

Introduction

In the years when we do not produce a Long Term Plan, an Annual Plan is prepared to detail the work programme and expenditure for the coming year.

The Annual Plan also highlights any variations for the coming year from what was proposed in the current Long Term Plan. Where there are notable variations, reasons are provided as well as the financial impact of these changes.

The financial year beginning 1 July 2022 is the second year of Mackenzie District Council's Long Term Plan 2021/2031. This Annual Plan does not contain any significant changes from Year 2 of the Long Term Plan 2021-2031. As a result, we are not required to consult on the Annual Plan itself in accordance with section 95(2A) of the Local Government Act 2002.

Instead, we are engaging with our community by providing this key information about the budgets and work programme that they can expect to see us complete throughout the 2022/23 year.

Council plans to formally adopt the 2022/23 Annual Plan on 28 June 2022. However, a draft version is available on our website, www.mackenzie.govt.nz, and at Council offices and libraries in Fairlie and Twizel.

Mayor/CE Message - Leading the change for future generations

At Mackenzie our team has focused on serving our community the very best we can. The 2022/23 Annual Plan sets out the projects and our direction for the next year. We have our sights focussed on the future and this year we plan to kick off the review of our District Plan and the implementation phase of Te Manahuna Ki Uta. These two projects are focussed on the long term and giving effect to some of the strategy we have developed for our reserves, trails and facilities.

We continue to balance our small ratepayer base against the ever increasing costs of meeting increasing government regulations and standards and an ongoing push to protect our natural environment for our locals, visitors and treaty partners.

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

In the LTP we said it was a time for change and we needed to fund our services, compliance requirements and meet new standards at higher levels than we have done previously. This year we continue to do this. We need to continue this to ensure our council can continue to function in a sustainable manner and provide the infrastructure and services our community needs.

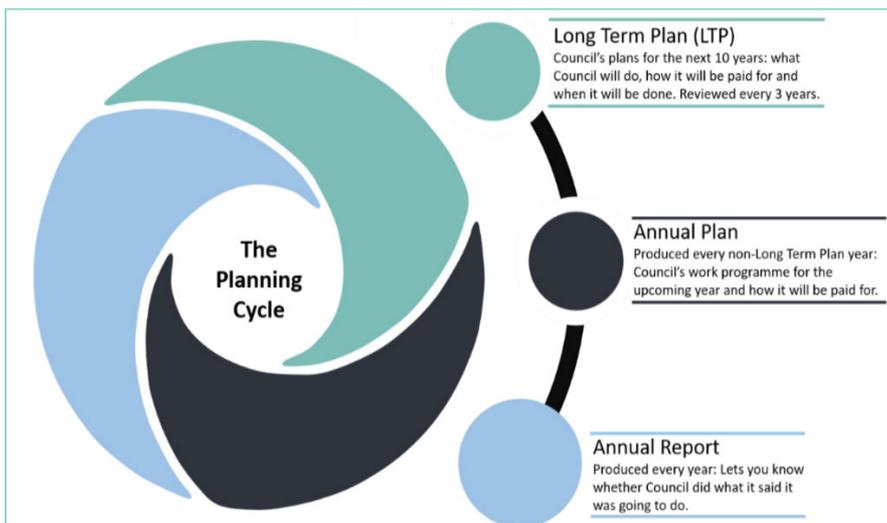
For many in our community the past two years have been difficult; especially so for our tourist operators and accommodation providers with the borders remaining closed. As we move further into 2022, and hopefully with the first wave of Omicron behind us, we will continue to be challenged with a slow tourism recovery, high inflation levels and supply chain logistics delays. We signalled a rates increase of 17% in the LTP and this is exactly where the rates increases have landed despite the increased inflation.

Central government is continuing to drive a wide reform agenda that includes changes to both the delivery of water services and the ownership of water infrastructure assets, significant changes to the Resource Management Act (RMA), and a review of the future for Local Government. Keeping abreast of what this means and providing information and submissions on all of this adds to MDC's workload, which in turn means additional costs.

We will continue to lead the significant projects and improvements for our communities that were confirmed in last year's Long Term Plan (LTP).

MDC is committed to investing in our community and making decisions that ensure the Mackenzie District continues to be a unique and special place to live, work and play.

Today's choices will help us create tomorrow's Mackenzie. This investment modernises our infrastructure and helps create thriving vibrant places in a unique natural environment with unparalleled vistas and night skies.



