



# Mackenzie District Council

## Activity Management Plan

## Regulatory Activities

2021 – 2031

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## 1. INTRODUCTION

The purpose of this Activity Management Plan is to outline the Council's approach to delivering Regulatory Services over the period 2018-2028.

The Council's Regulatory Services include:

- Environmental Management (the Planning Department);
- Building Control;
- Animal Control;
- Public Health; and
- Liquor Licensing

## 2. ACTIVITY DESCRIPTION

### 2.1 What We Do

#### **Environmental Management**

The planning department is responsible for administering the Council's functions under the Resource Management Act 1991. The key planning document is the District Plan, which sets out the issues facing the district and then manages the effects of those issues by setting objectives, policies and rules to achieve the purpose of the Resource Management Act. The purpose of the Resource Management Act is to enable sustainable management of the district's natural and physical resources.

- Other resource management functions of the planning department include:
- Resource consents processing
- Processing plan changes
- Monitoring and enforcement of resource consents and activities permitted by the District Plan
- Review of the District Plan

The planning department is also responsible for regulatory policy and bylaw development and monitoring, including bylaw and policy development in relation to the Health Act 1956, Dog Control Act 1996, Sale and Supply of Alcohol 2012 and Freedom Camping Act 2011.

#### **Building Control**

The Council is an accredited Building Consent Authority. Council's building control department is responsible for administering the Council's functions under the Building Act 2004. This involves processing building consent applications, monitoring the construction of buildings, and issuing code compliance certificates upon the completion of building work.

#### **Other Regulatory Services**

##### **Animal control**

Council administers the Dog Control Act 1996 and relevant bylaws and policies which require that dogs are registered, cared for, and kept under proper control. Dog control activities entail the investigation of complaints about unregistered dogs, nuisances caused by dogs (e.g. barking and aggressive behaviours), and resolving those complaints through education and enforcement where necessary.

Council is also responsible for the administration of the Impounding Act laws to ensure that wandering stock is controlled.

### **Public Health and Liquor Licensing**

The Council has responsibilities under the Food Act 2014 to ensure that premises which prepare and sell food meet hygiene regulations and are inspected. The Council also has other responsibilities under the Sale and Supply of Alcohol Act 2012.

These responsibilities are managed through a long-standing contract with Timaru District Council.

### **TA Building Service**

TA building service functions include:

- Building Warrant of Fitness
- Certificates of acceptance
- Pool fencing compliance
- Earthquake prone buildings compliance
- Dangerous and insanitary buildings
- Notices to fix
- Land information memorandum

The Building Services team is currently responsible for the delivery of the above services. An increasing focus on these regulatory activities by central government has increased the need and quality of the above compliance assessments.

## **2.2 Why We Do These Activities**

Overall, our regulatory activities contribute to the following community outcomes:

- An attractive and highly valued natural environment
- A thriving economy
- A fit and healthy community
- Safe, effective and sustainable infrastructure

### **Environmental Management**

*Table 1 The contribution of environmental management activity to community outcomes*

<b>Outcome</b>	<b>How environmental management contributes</b>
An attractive and highly valued natural environment	Keeping the District Plan up to date with the changing pressures that are facing the district will ensure that development which occurs within the district does not pose a detrimental effect on the amenity of the district. Managing the effects of activities through resource consents and monitoring activities within the district also contribute to this. Well planned and managed development is seen by the community as an important outcome.
A thriving economy	Enabling appropriately zoned and sustainable development in the district helps to support a thriving economy.
A fit and healthy community	Support for recreational activities through appropriate recreational and special purpose zoning in the District Plan provides opportunities for people to be fit and healthy.

## Building Control

This activity contributes to the following components of Council's vision for the Mackenzie District.

Table 2 The contribution of building control activities to community outcomes

Outcome	How building control contributes
A thriving economy	New buildings and alterations provide economic prosperity for local architects and builders involved in these projects within the district. New buildings also add capital value to the district which is important for growth and helps to encourage other commercial investment opportunities.
Safe, effective and sustainable infrastructure	Inspection of building work will ensure that builders comply with the building plans provided to, and approved by Council, and that safety and sanitary standards specified in the Building Code are met.

## Other Regulatory Activities

Table 3 The contribution of other regulatory activities to community outcomes

Outcome	How other regulatory activities contribute
A fit and healthy community	Our animal control, public health and liquor licensing services help protect the health, safety and general wellbeing of our community

## TA Building Services

Table 4 The contribution of TA building services to community outcomes

Outcome	How other regulatory activities contribute
A fit and healthy community	TA building services include unsanitary building inspections, assessments of earthquake prone buildings and pool fencing which contributes to a safe and health community
Safe, effective and sustainable infrastructure	Inspection of building work with specific characteristics (such as earthquake prone buildings, unsanitary buildings and pool fencing) will ensure that builders comply with the building plans provided to, and approved by Council, and that safety and sanitary standards specified in the Building Code are met.

# 3. MAINTENANCE & OPERATION

## Environmental Management

Our planning and policy functions are generally resourced internally with the processing cost recovered from applicants. Moving forward Council will need to engage significant external resources to support the District Plan Review.

The timeframes for processing of resource consents are governed by legislation, and where those timeframes are not met, we are required to apply a discounting policy.

Council seeks to undertake most of this work internally in order to provide the most cost effective and efficient service to the community. At times of high work load, or in cases involving a high level of complexity or conflict of interest, external consultants are used to assist and the actual cost associated with these functions are recovered from the applicant. Due to increased workloads in the policy function Council is likely to utilise external consultants more frequently to process resource consents, allowing in house staff the ability to focus on projects such as the District Plan Review and Policy and Bylaw Reviews required by statute.

### **Building Control**

Building Control functions are currently outsourced externally to two main contractors (Focus and Solutions). Both contractors are responsible for processing building consents, undertaking building inspections and administering Code of Compliance Certificates. Administration and quality assurance tasks are still resourced internally.

The timeframe for processing building consent applications is set by legislation. Currently, the two contractors are responsible for meeting these timeframes and for the training and development of their staff. The choice to outsource these tasks has improved both the quality and speed with which consents are processed, and inspections are undertaken resulting in more satisfied customers and better community outcomes. However, this team structure may not be sustainable in the medium to long term.

