



# **Mackenzie**

## **DISTRICT COUNCIL**

**Notice is given of an Extraordinary Meeting of Council to be held on:**

**Date: Tuesday, 14 September 2021**

**Time: 1.00pm**

**Location: Council Chambers**

**Fairlie**

# **AGENDA**

## **Extraordinary Council Meeting**

**14 September 2021**

Note: This meeting may be digitally recorded by the minute-taker.

**Council Membership:**

Graham Smith (Chair)

James Leslie

Anne Munro

Stuart Barwood

Murray Cox

Emily Bradbury

Matt Murphy

\*\*\*\*\*

**The purpose of local government:**

(1) The purpose of local government is—

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

(2) In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- (a) efficient; and
- (b) effective; and
- (c) appropriate to present and anticipated future circumstances.

(Local Government Act 2002)



**Order Of Business**

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- 1 OPENING**
- 2 APOLOGIES**
- 3 DECLARATIONS OF INTEREST**

## 4 REPORTS





### 4.1 ALPS 2 OCEAN GOVERNANCE AND MANAGEMENT CHANGES

#### File Reference:

**Author:** Tim Mulcock, Transition Manager

**Authoriser:** Tim Harty, General Manager - Operations

**Attachments:**

1. A2O Draft High-level Budget 2021-2022 version 20210810 [↓](#) 
2. A2O Reference Group Terms of Reference 20210615 [↓](#) 
3. A2O Joint Committee Terms of Reference FINAL DRAFT 20210810 [↓](#) 
4. MDC and WDC A2O MoU DRAFT 20210825 [↓](#) 

#### Council Role:

<input type="checkbox"/> Advocacy	When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
<input checked="" type="checkbox"/> Executive	The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
<input type="checkbox"/> Legislative	Includes adopting District Plans and plan changes, bylaws and policies.
<input type="checkbox"/> Review	When Council or Committee reviews decisions made by officers.
<input type="checkbox"/> Quasi-judicial	When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
<input type="checkbox"/> Not applicable	(Not applicable to Community Boards).

#### PURPOSE OF REPORT

The purpose of this report is for Council to consider adoption of the new Terms of Reference for the Alps2Ocean Joint Committee, the new Terms of Reference for the Alps 2 Ocean Reference Group, and the new Alps 2 Ocean Trail budget for the year 2021-2022.

#### STAFF RECOMMENDATIONS

1. That the report be received.
2. That Council adopts the new Alps 2 Ocean Joint Committee Terms of Reference.
3. That Council adopts the new Alps 2 Ocean Reference Group Terms of Reference.
4. That Council approves the new Alps 2 Ocean Trail budget for 2021-2022.
5. That Council approves the Memorandum of Understanding with Waitaki District Council

## **BACKGROUND**

The initial A2O Joint Committee was established following a central government National Cycleways proposal in 2009. This initiated a successful funding application for an A2O Trail to Ministry of Economic Development for \$2.75m. This was agreed in 2010. (The signatories were WDC, MDC and Mackenzie Tourism and Development Trust).

The Joint Committee governance structure proposal was agreed via Council's process and the associated community consultation in 2011. The Alps 2 Ocean Cycle Trail Development Joint Venture Agreement between WDC and MDC was signed in March 2012.

Since the start ten years ago the A2O has grown from a start-up trail into a well-established and highly-regarded national cycleway.

The proposal Council has been considering over the past few months is that the "start-up" Joint Committee governance and management structure is not suitable to support the next stage of trail development and a revised terms of reference and management structure is now appropriate to help position the A2O Trail for the next ten years.

Mackenzie District Councillors and Waitaki District Councillors have held a workshop on the proposed Alps 2 Ocean governance and management changes (on 19<sup>th</sup> April, 2021 and again on 9<sup>th</sup> August, 2021) and have provided input to the initial draft documents. Similarly, the Alps 2 Ocean Joint Committee has held a workshop on the draft documents and provided input (on 14<sup>th</sup> June, 2021).

The parties are now prepared for the final drafts to be presented to each Council for adoption.

## **ALPS 2 OCEAN JOINT COMMITTEE TERMS OF REFERENCE**

### **Overview**

The proposed new Terms of Reference re-defines the Joint Committee purpose and key objectives, moving from an initial development phase focus to now providing ongoing governance of the development of strategy, funding opportunities and the management of the business of the Trail.

The proposed financial delegation has been reviewed and it is proposed to allocate up to \$6,000 per year for the costs of the Joint Committee function. This amount has been included in the proposed budget.

### **Term**

Clarification of the term of membership has been developed to include the following:

- Reduction of the term from five years to three years (with a further renewal for three years at the discretion of each Council).
- Inclusion of the recommendation to stagger the terms of Council members to help maintain continuity.
- Clarification regarding the appointments of the Chair and Deputy Chair, and the process should the members in these positions not be re-elected.

## **ALPS 2 OCEAN REFERENCE GROUP**

To provide a better forum for Alps 2 Ocean Trail stakeholders (such as tourism operators, proximity landowners, Environment Canterbury, etc.) a new group has been proposed to represent these stakeholders to the Alps 2 Ocean Joint Committee. A new Alps 2 Ocean Reference Group Terms of

Reference has been drafted to establish the membership and objectives for this group. This document is attached for Council's consideration to adopt.

The summary purpose of this group is to allow a communications conduit for feedback, input and consideration of the strategic and operational objectives and timeframes for the Trail business.

## ALPS 2 OCEAN BUDGET

A high-level draft budget has been prepared by Council Officers from both Mackenzie and Waitaki District Councils. The costs are proposed to be shared equally between the Councils. It is estimated that income will not be sufficient to completely cover operating expenses and each Council will need to contribute \$90,000 to balance the budget (see attachment A2O Combined Councils Draft Budget 2021-2022).

This is a new budget for Mackenzie District Council and has not been included in the Mackenzie District Council Long Term Plan. Additionally, since the 2021-2031 Long Term Plan is not expected to be adopted until October 2021, a budget funding proposal for Mackenzie District Council half share of the Alps 2 Ocean Trail budget has been developed on the basis of the first 4 months guided by the first four months of the 2021-2022 budget, and the next 8 months budget guided by the first year of the 2021-2031 Long Term Plan.