Graham Smith
Mayor



Angela Oosthuizen
Chief Executive

Major Projects

The significant projects were confirmed in the LTP last year; and this year we will commence or continue leadership of these workstreams and improvements for our communities:

District-wide Projects

- Delivery of the Te Manahuna Ki Uta Destination Management Plan and commencing the next phase of this project
- Commence the review of the District Plan and give effect to the Spatial Plans
- Improve the efficiency of on-line services by automating processes.
- Install new wireless access points in community facilities.
- Water supplies: District-wide renewals of the pipes and equipment that comprise our catchment and reticulation facilities.
- Wastewater schemes: District-wide renewals of the pipes and equipment that comprise our reticulation facilities.
- Stormwater network: District-wide renewals of the pipes, equipment and treatment that comprise our reticulation and disposal facilities.
- Continue investment in our local roads and footpaths in conjunction with Waka Kotahi NZ Transport Agency funding.
- Cyclical maintenance and upgrades of key Emergency Management equipment.
- Identifying and completing pre-emptive work of an alternative Emergency Operations Centre (EOC).
- Implementation of Trail Strategy actions.

Twizel-specific projects

- Twizel water meters
- Wastewater inlet screens
- Twizel Community Centre upgrade
- Twizel Pool inflatables
- Lake Ruataniwha Project
- Development Plan implementation
- Signage upgrade
- Pukaki Airport carparking improvements
- Alps to Ocean Trail public toilets upgrade

Takapō/Tekapo-specific Projects

- Takapō/Tekapo wastewater treatment plant upgrade
- Wastewater inlet screens
- Takapō/Tekapo Hall furniture
- Domain playground
- Lakeside Drive playground
- Development Plan implementation
- Signage upgrade
- Township projects, \$40,000

Fairlie-specific Projects

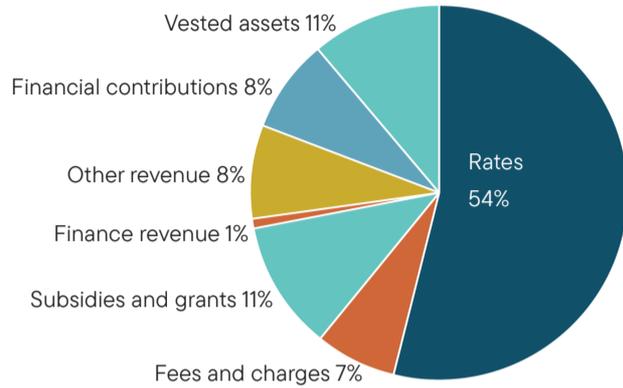
- Fairlie water treatment plant upgrade
- Wastewater inlet screens
- Strathconan Pool:
 - filtration/treatment
 - accessibility upgrades
 - chemical shed
- Fairlie office building renovation
- Fairlie pensioner housing renewals
- Township projects \$40,000
- Signage upgrade

What we're planning for 2022/23 (continued)

Where does Council's money come from?

Expenditure is paid for from a mix of rates, fees, interest and dividends on Council's investments, and external sources such as financial assistance from government agencies. The graph shows where the money will come from in 2022/23.