A review is currently underway to determine the future direction and composition of the Building Control services team. There is an opportunity for the council to share its building control services with councils which may improve the long-term sustainability of Building Control Authorities.

### **Other Regulatory Services**

#### **Animal control**

Council has in place a Dog Control Bylaw and Policy which is enforced by an MDC staff and a contractor. While at times resources are stretched when responding to dog control incidents, the Council's aim is to respond to all complaints within a timely manner.

#### **Public Health and Liquor Licensing**

The Council entered into a joint local alcohol policy (LAP) in 2016/17 with Timaru and Waimate District Councils. This joint policy provides a consistent approach to how the sale of alcohol is managed in these parts of South Canterbury. All Public Health and Liquor Licensing activities are managed by Timaru District Council on behalf of the Mackenzie District Council.

### **TA Building Services**

Internal resources currently manage TA building service activities. However, these activities are a recent addition to the Council's Building Services team which is currently under review. The review may propose the transfer or sharing of these activities with neighbouring councils or it may recommend outsourcing to external contractors.



## 4. COMMUNITY OUTCOMES, LEVELS OF SERVICE & PERFORMANCE MEASURES

The Regulatory services provided by Council contribute to the following community outcomes:

1. An attractive and highly valued natural environment;
2. A thriving economy;
3. A fit and healthy community;
4. Safe, efficient and sustainable infrastructure.

Levels of service	Performance Measure	Actual 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024-2031
To efficiently manage environmental issues within the District.	The percentage of those surveyed satisfied that the Council are adequately managing resource management issues in the District.	<b>Not Achieved</b> 78%	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.
To provide a customer focused service for processing resource consents while achieving our obligations under the Resource Management Act 1991.	The percentage of non-notified consents which are processed within the 20 working day statutory timeframe.	<b>Achieved</b> 98%	≥98% compliance.	≥98% compliance.	≥98% compliance.	≥98% compliance.
	The percentage of resource consent applicants who are satisfied with the quality of the service they receive.	<b>Not Achieved</b> 20% satisfaction	≥40% positive feedback to a customer survey.	≥50% positive feedback to a customer survey.	≥60% positive feedback to a customer survey.	≥75% positive feedback to a customer survey.
To provide a customer focussed building control service that achieves our obligations under the Building Act 2004.	The percentage of building consents which are processed within the 20 working day statutory timeframe.	<b>Not Achieved</b> 77%	100% compliance.	100% compliance.	100% compliance.	100% compliance.
	The percentage of applicants for building consents who are satisfied with the quality of the service they receive.	<b>Not Achieved</b> 48%	≥60% positive feedback to a customer survey.	≥70% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.
	Retain IANZ accreditation.	<b>Achieved</b> IANZ accreditation achieved for 2019/20.	IANZ accreditation is retained	IANZ accreditation is retained	IANZ accreditation is retained	IANZ accreditation is retained



Levels of service	Performance Measure	Actual 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024-2031
LIMS	The percentage of LIMS which are processed within the 10 working day statutory timeframe.	<b>Achieved</b> 87%	≥85% compliance.	≥85% compliance.	≥85% compliance.	≥85% compliance.
To provide a safe environment for dogs and the public to co-exist.	The percentage of those surveyed who believe the Council is adequately managing dog control issues in the District.	<b>Achieved</b> 84% satisfaction.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.	≥80% positive feedback to a customer survey.

## 5. GROWTH & DEMAND

In planning for the maintenance and operation of our regulatory activities, Council must consider what effects growth and demand will have, and how issues of sustainability will be addressed.

### 5.1 Population Growth

Mackenzie's population is projected to grow from around 4930 to around 6560 over the next ten years, based on medium projections. Like much of New Zealand, the proportion of people aged 65 years and older will grow within the district. It is anticipated that projected population growth will not impact significantly on the operation and maintenance of our regulatory activity.

### 5.2 Tourism Growth

The number of both domestic and international tourists visiting Mackenzie reduced significantly as a result of COVID-19. Projections over the next five years are therefore much lower than previously forecast. Domestic borders were locked down for six weeks over April and May in 2020. However, since the lockdown lifted domestic travel to the Mackenzie District returned to pre-COVID-19 levels.

International travel, however, will be restricted until internal borders open. An Australian New Zealand bubble is expected to open 19<sup>th</sup> April. There is no certainty on when worldwide borders will open.

The Mackenzie District Growth Projections (2020) provides visitor forecasts over the next 30 years. Due to the uncertainty surrounding lockdown restrictions, four separate growth scenarios were tested which assume different border restriction scenarios. The following forecasts are based on scenario 4<sup>1</sup>, which is currently the most likely outcome.

- Between 2019 and 2020, average overnight visits and average day visits fell by 45%
- Between 2019 and 2025, average overnight visits and average day visits will increase by 12%
- Peak visitor days (and peak overnight visits) should reach pre-covid levels by 2023
- By 2030, visitor numbers are expected to increase by 25% from 2019 numbers

A growing tourism industry may lead to an increase in demand for food safety and liquor licensing functions to support this growth, however, given the recent fall in tourism numbers it is unlikely to be enough to significantly impact on this regulatory activity over the next two to five years.

The hospitality sector is a still significant part of the Mackenzie economy. To date, three consents have been issued for the development for large scale accommodation in Tekapo. The return of tourists following the COVID-19 Pandemic is expected to determine the time for these developments to proceed.

In addition to the increase in consents, Holiday homes have unlawfully being rented out as visitor accommodation which is likely to result in an increase in the need for regulatory services, and in particular enforcement action. The first step in managing this is an education and communication approach. An increase in tourists may also lead to an increase in the requirement for monitoring under the Freedom Camping Bylaw and the management of abandoned vehicles. Increased visitor numbers are also expected to impact on the Council's civil defence coordination.

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<sup>1</sup> . Level 1 in June 2020, domestic travel is allowed, Australia/NZ bubble opens in April 2021, NZ to rest of world opens in Jan 2022

### 5.3 Demand for Commercial Development & Rental, Short-Term & Visitor Accommodation

Increasing visitor numbers and more workers coming into the district has seen demand for short-stay accommodation, long-term rental accommodation and affordable housing which has increased between 2016 and 2019. Demand for commercial consents has also increased.