Mackenzie District Council's input to the annual budget is summarised as follows:

### MDC contribution

Operating Expenses	\$90,000
A2O Trail Maintenance	\$50,000
A2O Capital Improvements	\$200,000

It is proposed to fund the operating costs, from July 2021 to October 2021, from the Tourism and Economic Development Budget 2020-2021, and for the following eight months to June 2022, from a combination of the Tourism and Economic Development and the Cycle and walking track cost centres. The specific general ledger codes are described further in the following table.

	2020-2021 Budget				2021-2031 LTP Budget								
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	
<b>A2O General Expenses</b>													
GL407261 Contractors (split see below)	\$3,750	\$3,750	\$3,750	\$3,750									
GL407284 A2O Contributions	\$3,750	\$3,750	\$3,750	\$3,750									
GL 407261 Contractors					\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	
GL407280 Contributions A2O					\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	
GL407264 Unplanned R&M					\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	
GL3554451 Cycle and walking tracks (Split see below)					\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$90,000
<b>A2O Trail Maintenance (Opex)</b>													
GL407261 Contractors	\$1,250	\$1,250	\$1,250	\$1,250									
GL3554451 Cycle and walking tracks					\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	
	\$1,250	\$1,250	\$1,250	\$1,250	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$50,000
<b>A2O Trail Development (Capex)</b>													
GL3554224 Cycle path renewal (Capex)					\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$200,000

## SIGNIFICANCE OF DECISION

The decision to adopt the new Alps 2 Ocean Terms of Reference and budget is not considered significant under the terms of the Council's Significance and Engagement Policy. It is a revised

version of the operation of the Alps 2 Ocean Joint Committee, and this is not regarded as a significant decision under the Significance and Engagement Policy.

## **MEMORANDUM OF UNDERSTANDING**

With the agreement to recruit a dedicated A2O Trail Manager, employed by Waitaki District Council, but delivering services equally across both districts, a Memorandum of Understanding (MoU) between the two councils is necessary to ensure the fair and efficient delivery of the Alps 2 Ocean Trail Manager services.

A draft MoU is attached for consideration to approve to clarify and align expectations between the Councils.

## **OPTIONS**

Options for Council to consider are:

### **Option 1**

Adopt the new Alps 2 Ocean Joint Committee, Memorandum of Understanding, and Reference Group Terms of Reference and budget; or

### **Option 2**

Instruct staff to make amendments to the new draft Alps 2 Ocean Joint Committee, Memorandum of Understanding, and Reference Group Terms of Reference and budget and adopt the revised versions inclusive of those specified changes.

## **CONSIDERATIONS**

### **Legal**

There are statutory limitations on what can be delegated. The Local Government Act also contains provisions regarding delegations. The proposed Terms of Reference complies with these requirements.

### **Financial**

There are no financial implications from adopting the new Terms of Reference and budget. All proposed costs are already within either the 2020-2021 Annual Plan budget or the 2021-2022 Long Term Plan budget. No addition unbudgeted funding has been requested.

## **CONCLUSION**

This paper seeks that Council adopt the new Alps 2 Ocean Joint Committee, Memorandum of Understanding, Reference Group Terms of Reference and the associated Alps 2 Ocean budget.

## Alps2Ocean Proposed High-level Budget 2021-2022

The following summary budget represents the estimated combined Mackenzie and Waitaki District Councils budget for the Alps 2 Ocean Trail business for the financial year 2021-2022.

<b>Draft Budget</b>	<b>Annual Total</b>		
<b>Income</b>			
NZ Cycle Trail	\$45,000		
Partners	\$80,000		
MDC Operating Top-up	\$90,000		
WDC Operating Top-up	\$90,000		
MDC Trail Maintenance	\$50,000		
WDC Trail Maintenance	\$150,000		
Other grant funding	\$5,000		
<b>TOTAL INCOME</b>	<b>\$510,000</b>		
<b>Expenses</b>			
Partnership Costs	\$12,000		
Staffing	\$120,000		
Accommodation	\$15,000		
Overhead costs	\$48,000		
Vehicle	\$24,000		
Destination Marketing	\$40,000		
Professional Services	\$24,000		
Administration	\$6,000		
Transition Costs	\$15,000		
Other (Contingency)	\$6,000		
<b>Operations</b>			
MDC Trail	\$50,000		
WDC Trail	\$150,000		
<b>TOTAL EXPENSES</b>	<b>\$510,000</b>		
<b>OPERATING Profit/Loss</b>	<b>\$0</b>		
<b>Capex</b>			
MDC Capex	\$200,000		
WDC Capex	?		



## Alps 2 Ocean Reference Group (A2ORG) - Terms of Reference

### 1. Purpose

The purpose of the Alps2Ocean Reference Group (A2ORG) is to represent stakeholders to the Alps2Ocean Cycle Trail (the Trail) governing Joint Committee. The A2ORG allows a communications conduit for feedback, input, and consideration of the Alps2Ocean strategic and operational objectives and timeframes.

High-level objectives are:

- Ensure broad representation across the Waitaki and Mackenzie Districts for community interest groups, businesses, organisations and agencies associated with the Trail. This includes tourism and tourism-related businesses (such as food and accommodation businesses), proximity land-owners, and local and central government agencies such as Environment Canterbury and LINZ.
- Input and review of the annual strategic objectives.
- Input and review of the annual marketing strategy.
- Input and review of the quarterly operational programme.
- Matters of interest or concern to the representatives.
- For the representatives to report to the wider stakeholder community regarding the Trail strategic and operational objectives and progress against these objectives.
- Receiving statistical and anecdotal feedback regarding the Trail's activity results.
- Improving the delivery of the Trail services.

A2ORG is a non-binding, non-decision-making, advisory group and does not constitute governance of the Trail. The forum will be tasked with making recommendations on the Trail objectives to the Trail Joint Committee and does not have delegated authority to direct activity or spend budget. The Trail Joint Committee may undertake activity which is against the recommendation of A2ORG.

### 2. Key Goals

The A2ORG will:

- Identify strategic and operational priorities.
- Contribute to improving the alignment of the Trail's programmes of work with the local communities.
- Build effective working relationships between the stakeholders across both districts as a whole, the Trail Joint Committee, Department of Conservation, Mackenzie District Council, and Waitaki District Council.
- Ensure that recommendations provided to the Trail Joint Committee include broad tourism sector feedback from across the tourism sector.
- Act as a conduit between the Trail Joint Committee and the represented stakeholder groups.