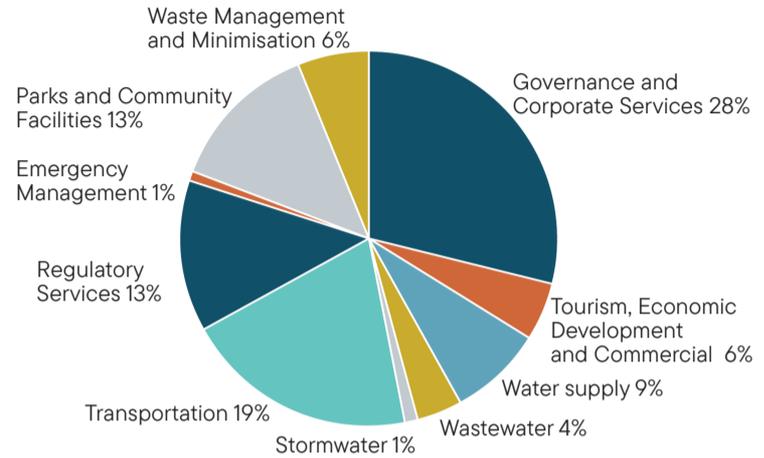
Revenue



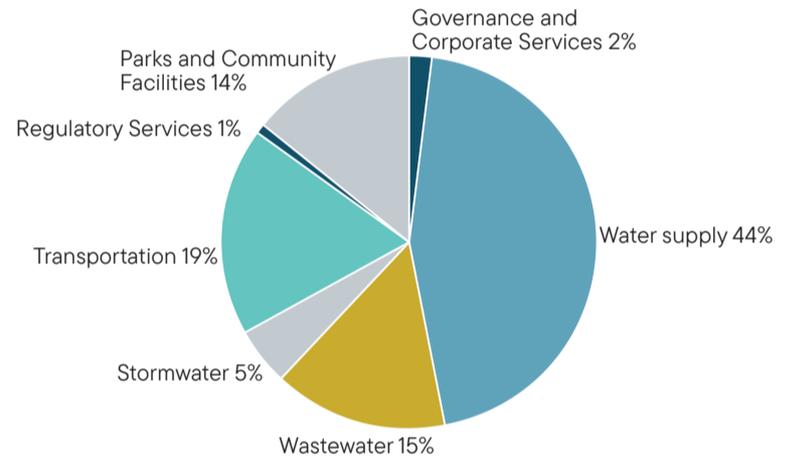
What does Council spend money on?

The following graphs show what the Council will be spending during the year - both operating expenditure for the day-to-day running of services and facilities, and capital expenditure to improve services and facilities.

Operating Expenditure



Capital Expenditure



Financial Summary

Council's 2022/23 Operating Revenue budget is \$26.9 million compared to \$26.7 million in the corresponding LTP forecast. The variance of \$228,000 is primarily driven by increases in the Roothing Subsidy expected from Waka Kotahi NZTA.

Operating Expenditure has also increased to \$24.5 million from the LTP forecast of \$23.6 million. This change reflects increased Personnel Costs of \$357,000 and Other Expenses \$732,000 to ensure Council has the capacity to deliver our core services and upgrades on schedule; offset by decreases in Finance Costs and Depreciation/Amortisation expenses \$53,000 due to the timing and re-budgeting of capital projects and loan drawdowns.

The result is a net Operating Surplus of \$2.4 million compared to the LTP forecast of \$3.1 million.

Council's Financial Position is budgeted to remain strong at the end of the financial year. Net Assets are forecast at \$316.3 million, which is \$108,000 lower than LTP projections. The re-scheduling of capital projects has driven the main variances which are lower balances for Cash and Short-term Investment \$4.7 million; offset by increased Property, Plant & Equipment \$2.7 million and reduced Borrowings \$2.7 million.

Prospective Statement of Financial Performance

| (\$000) | LTP Budget 2021/22 | LTP Forecast 2022/23 | Annual Plan Budget 2022/23 |
|------------------------------|--------------------|----------------------|----------------------------|
| Operating Revenue | 31,282 | 26,661 | 26,889 |
| Operating Expenditure | 24,849 | 23,597 | 24,506 |
| Operating surplus/ (deficit) | 6,433 | 3,064 | 2,383 |

Prospective Statement of Financial Position

| (\$000) | LTP Budget 2021/22 | LTP Forecast 2022/23 | Annual Plan Budget 2022/23 |
|-------------------|--------------------|----------------------|----------------------------|
| Total Assets | 335,539 | 345,573 | 343,166 |
| Total Liabilities | 22,693 | 29,101 | 26,802 |
| Net Assets | 312,846 | 316,472 | 316,364 |
| Retained Earnings | 122,866 | 125,426 | 125,659 |
| Reserves | 189,980 | 191,045 | 190,705 |

Financial Prudence Benchmarks

| Financial Prudence Benchmark | | Planned | Achieved |
|-------------------------------|---|---------|----------|
| Rates affordability benchmark | Planned total rates increase will be less than 9.00% plus inflation (LGCI = 2.98%) | 17% | X |
| Debt affordability benchmark | Planned net debt to total revenue will not exceed 1.75 | 1.30 | ✓ |
| Balanced budget benchmark | Planned total revenue less excluded items is equal to or greater than operating expenditure less excluded items | 89% | X |
| Essential services benchmark | Planned capital expenditure on network services is equal to or greater than depreciation on network services. | 268% | ✓ |
| Debt servicing benchmark | Planned borrowing costs are equal or less than 10% of planned revenue. | 1.0% | ✓ |

Rates Movements

The second year of the Long Term Plan 2021/31 forecast a 17.3% rates increase. The Council has resolved to reduce the rates increase to 17%.

This lower-than-forecast rate increase is due to the Council looking at its proposed work programmes and prioritising work in order to still meet its obligations to the

community as a responsible manager as well as to maintain infrastructure services to a level that the community expects.

The rates increase percentage is the overall movement across the district. There will be properties that pay less and others that pay more depending on the services they receive.