Over the last decade a significant amount of construction has occurred in the district, on average 50 new houses have been built each year, growing the housing stock by 16.3% since 2010. This development has been occurring predominantly in Twizel and Lake Tekapo (Mackenzie Lakes). The number of new consents in these areas has increased significantly over the last five years. In Lake Tekapo the number of new dwelling consents has increased by 248% from 2014 to 2019 and in Twizel over the same period new dwelling consents have increased by 288%. There was a slight decrease in building consents in 2020, as a result of the COVID-19 lockdown, however recent projections indicate that the demand for commercial and residential development will continue to increase over the next five to ten years.

The table below shows the number and value of building consents over the past 5 years.

*Table 5 Building consent number and value over the last 5 years.*

Year	Number of consents	Estimated Value (\$M)
2016	147	\$28.3
2017	346	\$59.2
2018	321	\$77.0
2019	329	\$90.6
2020	256	\$71.0
2021 <sup>2</sup>	60	\$12.7

### 5.4 Townships

It is anticipated that there will be a growth of residential sections across the district. Table 6 summarises the increase in dwellings in each township over the next 15 years.

*Table 6 Total dwelling growth*

Total dwellings	2020	2025	2030	2035
Twizel	1546	1872	2152	2444
Tekapo	538	746	820	820
Fairlie	492	509	516	527

It is also anticipated that commercial growth will be seen in Tekapo in Years 1-3 of the LTP with a mix of accommodation and retail with some office space. Major refurbishments of existing commercial buildings are also expected.

### 5.5 Rural Development

Rural development around Fairlie will be better managed through the revised District Plan.

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<sup>2</sup> This is measured up until March 2020

## 5.6 Climate Change

The Mackenzie District is likely to be affected by climate change. In preparing the LTP, the Council has reviewed Ministry for the Environment climate reporting<sup>3</sup> and regional projections calculated for the period from now to 2100<sup>4</sup>. The LTP assumes that climate change is happening, and while the impacts are expected to be relatively minor within the period covered by the Plan, they will increase in future.

The Council is responsible for a range of functions that may be affected by climate, including natural hazards and resource management, land-use planning, and building control. There are a number of aspects of Regulatory Services which are likely to be affected by climate change in future.

*Table 7 Impact of Climate Change*

Function	Affected Assets or Activities	Key Climate Influences	Possible Effects
Land Use Planning and Policy	Management of development; Expansion of residential activity; Infrastructure planning, planning for land use and natural hazards	<ul style="list-style-type: none"> <li>– Increase in mean annual rainfall</li> <li>– Increased mean annual temperature</li> <li>– Increase number of 'hot days' (temperatures <math>\geq 25^{\circ}\text{C}</math>)</li> <li>– Increased frequency and severity of drought events</li> <li>– Increased frequency of extreme wind</li> <li>– Increased frequency &amp; severity of extreme weather events (rainfall)</li> <li>– Reduced number of frost nights</li> <li>– Reduced snowfall / retreating snowline</li> </ul>	<ul style="list-style-type: none"> <li>– Potential for inappropriate location of development and exposure to hazards</li> <li>– Potential for inappropriate or inadequate infrastructure, costly retrofitting of systems</li> </ul>
Building Control Services	Management of built development	<ul style="list-style-type: none"> <li>– Increase in mean annual rainfall</li> <li>– Increased frequency &amp; severity of extreme weather events</li> <li>– Increased frequency of extreme wind</li> </ul>	<p>Building control practices and requirements are likely to be reactive to effects of climate change:</p> <ul style="list-style-type: none"> <li>– Increased extreme rain events (frequency and intensity) will have an impact on flood hazard requirements for building within flood prone areas.</li> <li>– Review/increase in building requirements for wind hazard.</li> </ul>

<sup>3</sup> Ministry for the Environment 2018. Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. Wellington: Ministry for the Environment. Retrieved from [www.mfe.govt.nz](http://www.mfe.govt.nz) and [www.stats.govt.nz](http://www.stats.govt.nz).

<sup>4</sup> Ministry for the Environment (2016). *Climate change projections for New Zealand: Atmosphere projections based on simulations undertaken for the IPCC 5<sup>th</sup> assessment*. Retrieved from [www.mfe.govt.nz](http://www.mfe.govt.nz).

Function	Affected Assets or Activities	Key Climate Influences	Possible Effects
Civil Defence & Emergency Management	Emergency planning and response, and recovery operations	<ul style="list-style-type: none"> <li>Increased frequency &amp; severity of extreme weather events (with the exception of the retreating snowline, and decreased likelihood of snowfall events)</li> </ul>	<ul style="list-style-type: none"> <li>Greater likelihood of damage to properties and infrastructure, and greater risks to public safety</li> <li>An increased need for resources to manage and respond to emergency events.</li> </ul>

## 5.7 Impacts of COVID-19

COVID-19 will have a number of impacts on the Mackenzie District Council, particularly on tourism and visitor numbers, and consequently the demand for short term accommodation. This may influence the management and operations of some of the Council's regulatory responsibilities. Table 8 below outlines the potential impacts on each of the

*Table 8 Impact of COVID-19*

Function	Affected Assets or Activities	Possible Effects
Land Use Planning and Policy	Management of development; Expansion of residential activity; Infrastructure planning, planning for land use and natural hazards.	<ul style="list-style-type: none"> <li>A decrease in tourism activity may reduce the need for expansions and developments, at least in the short term</li> </ul>
Building Control Services	Management of built development.	<ul style="list-style-type: none"> <li>There may be a short-term decrease in building control activities which may reduce the need for officers and impact the Councils ability to manage periods of high demand in the future</li> </ul>
Civil Defence & Emergency Management	Emergency planning and response, and recovery operations.	<ul style="list-style-type: none"> <li>Lockdown restrictions may cause confusion surrounding emergency responses. Plans surrounding which emergency protocol takes precedent would assist with streamlining these processes.</li> </ul>

## 6. PLANS FOR THE FUTURE

### Environmental Management

Resource consent processing is expected to be business as usual. The Council may need to adapt our resourcing and processing depending on work load and any legislative processes during the term of the LTP.