### 3. Operating Principles

A2ORG will observe the following principles in all its meetings:

- Consider the interests of the stakeholder groups represented by all A2ORG members.
- Work in a collaborative and co-operative manner using best endeavours to reach solutions that take account of the interests of all sectors of the community.
- Members represent the interests of their stakeholder group and will not use the A2ORG to pursue specific individual benefit.
- Any conflicts of interest will be declared.
- A2ORG members and any stakeholders or Council employees invited to contribute will provide information based on empirical evidence, established best practice or experience where possible. Where an option is anecdotal or not supported by evidence this must be made explicit.
- In considering strategic development matters, members will be mindful of both Councils and Department of Conservation strategic documents and directions that have been developed in consultation with the community.

### 4. Member Selection Process

The A2ORG is initiated and managed by the Trail Joint Committee. The Trail Joint Committee will invite representatives (according to the process described in Appendix A) nominated from:

- Tourism operators and tourism-related businesses
- Proximity landowners
- Other key stakeholders as determined by the Trail Joint Committee to ensure fair and broad representation across both the Mackenzie and Waitaki districts.

### 5. Membership

Membership of the A2ORG will be decided and agreed upon by the Trail Joint Committee. The membership will consist of a minimum of six (6) members as follows (additional members may be invited at the discretion of the Trail Joint Committee). Nomination of numbers of members will be invited as follows:

- Local tourism industry representatives (across both districts) (4)
- Proximity landowners (2)
- Other stakeholders nominated by the Trail Joint Committee (as needed)

Non-member A2ORG participants:

- Mackenzie District Council representative(s), Elected Member, CEO or delegate
- Waitaki District Council representative(s), Elected Member, CEO or delegate
- Ngā Rūnanga Arowhenua, Moeraki, and Waihao
- Department of Conservation

## 6. Role Descriptions

The role of members, chair, deputy chair, and lead officers are outlined in Appendix B of this document.

## 7. Meetings

The Advisory Forum will aim to meet at least 4 times per year.

- Scheduled meetings may be a mix of open meetings, closed workshops, wider tourism industry forums and digital meetings. Guest speakers may be invited to attend, at the invitation of the Trail Joint Committee, where they will add value.
- Should conflict occur, the A2ORG Chair will work with the Trail Joint Committee Chair to resolve the conflict. If necessary, mediation can be requested.
- A2ORG meetings will be closed to the media. Minutes will be made available to the public following the meeting.

## 8. Terms of Appointment

- The standard term of appointment will be two years.
- Members can be considered to serve an additional term. The A2ORG Chair must approve extended terms of appointment. The maximum term of service will be two terms.
- The term of appointment will be re-evaluated if a member misses more than three consecutive meetings without apology during any one calendar year.
- If an A2ORG member resigns, a replacement will be sought through the current selection process.
- Members may request a leave of absence of up to three months due to sickness or injury.
- The A2ORG members shall appoint the Chair and Deputy Chair from the membership. The A2ORG members shall reconsider the appointment of the Chair in February of each year.
- To ensure continuity, members terms will be staggered.

## 9. Operation and Other Matters

- The Trail Joint Committee will oversee the administration of the A2ORG.
- The Trail Joint Committee administrator will take meeting minutes and make them available to the Trail Joint Committee and A2ORG members.
- If a situation arises where the A2ORG is not functioning effectively, or there is a disagreement regarding membership eligibility, the Trail Joint Committee Chair will have final approval of the membership and composition of the forum.
- All members are expected to comply with the Code of Conduct as outlined in Appendix C of the document.

## 10. Review

The Terms of Reference will be reviewed every two years at a formal A2ORG meeting. All changes to the Terms of Reference will be subject to the approval of the Trail Joint Committee.

#### APPENDIX A: Selection process

Recruitment of new members will be managed by the Joint Committee Chair. The Chair will call for nominations using contacts through relevant community networks, Alps2Ocean website and local print and social media. Applications will be reviewed and shortlisted by a selection panel comprised of the Joint Committee and the A2ORG Chair.

The role description for members included in Appendix B and the A2ORG selection criteria as stated in the terms of reference will be used for the selection process. The selection panel will make the final decision about all appointments to the A2ORG.

#### Replacement of Vacancies

The Joint Committee will work to fill any vacancies as they arise.

## APPENDIX B: Roles and responsibilities

All A2ORG members are to:

- Provide advice to the Joint Committee that is informed by the stakeholders or stakeholder groups they represent.
- Consider issues on their merits to ensure the best advice is provided.
- Be openminded and display a willingness to listen to differing points of view.
- Treat others, including Council and Department of Conservation employees, with respect always.
- Actively engage with members of the wider communities they represent.
- Establish and maintain relationships within their respective communities.
- Comply with the Code of Conduct as outlined in Appendix C.

### Chair

The Chair is to:

- Facilitate A2ORG meetings to enable considered yet efficient decision making
- Encourage open communication from all A2ORG members
- Work with the A2O Trail Manager to compile meeting agendas

### Deputy Chair

The deputy Chair is to:

- Support the chair in their role.
- Act in place of the chair if the chair is unavailable or has a conflict of interest.

### Secretarial duties

The A2O Trail Manager will be assigned to attend forum meetings. Their tasks are to:

- Advise the chair on the strategic agendas.
- Follow up on meeting actions and resolutions.
- Highlight potential issues and risks.
- Take minutes in formal meetings and wider community forums.
- Take notes in closed workshops.



## APPENDIX C: Code of Conduct

The objective of the code of conduct is to:

- Support the development of mutual trust and respect amongst A2ORG members and the Joint Committee
- Clarify the standard of behaviour expected from members of the A2ORG

### Relationships

Members are expected to conduct their dealings with each other and the Joint Committee, in ways that:

- Are open, honest and maintain integrity.
- Focus on issues rather than personalities.
- Maintain confidence in the A2ORG.
- Keep focus on issues of the stakeholders represented that directly relate to A2O Trail business.
- Should conflict occur, the Chair and reference group will work together to resolve the conflict. If necessary, mediation can be requested.

### Public comment

All media enquiries will be directed to the Joint Committee Chair. Where appropriate a view may be expressed by the A2ORG with Joint Committee agreement. In these circumstances:

- Only the Chair or Deputy Chair can represent the forum to the media.
- The Chair will work with the Joint Committee in relation to any public comments
- Members must support the official view of the reference group and refer any further enquiries to the Chair.

Members are free to express a personal view in public. When doing so, they should make it clear that:

- They are expressing a personal view (or a view on behalf of the stakeholders or stakeholder group they are representing on the A2ORG).
- Their comments do not represent the views of the A2ORG.
- In addition, public comments should comply with all other expectations as outlined in the A2ORG's Code of Conduct.

