal loans.

Council will continue to use internal borrowing to fund its Capital projects when it believes it is prudent to do so. This may be when the benefits of a project are intergenerational, or it is fair and equitable to do so. Council will 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.

### 5.6.2 External Borrowing

# We're taking on external debt.

> All councils are required to set quantified limits borrowing over the 10 year period of the Long Term Plan.

While Council has not previously had external debt, our ten-year capital expenditure programme requires external borrowing. If these works did not use external borrowing, the impacts on rates would be significantly higher. The appropriate use of external borrowing ensures appropriate levels of service are maintained for our infrastructure and facilities and in the long-term intergenerational equity is achieved.

When there is a shortfall of internal funds, Council will utilise external borrowings. In one area however, pending the outcome of the Central Government Reform, Council has made a conscious decision to borrow externally for the Three Waters capital expenditure.

The Long-Term Plan 2021-2031 will see more external borrowings utilised, increasing from $16.4 million at the end of June 2022 to a peak of $33.00 million in 25/26. Thereafter debt levels are projected to reduce to $6.79 million by the end of 2031.

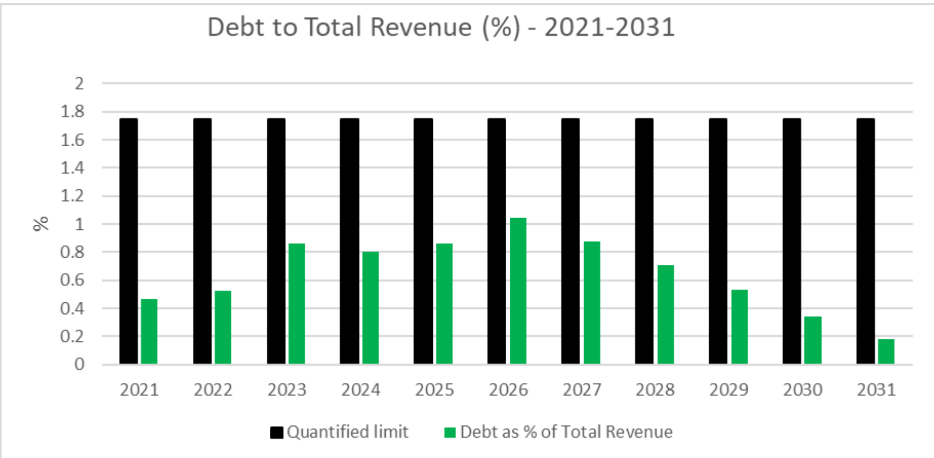
| 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 |
|---|---|---|---|---|---|---|---|---|---|
| $16.4m | $22.7m | $22.3m | $27.57m | $33.0 m | $ 29.2m | $ 24.6 m | $ 19.36 m | $12.95 m | $ 6.79 m |

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 proposed debt decreases sharply from $33.0 m in 2026/2027 to $6.79 m 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 set the following limits:

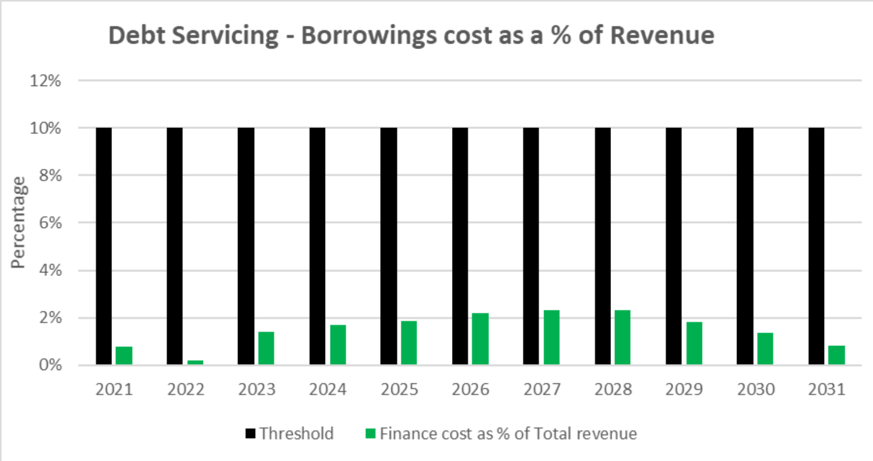
## Debt Limit One: **Debt will not exceed 175% of our total revenue.**

Council must not take on too much debt so has set a limit that the maximum debt on the balance sheet will not be greater than 175% of total revenue. Across the 10 years of this LTP debt is not expected to exceed 94% of total revenue. This provides Council with capacity to increase debt should this become necessary to cope with events like natural disasters.




## Debt Limit Two: **Debt servicing will not exceed 10% of total revenue.**

To ensure that Council can pay for the debt the cost of servicing this debt must not exceed 10% of total revenue. This ensures that we can continue to manage our debt repayments and interest now and into the future.




**What does this graph show?**

This graph shows that although we will be taking on more debt, we can continue to pay the associated costs (interest) within our 10% of revenue limit. This shows that our debt is sustainable.