The review of the Council's District Plan is a continuing project over the term of this LTP. The District Plan became operative in May 2004 and the Resource Management Act specifies that no parts of a district plan can be more than 10 years old. Reviewing the District Plan is a significant undertaking. The project work is being undertaken by both staff and consultants, but is being managed internally to achieve our goal of providing a customer-focused outcome.

District Plan changes are funded over a ten year period. The costs are met from the general rate, and are repaid over a 25 year period. This is to smooth the burden, as significant plan changes can

be costly and would have a significant rating impact if the costs were met by rates in the year that the costs were incurred. District Plan changes have a life of 10 years by statute, and this is the reason for rate funding the costs over that period. Given the uncertain nature of potential appeals to the Proposed District Plan, it is difficult to make any assumptions as to the anticipated costs involved during the term of this LTP. A budget amount of \$2.5million over the next three years is proposed to meet the cost of the District Plan review.

A total amount of \$1.2 million is proposed in Year 1 of the LTP for strategic planning work in the townships of Lake Tekapo, Twizel and Fairlie that will inform the District Plan Review process.

Ongoing amendments to the Resource Management Act and the introduction of National Planning Standards in 2019 increased compliance cost to the Council. The full impact of these changes are unknown at this stage. The proposed District Plan Review process and timeline has been adapted to align with that of the Planning Standards.

### **Building Control**

The management and team composition of the Building Control services is currently under review due to the increased focus on meeting regulatory requirements, an increasingly competitive market for skilled resources and the growing demand for building consents.

The Council is considering the development of shared building control services with neighbouring councils. The pooling of Council resources would provide greater scale and more resource stability, reducing the unit costs of processing consents. The Council will also consider the continued use of external contractors which transfers the responsibility of maintaining the appropriate level of resources, maintaining staff training, and meeting statutory requirements to a third party. This model currently provides a high quality of service but may not be financial sustainable in the long-term.

The review also identified the need to provide additional resources to undertake (TA) building compliance work, particularly considering central government have signalled an increase focus on formal compliance in these areas (Building Warrants of Fitness, Earthquake assessment, Pool fencing, Dangerous and insanitary assessment etc.). The Council is planning on significantly increasing the number of TA building compliance assessments undertaken over the next five to ten years.

The Council will continue to be an IANZ accredited building control authority<sup>5</sup> with the responsibility of providing a high standard of building control and staying abreast of changes in this industry, with a focus on improving customer satisfaction and maintaining strong community relationships.

### **Other regulatory services**

#### **Animal Control**

Dog control is a balance between providing a suitable level of service and managing the cost to the Council which can be challenging. Our intention is to continue using contractors to provide this service with Council staff providing the associated administrative responsibility and acting as backup where necessary. There is still a need to acquire a piece of land to establish a new pound in Fairlie so as to meet statutory requirements.

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<sup>5</sup> It should be noted the review may recommend the transfer of all building control services to another council, in which case the Council will no longer be an IANZ accredited building control authority. All building control services would be solely undertaken by the other Council.

## **Public Health & Liquor Licensing**

We intend to continue with our contract with Timaru District Council to provide health and liquor services as this has been successful.

## **7. MANAGEMENT OF THE ACTIVITY**

### **7.1 Significant Negative Effects**

Providing for sustainable management under the Resource Management Act is a balancing act between providing for community wellbeing through growth and development while managing the state of the environment. Regulatory activities can impose compliance costs and restrict individual freedoms to promote a greater public good. However, we do not believe that the current regulatory framework significantly impacts the ability to provide for the public good.

Generally the provision of regulatory services is a core function prescribed by legislation and this activity is very much business as usual for the Council.



## 7.2 Assumptions

### GROWTH ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Population Growth</b> It is assumed that growth in the district's population will generally be consistent with the medium projections developed for Mackenzie District Council in 2020.  These indicate a growth rate of around three percent year on year, with population projections of 6,561 in 2030 and 9,050 in 2050.		✓		Population change occurs within the district at a higher or lower rate than predicted.	A significant, consistent decline in population may adversely affect Council's ability to set rates at a level affordable to the community.  A significant, consistent increase in population could adversely affect Council's ability to meet some service levels.	Council will continue to monitor population measures within the district and respond to meet needs where possible.
<b>Demographic Changes</b> Most population growth within the District is expected to be at older ages (55+ years), with the proportion of over 65s living in the district projected to be slightly higher than the NZ average.  Twizel and Fairlie have a higher proportion of older people (65+) than other areas in the district and this is not expected to change over the life of the plan.  Younger workers (20-30 years) will make up a considerable portion of the		✓		Demographic changes occur at a higher or lower rate than expected.	Changes to the projected demographics may place pressure on some Council services due to increasing demand, which may lead to a lower level of service in these areas or a requirement for additional investment.	Council will continue to monitor demographic changes within the district and respond to meet needs where possible.

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
population employed in the tourism market.						
<b>Household Changes</b> It is anticipated that changes to household numbers and composition will generally reflect population projections and forecast changes to demographics (that is, an ageing population). This is not expected to create any significant impact on demand for infrastructure and services, given the relatively small increase in total population projected to occur.		✓		Household changes across the district occur at a higher or lower rate than expected.	A slower rate of household growth may mean that some service activities have overinvested in infrastructure (too much capacity too soon).	Council will continue to monitor household changes within the district. Where rapid growth occurs, this is likely to be within existing subdivisions where servicing provision has already been made or, where growth requires additional infrastructure, developers can be required to meet this demand through the payment of financial contributions.
<b>Dwelling Numbers</b> It is assumed that growth in dwelling numbers will primarily be driven by demand for short-stay visitor and holiday accommodation due to year-on-year increases in both domestic and international visitor numbers to the district.  Growth in demand for private holiday accommodation is predicted to have an impact on the availability of residential housing. However, the large proportion of unoccupied dwellings in the district, particularly in Tekapo (60%) and Twizel (52%), is not anticipated to change or increase significantly.		✓		Dwelling changes across the district occur at a higher or lower rate than expected.	A higher or lower rate of dwelling growth may impact on provision of services, such as the issue of resource and building consents.	Council will continue to monitor dwelling growth in the district and adjust provision of supporting services as required.