### Conflict of interest

A2ORG members are expected to report any conflicts of interest to the Joint Committee as soon as possible. Information that may benefit a private business representative should be made publicly available through the meeting minutes.

### General Conduct

A2ORG members are expected to:

- Act with honesty and integrity at all times.
- Be prepared for meetings and arrive at meetings on time.

- Provide apologies in advance when attendance at a meeting is not possible.
- Abide by the direction of the Chair.
- Maintain a positive public image and not bring the Alps2Ocean Trail or brand into disrepute.
- Avoid publicly criticising any Alps2Ocean employee or contractor in any way.
- Raise concerns about Joint Committee employees or contractors through Joint Committee Chair.
- Ensure that any confidential information received remains confidential. Any A2ORG member raising confidential information must declare this to the A2ORG prior to raising the confidential information.

#### Review of position

Any behaviour that is deemed to be in breach of the Code of Conduct may result in a review of A2ORG membership and will be required to go through a Joint Committee process for a decision to be made. The A2ORG member in question may represent themselves, with or without support, but the Joint Committee will have the final say and no further discussion will be entered into.

## Alps2Ocean Joint Committee Terms of Reference

### Purpose and Function

The purpose of the Alps2Ocean Joint Committee is to ensure the ongoing governance, development and administration of the Alps 2 Ocean Cycle Trail (the Trail). The following map summarises the Trail location.



The Joint Committee will give effect to its purpose by undertaking the following:

- Develop a 10-year strategy for the Trail (the Strategy)
- Monitor and govern the execution of the strategy
- Monitor and support fund-raising for further development and maintenance of the Trail
- Establish a sustainable business model
- Provide opportunity for stakeholder participation

### Objectives and Delegations

#### ***To monitor and govern execution of the strategy***

1. To ensure the Alps2Ocean Cycle Trail is further developed and maintained.
2. To help source, approve, monitor and account for public and private grant funding for the further construction and maintenance of the Trail.
3. To represent the councils, with public agencies and private organisations.
4. To ensure appropriate access agreements are in place for the entire length of the Trail.
5. To establish the operating structure, resources and activities for the Trail, including protecting intellectual property and establishing business opportunities.
6. To determine the fair allocation between the Councils of costs.
7. To set Key Performance Indicators to be carried out by a 'Trail Manager'.

#### ***To act on behalf of the signatory authorities***

8. To develop and govern the execution of a business plan to operate the Trail.
9. To ensure at least quarterly and annual reports are delivered to the signatory authorities

A2O Joint Committee Terms of Reference DRAFT 20210810



10. To monitor the overall activities and performance of the Trail on behalf of the signatory authorities.

***To provide opportunity for stakeholder participation***

11. To monitor the relationship between the signatory authorities, management and stakeholders.
12. To advocate for the importance of the Trail as part of the National Cycleway and as a tourism opportunity for the Mackenzie and Waitaki districts.
13. To establish a stakeholder advisory group to provide a two-way communications conduit for the development and implementation of strategic and operational objectives.

### Financial Delegation

1. To spend appropriate meeting fees and administration costs of governance meetings up to the amount of \$6,000 per annum.
2. To administer the spend of any grant monies received, in accordance with the grant applications and funding agreements.

All expenses to be invoiced 50/50 to each Council on a quarterly basis.

### Membership

The Alps2Ocean Joint Committee membership will comprise the following members:

- Waitaki District Council (2 Members)
- Mackenzie District Council (2 Members)
- Department of Conservation (1 Member)
- Papatipu Rūnanga

### Appointment Process

The groups will nominate their own representatives.

### Standing Orders

The standing orders of Waitaki District Council, as adopted after each triennial election and amended from time to time, shall be the standing orders for this Committee, except as changed by these terms of reference.

The Joint Committee is subject to the Local Government Official Information and Meetings Act 1987.

### Quorum

In accordance with LGA2002 Sch7 cl 30(9)(b), the quorum shall be three (3), this being the majority of members (including vacancies). As a Joint Committee, each Council also needs to be represented to form a quorum.

### Meeting Frequency

The Joint Committee may meet as required but must meet at least twice per year to receive a 6 monthly report, annual report and annual plan.

### Officers

The Chair of Committee shall be appointed by the Committee. The Committee shall reconsider the appointment of the Chair in February of each year.

## Term

In accordance with the Local Government Act 2002, Schedule 7, clause 30(7) the councils have resolved that the Joint Committee is a permanent Joint Committee and cannot be discharged unless the councils so agree.

Members are appointed for a term of three years and can be reappointed for a second term of three years at the discretion of the relevant nominated bodies, except that the Council representatives must be elected representatives. In the event that an elected representative is not re-elected they will immediately cease to be a member of the Joint Committee and the Council should make a new appointment. At the discretion of each Council, terms for elected members should be staggered to help maintain continuity. To coincide with Local Government Election processes, Council membership of the Joint Committee will be confirmed each triennium following the election of the incoming Council.

In the event of one or both elected members ceasing to be a member and new members having not been appointed, the quorum remains unchanged.

The term of appointment of the chairperson and deputy chairperson, which may be for any period not necessarily corresponding with the timing of triennial local government elections, must be agreed at the time of appointment. In any case where the term of appointment of the chairperson or deputy chairperson extends beyond a triennial election date and the chairperson or deputy chairperson is not re-elected to his or her Council then the chairperson or deputy chairperson shall be deemed to have resigned on the date of the declaration of the election result for his or her Council.

## Operating Philosophy

The Joint Committee will at all times operate in accordance with the following:

1. Be culturally sensitive observing tikanga Māori.
2. Give consideration to and balance the interests of all communities in the districts in debate and decision making.
3. Members will work in a collaborative and co-operative manner using their best endeavours to reach solutions that balance the interests of all sectors of the community.
4. Promote a philosophy that the Alps2Ocean Cycle Trail is a key economic driver for the smaller communities across both districts
5. The Committee will seek consensus in its decision making where at all possible. Where, despite the best endeavours of members unanimous agreement is not able to be reached, a decision may be taken if in the view of the significant majority it represents the best interest of all sectors of the community.
6. In the event that neither unanimous agreement is able to be reached nor a significant majority view formed, the Committee must in the first instance seek assistance from the Chief Executives of the Councils to further Committee discussions and deliberations.
7. Where the Committee is unable to reach consensus despite having sought assistance and exhausted all avenues, they must recommend that the Councils disband them and appoint a new Committee.