Rates Examples

| | Property Type | Value Band | Capital Value | Actual 2021/22 | Proposed 2022/23 | Weekly Rate Change |
|---------|-----------------------|------------|---------------|----------------|------------------|--------------------|
| FAIRLIE | Section | mid | 140,000 | 1,297.50 | 1,502.38 | 3.94 |
| | House | low | 205,000 | 1,893.34 | 2,203.41 | 5.96 |
| | House | mid | 350,000 | 2,308.05 | 2,683.34 | 7.22 |
| | House | high | 630,000 | 3,108.87 | 3,610.09 | 9.64 |
| | Commercial | mid | 530,000 | 3,270.17 | 3,796.01 | 10.11 |
| | Commercial | high | 1,130,000 | 5,379.40 | 6,253.87 | 16.82 |
| | Accommodation | mid | 290,000 | 2,327.48 | 2,659.45 | 6.38 |
| | Accommodation | high | 750,000 | 3,946.13 | 4,459.09 | 9.86 |
| | Secondary | mid | 315,000 | 2,311.70 | 2,704.01 | 7.54 |
| | Secondary | high | 750,000 | 3,699.11 | 4,332.30 | 12.18 |
| TEKAPO | Section | mid | 500,000 | 1,734.25 | 1,969.61 | 4.53 |
| | House | low | 500,000 | 2,144.19 | 2,455.50 | 5.99 |
| | House | mid | 860,000 | 2,640.53 | 3,022.77 | 7.35 |
| | House | high | 2,900,000 | 5,453.16 | 6,237.33 | 15.08 |
| | Commercial | mid | 336,000 | 8,389.18 | 9,705.20 | 25.31 |
| | Commercial | high | 8,470,000 | 18,783.10 | 21,176.94 | 46.04 |
| | Accommodation | mid | 850,000 | 3,186.67 | 3,519.08 | 6.39 |
| | Accommodation | high | 8,470,000 | 18,712.15 | 20,116.87 | 27.01 |
| | Secondary | mid | 750,000 | 2,735.89 | 3,174.47 | 8.43 |
| | Secondary | high | 1,350,000 | 3,760.75 | 4,379.96 | 11.91 |
| TWIZEL | Section | mid | 265,000 | 1,314.76 | 1,505.43 | 3.67 |
| | House | low | 365,000 | 1,880.16 | 2,168.92 | 5.55 |
| | House | mid | 500,000 | 2,090.03 | 2,408.69 | 6.13 |
| | House | high | 1,300,000 | 3,333.71 | 3,829.53 | 9.54 |
| | Commercial | mid | 1,010,000 | 3,644.73 | 4,208.95 | 10.85 |
| | Commercial | high | 3,520,000 | 9,191.59 | 10,641.24 | 27.88 |
| | Accommodation | mid | 750,000 | 2,972.73 | 3,304.52 | 6.38 |
| | Accommodation | high | 8,810,000 | 20,812.20 | 22,475.02 | 31.98 |
| | Secondary | mid | 750,000 | 2,725.70 | 3,177.74 | 8.69 |
| | Secondary | high | 1,350,000 | 3,761.88 | 4,392.92 | 12.14 |
| RURAL | Township Section | low | 50,000 | 369.28 | 414.33 | 0.87 |
| | Township House | low | 175,000 | 800.55 | 932.27 | 2.53 |
| | Lifestyle | low | 660,000 | 1,055.63 | 1,210.76 | 2.98 |
| | Lifestyle | mid | 700,000 | 1,100.64 | 1,262.99 | 3.12 |
| | Lifestyle | high | 930,000 | 1,359.43 | 1,563.28 | 3.92 |
| | Farm - Sheep and Beef | low | 940,000 | 1,370.69 | 1,576.34 | 3.95 |
| | Farm - Sheep and Beef | mid | 4,325,000 | 5,179.42 | 5,995.90 | 15.70 |
| | Farm - Dairy | mid | 8,280,000 | 9,629.50 | 11,159.66 | 29.43 |
| | Farm - Cropping | high | 14,500,000 | 16,628.12 | 19,280.67 | 51.01 |
| | Farm - Sheep and Beef | high | 18,800,000 | 21,466.39 | 24,894.88 | 65.93 |
| | Secondary | mid | 750,000 | 1,403.92 | 1,653.31 | 4.80 |
| | Secondary | high | 1,300,000 | 2,203.92 | 2,609.76 | 7.80 |

Note: Rural properties do not include rates for water or wastewater.

The full Mackenzie District Council Annual Plan 2022/23 is available on our website at: www.mackenzie.govt.nz > Council > Strategies, Plans and Reports > Annual Plan
A printed copy can be viewed at Council offices in Fairlie and Twizel.