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Distribution of development across the district</b> The pattern of growth will be consistent with the spatial planning used to inform the District Plan Review The pattern of growth will be guided by the next generation district plan which will be operative in 2022. Understanding of the growth pattern will be sufficient for infrastructure planning		✓		Development will be more focused in one area than another  Growth will occur at a rate that differs from infrastructure planning and provision	Provision of infrastructure will not align with development	Guide development through the district plan, and track development levels
<b>Tourism Numbers</b> It is assumed that visitor numbers will return to pre-COVID-19 numbers around 2022/23, and from that point visitors to Mackenzie District will be at least equivalent to the growth level experienced pre-COVID-19.  It is also assumed growth in domestic visitors to Mackenzie District will be significantly higher than pre-COVID-19 while international travel is limited.		✓		Change to tourism numbers and composition occurs at a rate significantly above or below the growth levels assumed.	Increases in projected visitor numbers may place pressure on supporting services and infrastructure. Conversely, a drop in tourism to the district may mean that service activities have overinvested.	Council will continue to monitor tourism numbers to the country and district and respond to meet needs where possible.
<b>COVID-19</b> Borders will remain closed to tourists/casual travellers for a further twelve months, at which point limited tourism will resume. From 2021 to 2030 tourism activity will progressively return to 2020 levels		✓		Borders will remain closed for a significant period,	Economic activity and international migration will be limited, affecting population and business growth.	Council will continue to track trends and provide for the wellbeing of the community.  Investment will be advanced to support employment and prepare infrastructure for the future.

## ECONOMIC AND FINANCIAL ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Economic activity, income levels and affordability</b> It is assumed that there will sufficient economic activity and incomes within the district to support Council activities		✓		Service provision becomes unaffordable	If there is insufficient economic activity and incomes of district residents are businesses are strained, it would be difficult for Council to fund the range of activities it is responsible for	Economic activity is tracked and the funding impact strategy is reviewed in line with the economic circumstances
<b>Inflation</b> To develop a consistent approach for local government to account for inflation, the Society of Local Government Managers (SOLGM) contracted Business and Economic Research Limited (BERL) to construct forecasts for inflation. It is assumed that long term inflation will be consistent with BERL's Local Government Cost Index (LGCI) forecasts.		✓		Inflationary costs in some areas may increase at a rate different to that forecast.  Local Government Cost Adjustor Forecasts Three scenarios	If inflation rates are higher than forecast in the financial model this will mean that either additional money will be required, or planned work is reduced to fit the fiscal envelope. If the work is not reduced this could mean using additional reserves, increasing debt or increasing rates.	In preparing the LTP, Council is required to use best estimates in determining the level of costs to be budgeted and to account for the effect of price changes or inflation expected over the ten year period.  Council has endorsed the 'mid-scenario' rates produced by BERL (September 2020) as the assumption for accounting for inflation for the preparation of the LTP.  Some types of costs (eg roading and transport costs) have been subject to fluctuations in recent years, so it is inherently difficult to predict trends with accuracy. However, these costs will be mitigated through the annual

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
plan process where the annual adjustment can be made.						
<b>Interest Rates and Borrowing</b> Borrowing costs are assumed to be as included in Financial Forecasts.  Council assumptions on interest rates are based on the Official Cash Rate (OCR) plus an appropriate margin. For the life of the LTP the borrowing rate is assumed to range from 1.7% to 2.4%. That rate will be used for calculating interest rates and will be adjusted annually.		✓		Forecast interest rates are higher or lower than forecast.  The movement in interest rates has a wide ranging effect on the Council. The Council’s cash investments have derived interest at the market rates and the Council’s internal financing policy bases the interest paid to or charged to individual communities on the Official Cash Rate.  The level of works and services rates levied is dependent in part on the interest rate used in Council’s internal funding policy.		Any exposure to borrowing interest movement will be managed by a preference for a higher percentage of fixed term rates.
<b>Waka Kotahi (NZTA) Financial Assistance</b> The Long Term Plan assumes that the subsidy from New Zealand Transport Agency will be 51% across all activities for the life of the Long Term Plan, and that these subsidy rates will remain at this level until the Funding Assistance Rate is reviewed.		✓		Council’s risk is the roading programme may reduce due to a number of factors. These include 1. a further change in subsidy rates and/or size of the programme in years 4-10. This plan assumes Council will maintain or expand its spend through	The roading programme could be reduced from what is shown, due to limitations on the amount of work NZTA is prepared to financially support. Expenditure may differ in any year from that forecast.  If Council wanted to continue its roading programme, other	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
				additional unsubsidised work. 2. the NZTA subsidisable programme may differ from what has been assumed, which may impact the Council's spend in future years..	funding sources such as rates would need to be utilised.	
<b>Dividends received – Alpine Energy Ltd</b> It has been forecast that the dividend based on Council's shareholding will be \$123,000 per year. This value could change from year to year based on Alpine Energy decisions.		✓		The dividend could be less than that anticipated,	A lower dividend would reduce this funding source, meaning greater reliance on other revenue sources or reduction in expenditure.	While a level of funding is expected, the financial strategy will consider if this revenue stream is lost
<b>Development and Financial Contributions</b> Costs associated with growth will be partially funded through development and/or financial contributions		✓		Council does not recoup costs associated with meeting infrastructure costs associated with growth	The ability to fund infrastructure costs will fall on ratepayers alone.	Council will review its Development Contributions and Financial Contributions policy as part of the Long Term Plan/Infrastructure Strategy process.
<b>Waste levy</b> The waste levy will be progressively increased to \$60/tonne, at the same time opportunity to receive funding for waste minimisation education and initiatives will increase			✓	That the cost and revenue associated with the change is inappropriate	That increased waste levy costs will discourage responsible disposal of waste, and illegal dumping will increase  That funding of programmes will not be available for waste minimisation education and initiatives in Mackenzie district.	Sufficient explanation to the community about the costs and benefits