## Administration

1. The Committee is administered by a Trail Manager employed by the Councils on behalf of the Joint Committee.
2. Remuneration for non-elected representative members will be paid in accordance with current disbursements in the Waitaki District Council Elected Members Allowances and Recovery of Expenses Policy

# **Memorandum of Understanding**

## **Alps2Ocean Trail Management: Mackenzie District Council and Waitaki District Council**

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**August 2021**

# Memorandum of Understanding

## REVISION HISTORY

<b>Date Created:</b>	August 2021
<b>Review Date:</b>	August 2023
<b>Department:</b>	Community and Places
<b>Responsible Officer:</b>	Manager Community and Places
<b>Sponsor:</b>	General Manager – Operations
<b>Approved by:</b>	Chief Executive Officer
<b>New Review Date:</b>	August 2023

*Memorandum of Understanding 2021 – Draft Version 20210813*

## 1. Parties

- (1) Mackenzie District Council (MDC)
- (2) Waitaki District Council (WDC)

Dated this                      day of                      2021.

## 2. Background

Mackenzie District Council and Waitaki District Council have worked together over the last ten years to develop the Alps2Ocean (A2O) Cycle Trail across both districts.

A Joint Committee has been in place with Elected Members from both Councils (and others) to provide oversight and governance of the trail management and the delivery of services.

Tourism Waitaki Ltd (a CCO of WDC), has provided tourism marketing and business services under a contract with both Councils.

With the completion of the initial New Zealand Government funding, and the initial development of the Trail, both Councils and the Joint Committee have agreed to review the A2O governance and the model for the delivery of A2O services. The aim is to best position A2O governance and management for success over the next ten years.

A new position, A2O Trail Manager, has been established to provide both business and operational management of the A2O Trail on behalf of both Councils and the Joint Committee.

As a result, this Memorandum of Understanding (MoU) has been developed to clarify the working relationship between the two Councils, particularly, with regard to the A2O Cycle Trail management.

The A2O Trail Manager may be employed or contracted by one or other Council to work on behalf of the Joint Committee and the Councils. The Council employing or contracting the A2O Trail Manager is, in this case, is the Service Provider.

The other Council contributes equally to the costs of the A2O Trail management and is the recipient of an equal proportion of the A2O Trail Manager's services, and, as such, in this case, is the Service Recipient.

## 3. Definitions and Interpretations

In this MOU unless the context requires otherwise:

- a. "CCO" means Council Controlled Organisation



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- b. “MDC” means the Mackenzie District Council
- c. “A2O Trail” means cycleway linking Oamaru, Kurow, Twizel, Tekapo and Aoraki/Mount Cook called the Alps2Ocean Cycle Trail
- d. “MOU” means Memorandum of Understanding
- e. “WDC” means the Waitaki District Council
- f. “Party” and “Parties” means MDC and WDC together with their employees, agents, administrators, successors and assigns.

In this MOU unless the context requires otherwise:

- a. Defined expressions: Expressions defined in the main body of this MOU have the defined meaning in the whole of this MOU including the background
- b. Headings: Section, clause and other headings are for ease of reference only and do not form any part of the context or affect the interpretation of this MOU
- c. Joint and several obligations: Where two or more Parties are bound by a provision or derive a benefit from a provision in this MOU, that provision will bind and/or benefit those Parties jointly and each of them severally
- d. Negative obligations: Any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done
- e. Persons: References to persons include references to individuals, companies, corporations, partnerships, firms, joint ventures, associations, trusts, organisations, governmental or other regulatory bodies or authorities or other entities, in each case whether or not having separate legal personality
- f. Plural and singular: Singular words include the plural and vice versa
- g. Sections and clauses: References to sections and clauses are references to sections and clauses in this MOU
- h. Statutes: References to statutes include references to regulations, orders, rules or notices made under that statute and references to a statute or regulation include references to all amendments to that statute or regulation, whether by subsequent statute or otherwise.

## 4. Good Faith

The Parties acknowledge that this MOU provides a framework for enabling the ongoing business and operational management of the A2O.

The Parties therefore agree to do all other things and matters which are reasonably necessary to fulfil the objectives expressed in this MOU and to generally exercise good faith in their dealings with each other and in pursuance of the objectives of this MOU.

## 5. Objectives

The Parties agree that the overall objectives of this MOU and the arrangements described in it are:

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- a. To establish a positive and balanced relationship with each other and a commitment to exercising good faith, cooperation and responsiveness in working together.
- b. To promote the concepts of partnership and economic development in the shared business and operational management of the A2O
- c. To acknowledge the concerns of iwi and adjoining landowners regarding the ongoing development of the A2O and to make every reasonable effort to find enduring solutions to those concerns.

The logo of the Mackenzie District Council, featuring a stylized blue 'M'.

## 6. Party Responsibilities

- 6.1 For any given service provided across both districts, one party will act as the nominated "Service Provider" and the other party will be the "Service Recipient".
- 6.2 Selection on who takes either role will be based on the ability of either party to effectively and efficiently provide the service.
- 6.3 The Service Provider Council agrees to use good management practice and all reasonable endeavours to ensure that services are delivered in accordance with the Agreement, within budget and within agreed timeframes.
- 6.4 The other Council acknowledges that it is the Service Recipient with respect to the delivery of the Trail Manager services to the A2O.

## 7. Funding

- 7.1. Each Council will determine and manage their own A2O trail maintenance and capital development budgets, noting the need to collaborate and work effectively through the Trail Manager.
- 7.2. A joint budget for the operations of the governance and trail management activities will be agreed and adopted annually by the Councils. Any annual shortfall between income and all other costs will be contributed to equally by each Council. Any capital surplus may be carried forward to the following year according to each council's practice
- 7.3. The Service Provider Council must report on the delivery of services to agreed levels prior to any shortfall payment from the Service Recipient.
- 7.4. The Service Provider Council will provide quarterly reports to the Service Recipient Council to show specific progress against agreed Key Result Area metrics and budgets with regard to this MoU. The reports will include project progress, and any shortfall or budget over-run incurred for that quarter. It is expected that these reports would be different from the quarterly A2O reports developed for the governance committee.
- 7.5. Within 10 working days of receiving an invoice the Service Recipient Council may query the costs or items set out in the invoice. Such query shall be treated as a dispute under clause 16 of this MOU. If the invoice is not queried within the timeframes stipulated in this clause the Service Recipient Council shall make payment of the invoice on or by the 20th day of the month following receipt of the invoice.