**Managing our debt**

Council has the ability to offer as security a charge over rates. This allows us to offer strong security to secure lower interest rates. Full details are provided in our External Liability Management Policy available on our website.

Council will borrow from the Local Government Funding Agency (LGFA) and will be subject to the following relevant debt covenants required by the LGFA.

**LGFA Financial Covenants**

| Financial covenant | Lending policy covenants | Foundation policy covenants |
|---|---|---|
| Net Debt / Total Revenue | <175% | <280% |
| Net Interest / Total Revenue | <20% | <20% |
| Net Interest / Annual Rates Income | <25% | <30% |
| Liquidity | >110% | >110% |

**What if interest rates increase?**

Like many of the uncertainties we have to deal with in this Long Term Plan, we have made assumptions about our borrowing rate on the basis of the Official Cash Rate (OCR) which will be adjusted annually. There is a risk that borrowing rates could rise before the required funds are drawn, meaning the costs of borrowing could be higher than we have forecast. Our Significant Forecasting Assumptions outlines our assumption on borrowing interest rates and other key assumptions we've made.

## 5.7 Investments

# We're going to continue to invest.

Council has a range of investments which provide returns which offset rates. 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.

### 5.7.1 Cash Investments

The Council funds cash investments for the following reasons:

- To support the balance of cash backed reserves
- To ensure strong lines of liquidity and access to cash remain available to the Council. Cash is supplemented by the use of committed banking facilities.
- As a reserve for an unforeseen event

Overall Short Term investments will remain stable at approximately $ 9.9 m over the next ten years.

Cash is invested on short term deposits to manage cash-flows and maximise returns. The Council targets returns that exceed the 90-day bank bill rate

The following limit has been set to ensure that our investments continue to pay off for our community:

**Investment Limit One: the returns on investments and equity securities will be between 1.5% and 2%.**

During this Long-Term Plan, Councill will review its investment portfolio and how we approach new opportunities to ensure that they are bringing the best outcomes for our community.

### 5.7.2 Equity Investments

Currently, we hold one equity investment being a 4.96% share in Alpine Energy Ltd. This asset is not readily tradeable on the open market. It is our objective is to retain ownership of this investment.

### 5.7.3 Forestry Investments

We hold approximately 1,000 hectares of plantation trees. Forestry assets are held as long-term investments and an appropriate technique is used to establish fair value. Income from forestry is used to offset rates. The Investment policy also determines what the proceeds from forestry may be applied towards.

### 5.7.4 Property Investments

The overall objective is to own property that is necessary to achieve Council's strategic plan objectives. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. A similar process is applied for considering new property and land investments. More information can be found in the Te Manahuna Land Strategy on the Council website.

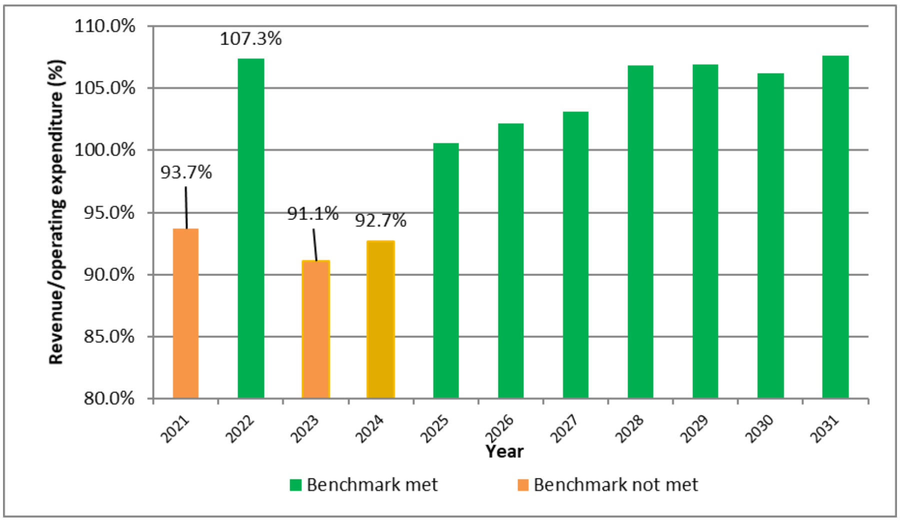
## 5.8 Balanced Budget

# 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.

A local authority meets the balanced budget benchmark for a year if its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year exceeds its operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment) for the year.




In 2021/2022 the higher levels rating coupled with significantly higher capital funding grants for Three Water projects ($4.3 m) have resulted in a balanced budget. 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, Council does return to a balanced budget for the remaining years of the Long Term Plan.

**What does this graph show?**

Simply put, we are running a balanced budget if we are bringing in at least the same about of income, as the costs we will incur during a year. While this is important, we can run an unbalanced budget for a few years to keep rates down when we have high expenses in particular years, but it is important that we get back to balancing our budget by meeting all of our costs.

Our balanced budget graph shows that we will have an unbalanced budget in Years Two and Three returning to a balanced budget from Year Four. We think that we need to do this to pay for everything that we need to do without further increasing rates.

Mackenzie

DISTRICT COUNCIL