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Sale or Transfer of Assets</b> It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Departments.			✓	That the objectives whether financial or non-financial of holding strategic assets are not achieved.	Should specified returns not be attainable, we would review our investment. Such a review may have a financial impact.	Any decision to sell or partially sell would be significant. A proposal with options would be provided to the community for feedback as part of a special consultation process.
<b>Sources of Funds for the Future Replacement of Assets</b> It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.			✓	A particular funding source is not available.	Depreciation funds renewals funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development / financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.	
<b>Timing &amp; Level of Capital Expenditure</b> The Long Term Plan assumes that the timing and cost of capital projects and associated operating costs are as determined through the Council's activity management planning process.		✓		<p>There is a risk that capital projects may not occur as planned, or actual costs may vary from the forecast therefore may have an impact on the costs.</p> <p>Transport projects seeking subsidy will need a Business Case approach to NZTA which may change originally anticipated outcomes.</p>	<p>If projects do not occur as planned, capital expenditure may differ from forecast. Delays may change the cost of individual projects and defer planned borrowing. This will impact on rates increases. Delayed renewals could lead to an increase in maintenance costs.</p> <p>Any significant delay will have a negative Impact on the delivery of future capital</p>	<p>The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.</p> <p>High level of vigilance over capital delivery to Executive level, resulting in timely corrective actions if required</p> <p>Regular reporting to Council on the programme so Council has full visibility of programme, milestones, and tracking</p>



Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
					programme due to a limited number of resources Council has available to deploy in any one year.	Programme is prioritized by vulnerability and criticality to ensure projects that would lead to loss of service or additional costs are top of the list Regular market assessments undertaken including critical supply chains to ensure programme is realistic and deliverable Council have the ability to value engineer the project if it exceeds estimates. In addition, the Council has contracted external project managers to oversee the programme and project management and delivery of key 3 Water projects.
<b>Asset Revaluations</b> Council has a policy of revaluing its buildings, land and infrastructural assets on a three yearly basis. The LTP assumes that the book values of the relevant assets as at the revaluation dates will be increased by inflation rates as per the inflation assumption.			✓	Inflationary costs in some areas may be different from that forecast. The condition of the assets may be different to that assumed and the value of the asset may differ accordingly.	There may be a higher or lower asset value and a lower or higher depreciation charge.	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.
<b>Planning Horizons and Asset Lifecycles</b> It is assumed that the planning horizon for growth (30-45 years) and asset lifecycles (30 years plus) are sufficient to inform the ten year forecasts included in the LTP.			✓	The planning horizon for growth and asset life services differ from that assumed.	There is insufficient planning to guide decision making and investment	LTP and IS are thoroughly developed relevant to District issues

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Useful Lives of Assets</b> The useful lives of assets have been assumed as set out in the following table, which matches the depreciation policy under the Statement of Accounting Policies:		✓		Assets last longer than the lives assumed, or assets deteriorate at a faster rate than the lives assumed.	Assets require replacement earlier or later in their life cycle.	Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure. In the event of assets wearing out earlier than anticipated, capital projects could be brought forward. This may affect borrowing and depreciation expenses. Negative impacts are likely to be at least partially offset by some assets lasting longer than estimated. Mitigation may also involve reprioritisation of the capital expenditure programme.

Assets	Depreciation method	Life (years)
Buildings	Straight line	13-80
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles	Straight line	5
Office equipment	Straight line	5-10
Light plant and machinery	Straight line	10-25
Plant and machinery	Straight line	10-25

Assets	Depreciation method	Life (years)
Alps 2 Ocean cycleway	Straight line	50
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths	Straight line	6-80
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17
Kerb and channelling	Straight line	10-10

Resource recovery parks	Straight line	10-33
Flood protection and control works	Not applicable	-
Landfills	Straight line	30-50
Village projects	Straight line	5-80

Assets	Depreciation method	Life (years)
Stormwater		
Lines	Straight line	60-150
Manholes	Straight line	150
Open drains	Not depreciated	-
Wastewater		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	80

Street signs	Straight line	13
Street lighting	Straight line	20-40
✦ Bridges	Straight line	80-100
Resource consents	Straight line	10-33

Assets	Depreciation method	Life (years)
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	25
Service lines	Straight line	80-100
Hydrants	Straight line	80
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

## GOVERNMENT, LEGISLATION AND REGULATION ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<p><b>Legislative Change and Regulatory Reform</b></p> <p>As an organisation that is created and derives its powers from statute, changes to legislation have a direct impact on the way we conduct our business. The speed and scale of legislation review depends largely on the policy direction and priorities of the government of the day. Reform of the Resource Management Act 1991 will proceed in 2021-22. A new legislative framework will include the Natural and Built Environments Act, the Climate Change Adaptation Act, and the Strategic Planning Act. The Strategic Planning Act is intended to integrate functions under the RMA, Local Government Act 2002, Land Transport Management Act 2003 and the Climate Change Response Act 2002 so changes are also expected with those Acts. It also assumes the Council will remain an independent unit of local government during the next 10 years.</p>		✓		<p>The impact of government legislation is more or less than expected.</p> <p>New legislation is enacted that alters the activities Council undertakes or provides.</p>	<p>Unrealised impacts of legislative changes may create greater impacts on Council operations, including operating budgets, workloads, time and resource availability. These pressures may lead to additional costs for ratepayers.</p> <p>Where legislative changes require Council to provide additional services or increased levels of services, this may impact fees and charges for cost-recovery activities.</p>	<p>Most changes to legislation are known in advance, giving councils the ability to prepare for implementation. Council will monitor existing and potential legislative changes as they move through parliamentary process. Where appropriate, Council will submit on legislation to encourage reduced or improved impacts on Council operations and limit costs to ratepayers.</p> <p>Historical trends have been for services transferred from central government to local government. The cost and impact on our activities as a result of future legislative changes cannot be quantified at this stage as it would be dependent on the specific services affected by the legislative change. Financial uncertainty in this area would generally impact the cost of introducing changes, and the mechanisms required to fund any new services.</p>