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7.6. MDC and WDC agree to use reasonable endeavours, in partnership with each other, to secure additional funding for development of the A2O from the following organisations:

- a. Government Departments as stakeholders.
- b. Local Government Departments as stakeholders
- c. NGO funding agencies
- d. Private sector sponsorship both financially and in kind

7.7 In the event that the Service Provider Council identifies a funding shortfall or cost overrun for the A2O it shall notify the Service Recipient Council of the funding short fall or cost overrun and the parties shall:

- a. meet to discuss the reasons for the funding short fall or cost overrun; and
- b. assess if there is a way to eliminate or reduce the funding short fall or cost overrun; and
- c. agree on a project plan to eliminate the funding short fall or cost overrun.

## 8. Staff Time

8.1 The parties agree that any employee time may be charged to the A2O for specific tasks as follows:

- a. communications and web design services [\$150] per hour
- b. provision of legal services [\$150] per hour
- c. project management services [\$150] per hour
- d. engineering services [\$150] per hour
- e. planning services [\$150] per hour
- f. any such other costs as are agreed in writing between the parties from time to time.

All figures are inclusive of GST at the prevailing rate.

8.2 The parties agree that employee travel time and attendance at meetings shall not be chargeable.

8.3 Prior to undertaking any chargeable work, the Service Provider Council shall seek approval from the Service Recipient Council. The Service Provider Council shall forward an itemised GST invoice for staff time, the specific task performed, and sundry costs incurred on the A2O on a monthly basis.

## 9. Joint Committee

A joint committee is established in accordance with the requirements of the Local Government Act 2002, to oversee the business management, operational management, and ongoing development of the A2O.

The constitution, membership and terms for the Joint Committee are as adopted formally in the Terms of Reference by each Council with according delegations as authorised in each Council's Delegations Manual.

## 10. Easements, leases and licenses



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A2O development will require further formal agreement from land-owners. Each Council will be responsible as tenant for the portion of the A2O that falls within their boundaries.

The parties shall enter into a standard agreement with each landowner within their district adjoining the A2O Trail whose farming or commercial operations are affected by the operation of the A2O Trail. The agreement shall record any agreement reached between the landowner and the parties regarding the operation of the A2O Trail.

## 11. Consultation with Third Parties

The parties acknowledge that further consultation is required with Iwi and adjoining landowners / lease holders. The parties agree to work together in good faith with the affected Iwi / landowners / agencies / lease holders and to make every reasonable effort to find enduring solutions to their concerns.

## 12. Obligations as a Statutory Authority

Nothing in this MOU shall affect, limit or otherwise fetter the Parties public law obligations under any Statute, including but not limited to any obligations as a territorial, local, consent or requiring authority.

## 13. Requests for Information

The Parties acknowledge that they are subject to the Local Government Official Information and Meetings Act 1987 (LGOIMA). The Parties acknowledge that the information contained in this MOU and other information held by them in relation to this MOU is official information under LGOIMA and may be released to the public upon request unless there is good reason in terms of LGOIMA, to withhold the information.

If a Party receives a request under LGOIMA for information contained in or in relation to this MOU, that Party shall immediately inform the remaining Parties of that request and of the decision made to release or withhold the requested information.

## 14. Media Releases / Communication

- 14.1 The A2O Joint Committee has overall responsibility for communication with the media and general public, including the maintenance of the website.
- 14.2 The Chair of the A2O Joint Committee has final approval on the release of communications to the media or general public other than as part of an approved Communications Plan which can be communicated at the discretion of the A2O Trail Manager
- 14.3 The A2O Trail Manager will develop a communications plan for the A2O Cycle Trail on behalf of the Joint Committee, MDC and WDC. The Joint Committee will consider and adopt the Communication plan following feedback from the partner Councils.

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## 14.4 The communication plan shall include detail on the:

- target audiences
- key messages for the A2O Cycle Trail
- communication methods (including any further development of the A2O Cycle Trail website)
- timeframes for communication and communications approval
- Council officers who are authorised to approve communications from each party.

Once developed all communications will be in line with the communications plan.

**15. Revisions and Alterations of this MoU**

- 15.1 This MOU shall be dated by the last Party to sign and the MOU shall become effective from that date.
- 15.2 This MOU may only be altered with the written consent of the parties.

**16. Dispute Resolution**

- 16.1 In the event of any dispute, difference or question arising between the Parties about:
- a. the interpretation of this agreement; or
  - b. anything contained in or arising out of this agreement;
- then the Parties shall first promote a harmonious problem-solving environment supporting a consultative and non-adversarial approach to their differences. When one Party approaches the other with a dispute the other Party undertakes to give the matter prompt attention and to use best endeavours to resolve the problem.
- 16.2 Mediation: If agreement cannot be reached within 20 working days of a dispute arising, a mediator shall assist the Parties to reach agreement. The mediator shall be a barrister and solicitor agreed upon by the Parties, being one experienced and skilled in professional mediation. If the Parties cannot agree upon a mediator within 10 working days, either party may have a mediator appointed by the President for the time being of the New Zealand Law Society (or his or her nominee).
- 16.3 Arbitration: In the event that agreement cannot be reached through mediation within 30 working days of appointment of the mediator, the dispute may be referred to a single arbitrator by either Party. The Parties must try to agree on the arbitrator. If they cannot agree, the President for the time being of the New Zealand Law Society (or his or her nominee) will, on either Party's application, nominate the arbitrator.
- 16.4 Costs: The Parties agree that each Party will bear their own costs in respect of any mediation and shall equally share in the costs of the mediator. The arbitrator shall determine all costs in respect of any arbitration.
- 16.5 Action at Law: The Parties must mediate and go to arbitration under this clause before they can begin any action at law (other than an application for injunctive relief).

*Memorandum of Understanding 2021 – Draft Version 20210813***17. Notice**

Notices under this MOU must be in writing, addressed to the Chief Executive Officer of each Party and signed by the Party sending the notices. Notices may be served personally, by ordinary post, courier, facsimile, or scanned and sent electronically via email.