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Legislation Reform – Water Services</b> While it is assumed that there will be change to the ownership and delivery of Three Waters in the next ten years, Council is not able to predict with absolute certainty what those changes will be. It is unlikely that details will be known earlier than mid-to-late 2021. This LTP has been developed on a business-as-usual basis for the delivery of Three Waters; but the change is very likely to occur over the mid-term (3-5 years). The replacement value of all Three Waters assets total \$90.7 million (as of 30 June 2020). Planned capital projects will be valued at \$52.6m at the end of the LTP. The major capital projects are the \$4.8m sewerage reticulation upgrade and \$18.1m waste water treatment plant upgrade. In addition currently underway we have \$7.4m water treatment projects underway (20/21 and 21/22). <sup>6</sup>				Legislation changes under urgency in parliament that must be implemented and transitioned to over a period of time	Changes are required to be implemented more quickly than anticipated and the changes are mandatory rather than voluntary.	Council closely monitors any and all developments, and responds accordingly
<b>Resource Consents</b> It is assumed that the conditions of resource consents held by Council will not be changed significantly and that the Council will be able to renew and obtain the necessary resource consents for its planned projects.				Resource consents are changed through reviews, or applications for Council projects are not approved or have significant compliance or monitoring costs.	Projects will cost more if compliance requirements are significant, or may not proceed as planned if consents are not obtained.	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.

<sup>6</sup> All values are inflated values

## ENVIRONMENT ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<p><b>Climate Change</b></p> <p>Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time.</p> <p>Impacts include increases to mean temperature, with corresponding reductions in snow and frost days. We anticipate an increase in the frequency and severity of extreme weather events.</p>		✓		<p>There is a risk that climate change effects are not understood and appropriate action taken.</p> <p>There is a risk that Council actions will not be consistent with community opinion.</p>	<p>If climate change happens more quickly or in a different way to that projected; Council may need to carry out work on its infrastructure assets.</p> <p>Council's business units may not recognise climate change in the delivery of their services. Decisions made now without this consideration may have intergenerational effects on land use decisions, environmental policy and infrastructure decisions e.g. relying on undersized assets and resources in highly vulnerable areas.</p>	<p>Climate change assumptions are factored into Council strategies and plans including the District Plan Review and Infrastructure Strategy. Council activities will build appropriate mitigation responses into resilient infrastructure development including the improved water storage in Fairlie, water metering, the establishment of the emergency operations centre reserve fund and Council's risk management work through the Canterbury Emergency Management Group.</p> <p>Council will continue to monitor climate change science and the response of central government and adapt its response where required.</p>
<p><b>Natural Hazards / Local Natural Disasters</b></p> <p>The district is at risk from natural hazards such as flooding, earthquake, and storms. These events can occur at any time, without warning.</p>		✓		<p>A major adverse event occurs resulting in a significant impact on the district and Council's services.</p>	<p>A disaster has the potential to cause significant, unbudgeted impact on the Council and the community.</p>	<p>Council seeks to mitigate this risk through its Civil Defence, Risk Management and Insurance Policies.</p>

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<p>It assumed that there will be no major adverse events during the period covered by this Long Term Plan beyond Council, Regional and National capabilities.</p> <p>While events may occur at any time, Council's planning will focus on operational resilience and Emergency Management.</p>					<p>In the event of a major disaster, Council has assumed additional central government support will be forthcoming.</p> <p>Council would need to borrow additional funds to make repairs and meet the costs of restoration</p>	<p>Council keeps appropriate levels of cash reserves (\$3.0m) and sufficient head room in its borrowings to enable it to undertake any repairs on its underground assets.</p> <p>Central government has a role in disaster recovery after a natural disaster.</p> <p>Council will progressively build a reserve to fund the local share of Emergency Works applications to NZTA</p>
<p><b>Civil Defence and Emergency Management</b></p> <p>CDEM functions will continue to be provided across the district, via the Canterbury Regional Group</p>		✓		<p>CDEM structures and planning are not appropriate for application to Mackenzie</p>	<p>The response to an event would not be suitable</p>	<p>Ongoing involvement in CDEM planning and governance</p>
<p><b>Insurance</b></p> <p>Council will hold a reserve fund of at least \$3 million to respond to emergencies and that this will be adequate for immediate requirements</p>			✓	<p>A major event will have significant financial implications that are beyond Council's ability to fund</p>	<p>It is assumed this will be adequate to meet the portion Council needs to fund – this is highly variable</p>	<p>A review is proposed on the insurance of assets and the suitability of a reserve fund as 'self-insurance'</p>
<p><b>Earthquake prone buildings</b></p> <p>There are no earthquake prone buildings affecting strategic transport routes</p> <p>There are no unknown earthquake risks associated with Council owned buildings. Council's building control responsibilities can be delivered through normal management and operational processes</p>			✓	<p>Actions required by Council have not been allowed for</p>	<p>Processes are required, that would put additional workload on staff</p>	<p>Actions assigned to staff</p>



## LEVELS OF SERVICE AND SERVICE DELIVERY ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Level of Service</b> It is assumed the level of service expectations of the community will remain similar to current level, or change progressively over time.		✓		That there is a rapid change in expectations	Service provision may not be able to be adapted quickly to meet changes	On going customer satisfaction assessment is undertaken and consultation over service levels occurs through the LTP and Annual Plan processes
<b>Service Delivery Modes &amp; Contracts</b> It is assumed that there will be no significant changes to current modes of service delivery for each service area or variations in terms of contract prices (above inflation and inventory adjustments) for current operations and maintenance contracts.  Council will continue to consider collaboration opportunities and assess changes to service delivery on a case by case basis.			✓	Maintenance contracts may be re-tendered during the plan period. If maintenance and service contracts are consolidated and/or re-tendered there is a possibility contract prices will be higher than anticipated.	This would require Council to either increase rates and/or operating revenue if efficiencies cannot be found or it may consider reducing levels of service.	

## OTHER ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>New Technologies</b> There will be no new technologies deployed within the period covered by the Long Term Plan that will significantly change the demand for or provision of services.			✓	Technologies may become available which significantly change the demand for or provision of services.	Inefficient or ineffective provision of services in the traditional manner when other alternatives may be available.	Council will regularly monitor existing and proposed technologies as they relate to service provision.
<b>Collaboration and Shared Services</b> Opportunities for joint initiatives will continue to be explored (e.g. Waste Management Service Delivery, Aoraki Roding Collaboration, Water Services review). District and Community Board Autonomy will remain similar to the current level.		✓		Council is not sufficiently represented in decision making	Council is unable to provide services that are fit for purpose or efficiently	Council will engage in and commit to combined initiatives for the benefit of Mackenzie residents.
<b>Te Rūnanga o Ngāi Tahu and ngā papatipu rūnanga</b> Council has established and enduring relationships with Te Rūnanga o Ngāi Tahu (TRoNT) and the three papatipu rūnanga whose rohe (area) include the Mackenzie District: Te Rūnanga o Arowhenua, Te Rūnanga o Waihao, and Te Rūnanga o Moeraki.			✓	Engagement and consultation is not effective and appropriate for the relationships	Decision making does not include Maori as required under legislation; or as is appropriate for the wider Mackenzie community	There is ongoing dialog with Te Rūnanga o Ngāi Tahu and ngā papatipu Rūnanga

### 7.3 Risk Management

The table below describes significant risks and control measures as they may impact, influence, or affect the regulatory activities of Council. Mitigation measures are also recorded for each identified risk.

Risk	Likelihood/Impact	Potential Impact/Mitigation
Attracting and retaining volunteers for CDEM. Volunteers are an important resource for Welfare Centres. There are competing demands on volunteers' time.	Medium/High	Recruitment drives will be undertaken as necessary. Current volunteer teams will be supported, including providing ongoing training.
Attracting and retaining skilled and experienced Regulatory Services staff	Medium/High	It is extremely difficult to attract senior staff in the planning and building control areas. With a heavy work load and performing within restrictive timeframes, this is a risk to Council. Outsourcing to external consultants will be undertaken as and when required. The Council will also consider the collaboration and sharing of these services across neighbouring councils.
IANZ accreditation	Medium/High	Council is an IANZ accredited building control authority with the responsibility of providing a high standard of building control and staying abreast of changes in this industry. Council's ability to perform this function is independently assessed from time to time and non-compliance could lead to Council losing its accreditation. Ongoing training and self-auditing is in place as a mitigation measure. Outsourcing to external contractors, or the sharing of services across councils will also reduce the risk of non-compliance

## 8. SUMMARY OF COST FOR ACTIVITY

### 8.1 Capital Expenditure

The Council has proposed an expenditure of \$482,000 (inflated) for the assessment, development and construction of a new pound. This assumes that the location of the pound will be on council owned land and not in Tekapo.

#### 8.1.1 Proposed Future Capital Works Programme

The only planned capital works required to undertake regulatory activities is the construction of a Mackenzie District Council pound. This includes a site investigation and some ongoing maintenance following its construction.

Table 9 Proposed capital expenditure for Regulatory activities.

REGULATORY SERVICES	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr	Budget Yr
	0	1	2	3	4	5	6	7	8	9	10
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	(thousands)										
<b>Animal Control</b>											
Construction of Pound & site investigation	0.3	\$50,000	\$410,000	\$2,622	\$2,679	\$2,738	\$2,799	\$2,860	\$2,923	\$2,987	\$3,053
<b>Total Regulatory Services Capital Expenditure</b>											

## 8.2 Annual Net Cost

### 8.2.1 A statement of financial performance

Council sets a range of fees and charges to meet the proportion of the total costs of these services that it believes should be funded from the user of the service provided. However, it is not always able to determine accurately its level of cost recovery for a couple for reasons. The maximum fee may be set by statute and the number of licenses or permits issued may vary from year to year. An example of this is the liquor licence fees which are set by statute.

Regulatory	Budget 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
\$000's										
Sources of Operating Funding										
General rates, uniform annual general charges, rates penalties	833	1123	1356	1620	1680	1651	1501	1326	1279	1290
Targeted rates	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	300	308	315	322	329	336	343	351	358	366
Fees and charges	1328	1405	1485	1568	1657	1752	1853	1961	2076	2199
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	-20	-21	-21	-21	-22	-22	-23	-23	-24	-24
Total Operating Funding (A)	2,441	2,815	3,135	3,489	3,644	3,717	3,674	3,615	3,689	3,831
Applications of Operating Funding										
Payments to staff and suppliers	3,826	3,419	3,140	3,001	2,924	3,034	3,151	3,275	3,408	3,549
Finance costs	22	45	58	67	58	47	43	38	35	35
Internal charges and overheads applied	-27	-25	-19	35	72	46	166	168	212	247
Other operating funding applications	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	3,821	3,439	3,179	3,103	3,054	3,127	3,360	3,481	3,655	3,831

<b>Regulatory</b>	<b>Budget 2021/22</b>	<b>Forecast 2022/23</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>	<b>Forecast 2025/26</b>	<b>Forecast 2026/27</b>	<b>Forecast 2027/28</b>	<b>Forecast 2028/29</b>	<b>Forecast 2029/30</b>	<b>Forecast 2030/31</b>
	\$000's									
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>-1,380</b>	<b>-624</b>	<b>-44</b>	<b>386</b>	<b>590</b>	<b>590</b>	<b>314</b>	<b>134</b>	<b>34</b>	<b>0</b>
<b>Sources of capital funding</b>										
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	250	256	262	268	274	280	286	292	299	305
increase (decrease) in debt	1406	1034	47	-383	-587	-587	-311	-131	-31	3
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1656</b>	<b>1290</b>	<b>309</b>	<b>-115</b>	<b>-313</b>	<b>-307</b>	<b>-25</b>	<b>161</b>	<b>268</b>	<b>308</b>
<b>Applications of capital funding</b>										
Capital expenditure										
- to meet additional demand	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	50	410	3	3	3	3	3	3	3	3
- to replace existing assets	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	226	256	262	268	274	280	286	292	299	305
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>276</b>	<b>666</b>	<b>265</b>	<b>271</b>	<b>277</b>	<b>283</b>	<b>289</b>	<b>295</b>	<b>302</b>	<b>308</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>1,380</b>	<b>624</b>	<b>44</b>	<b>-386</b>	<b>-590</b>	<b>-590</b>	<b>-314</b>	<b>-134</b>	<b>-34</b>	<b>0</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>