**18. Signed and Agreed by the Parties****Mackenzie District Council**

Authorised Signatory Name	
Authorised Signatory Signature	
Position e.g. Elected/Executive Member	
Date	

**Waitaki District Council**

Authorised Signatory Name	
Authorised Signatory Signature	
Position e.g. Elected/Executive Member	
Date	



**Mackenzie**  
DISTRICT COUNCIL

## 4.2 MACKENZIE COUNTY SCHOLARSHIP TRUST

**Author:** Paul Numan, General Manager Corporate Services

**Authoriser:** Angela Oosthuizen, Acting Chief Executive

**Attachments:**

1. Mackenzie County Scholarship Trust Deed [↓](#) 
2. Mackenzie County Scholarship Trust Capital and Interest [↓](#) 

### Council Role:

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☒ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☐ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

### PURPOSE OF REPORT

For Council to consider a request for financial support to the Mackenzie County Scholarship Trust.

#### STAFF RECOMMENDATIONS

1. That the report be received.
2. That Council notes the background in this matter including the update on the Trust meeting and request from Mackenzie County Scholarship Trust.
3. That Council considers one of the following;
  - a. Offers nothing to the Trust  
or
  - b. Tops up the capital fund to the point where it can be self – sustaining  
or
  - c. Council provides a top up of \$1,000 to cover the scholarship funding shortfall as a contribution towards one scholarship.

**BACKGROUND**

The Trust was established in 1993 and was settled by Council for an amount of \$60,000. At that point in time the Trust became its own entity. The Trust Deed is attached as an appendix for information.

The current capital balance is \$86,903 and the interest available to distribute has been calculated at \$1,156.31. Refer to the attached appendix.

The Board wishes to pay three scholarships of \$2,000 each year – however the Trust does not have sufficient funds without:

- 1) An increase in the capital sum invested at the current interest rate or;
- 2) Utilising the capital sum to make up the difference or;
- 3) Requesting financial support from either the Council in the form of a Grant or a donation from the business community.

The Trust does not wish to utilise the capital sum to pay an annual scholarship as provided by the Deed.

There is insufficient interest received to cover three scholarships – noting the current interest rate is derived from Council based on the weighted average of Council term deposits. This rate has been steadily dropping as investments mature.

At the Council meeting in November 2020 the following was noted;

- The Board appears to be of the understanding that the Scholarships that are provided are Council scholarships and that the Board's role is to interview potential candidates.
- There appears to be a perception it is a Council fund.
- Council's only role now (other than the review options in Clause 4) is to appoint 2 of the five members (the remaining 3 are trustees as of position).

Council accordingly called for a review of the current arrangement with the Mackenzie County Scholarship Trust as per clause 4 of the trust deed.

**MEETING OF TRUST**

A meeting with the Chair and Trustees of the Mackenzie County Scholarship Trust was held on 12 August 2021 and the following was discussed.

The Trust confirmed their wish to provide three scholarships of \$2,000 each per year – totalling \$6,000.

They noted the current capital balance is \$86,903 and that the interest available to distribute was calculated at \$1,156.31.

The deed provides for the use of capital from the Trust fund - up to the value of one scholarship as per clause 3.8.3. - however the Trust does not wish to utilise the capital from the Trust Fund.

The Trust can only cover a part contribution towards one scholarship at \$1,000 – comprising the interest available.

Following discussion, LJ Hooker agreed to provide a one-off donation of \$4,000 to the Trust to cover the cost of two annual scholarships.

The Trustees acknowledged the generous donation and agreed to investigate future opportunities from the wider Mackenzie business community to increase the Trust capital funds.

Following discussion with the Chair and Trustees it was noted that;

1. The cost of one half of an annual scholarship (\$1,000) will be made up from the interest in the account of the Mackenzie County Scholarship Trust and
2. The cost of two scholarships will be made up from a donation from Mackenzie Country Real Estate of \$4,000.
3. A request be made to the Mackenzie District Council for the balance of the scholarships of \$1,000.

#### **POLICY STATUS**

Not applicable.

#### **SIGNIFICANCE OF DECISION**

The decision is not considered to be significant.

#### **OPTIONS**

Council has three options available;

- 1) Offer nothing to the Trust – not recommended
- 2) Top up the capital fund to the point where it can be self-sustaining – not recommended
- 3) Considers providing a contribution towards a one-off yearly scholarship - recommended

#### **CONSIDERATIONS**

##### **Legal**

Not applicable. The Trust is governed by the Trust Deed. There are no implications from any of the above options.

##### **Financial**

The Council could top the fund up to allow the Trust to earn sufficient income to fund the scholarships. Based on current interest rates (circa 2%) a top up of around \$100,000 would be required to provide adequate interest income to support one \$2,000 scholarship grant.

The Trust has requested Council support for the shortfall for one scholarship of \$1,000.00 and this can be funded from the Council Grants budget

#### **CONCLUSION**

Council needs to decide whether it has sympathy for the Trust and how it may wish to help.

The recommendation is option 3c - which provides a one-off capital contribution of \$1,000 to allow the Trust to provide for the three annual scholarships.

As noted, if the Council agrees to a financial contribution in support of the Scholarships as requested, then this can be funded from the Council Grants budget.

THIS DEED OF TRUST is made on 17th day of September 1993

BETWEEN THE MACKENZIE DISTRICT COUNCIL ("the Settlor")

AND RONALD DAVID WALKER, WARREN CLAPHAM JOWETT, CHARLES GERARD HAND NEWTON, BRIAN JOHN DWYER, ROBERT WILLIAM ALLAN ("the Trustees")

RECITALS:

- A The Settlor wants to establish a trust to make available Scholarships to students of Mackenzie District as hereinafter defined.
- B The Trustees have agreed to act as the Trustees of that trust.
- C As the same time as it has executed this Deed, the Settlor has paid the sum of \$60,000.00 to the Trustees to be held upon the trusts and other provisions set out in this Deed.

OPERATIVE PART:

1.1 The Trust Fund

"The Trust Fund" means the sum of \$60,000.00 referred to in Recital C of this Deed and includes money, investments or other property paid or given to or acquired by the Trustees after this Deed has been signed with the intention that it be held by the Trustees in accordance with the trust and other provisions set out in this Deed;

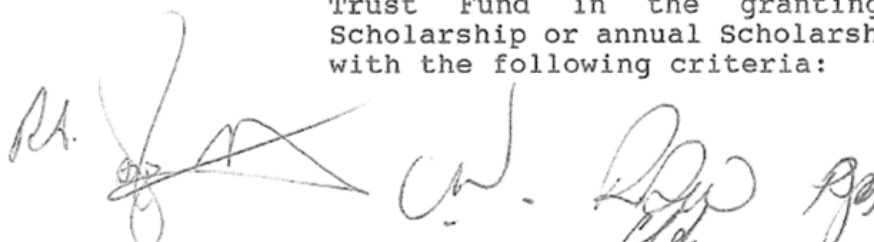
1.2 Name

The Trust Fund shall be known as MACKENZIE COUNTY SCHOLARSHIP TRUST

2.2 Objects

The Trustees shall hold the Trust Fund in until the date of Final Distribution as defined in clause 5 hereof upon the following trusts:

- (1) To pay out of the income of the Trust Fund the administration expenses of the Trust Fund, notwithstanding that some of those expenses may be of a capital nature;
- (2) To apply annually the income arising from the Trust Fund in the granting of an annual Scholarship or annual Scholarships in accordance with the following criteria:





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- (i) Each Scholarship is for first year tertiary studies at post-sixth form level
- (ii) Scholarships may be granted only to
  - (a) a student of Mackenzie College, and/or
  - (b) a student of Twizel Area School, and/or
  - (c) a student who is a resident or ratepayer of Mackenzie District or one of whose parents is a resident or a ratepayer of Mackenzie District.

### 3 The Board of Trustees

#### 3.1 Establishment

The Trustees hereof shall be known collectively as MACKENZIE COUNTY SCHOLARSHIP TRUST BOARD (hereinafter called "the Board")

#### 3.2 Functions of the Board

In each year in which the Board determines that income or other funds are available for the satisfaction of the objects of the Trust Fund the Board shall -

- (1) Invite and consider applications for financial assistance from eligible applicants;
- (2) Decide upon the number of grants to be made, the amount of each grant, the recipient of each grant, and the conditions (if any) to be attached to each grant

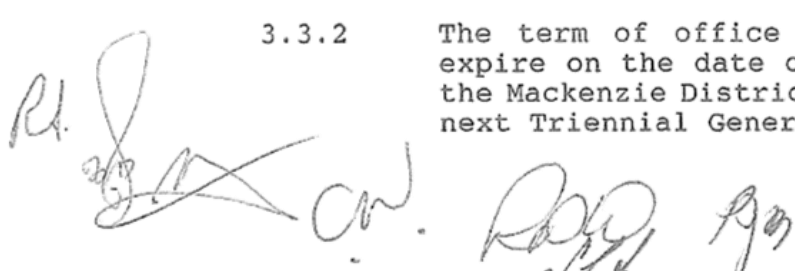
#### 3.3 Membership of the Board

- 3.3.1 The Board shall initially comprise the Trustees named herein and thereafter shall comprise Five (5) members namely:

- The Principal, Mackenzie College (or Nominee)
- The Principal, Twizel Area School (or Nominee)
- A Mackenzie District Councillor
- The Chairman, Tekapo Community Board, Mackenzie District Council (or Nominee)
- A resident of the Mackenzie District

Such members to be appointed by the Mackenzie District Council as hereinafter provided

- 3.3.2 The term of office of each Trustee shall expire on the date of the first meeting of the Mackenzie District Council following the next Triennial General Election of members

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of the Mackenzie District Council after the date of such Trustee's appointment. The Mackenzie District Council shall at such meeting appoint Trustees hereunder for the subsequent term.

#### 3.4 Chairman of the Board

The Chairman of the Board shall be the Mackenzie District Councillor.

#### 3.5 Vacancies

3.5.1 The Mackenzie District Council shall appoint any person or persons qualifying for office as set out in clause 3.3.1 hereof to fill any vacancies arising in the membership of the Board.

3.5.2 The Board may act notwithstanding any vacancy in its membership, and the validity of any act of the Board shall not be affected or called in question by reason of any defect or informality in the appointment of a substitute during the absence or incapacity of a member of the Board.

#### 3.6 Accounts and Audit

3.6.1 The Board shall keep true and fair accounts of all moneys received and expended.

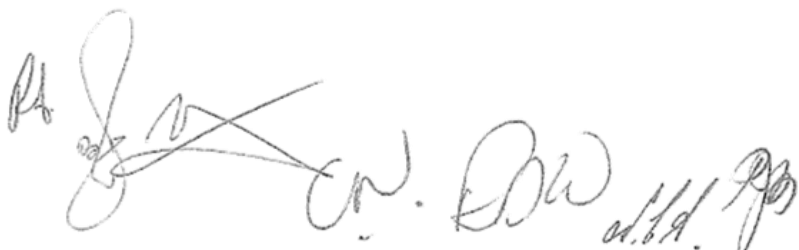
3.6.2 The Board shall as soon as practicable after the end of every financial year of the Board cause the accounts of the Board for that financial year to be audited by an Accountant appointed for that purpose and the audited accounts shall be made available to the Mackenzie District Council.

#### 3.7 Meeting of the Board

3.7.1 Every question before the Board shall be decided by a majority of the votes cast by the members present at the meeting.

3.7.2 At any meeting of the Board three members present shall form a quorum.

3.7.3 At any meeting of the Board, the Chairman or other person presiding shall have a

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deliberative vote and in the case of an equality of votes he or she shall also have a casting vote.

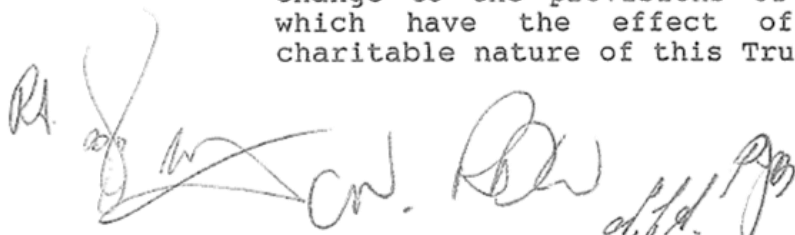
- 3.7.4 Subject to the provisions of this Deed, the Board may regulate its own procedure in such manner as it thinks fit.

3.8 Powers of the Board

- 3.8.1 The Board shall have all the powers that are reasonably necessary or expedient to enable it to carry out its functions under this Deed.
- 3.8.2 The Board shall not be obliged to expend the whole of the income accruing in any year but may carry forward unexpended income to a future year or years and may set aside from such income a reserve to meet fluctuations in future years and any other contingencies
- 3.8.3 In the event that in any year the income available for granting as a Scholarship is in the opinion of the Board insufficient to be of significant assistance to any applicant because of the general level of expenses at that time faced by all first year tertiary students, (such opinion not to be based on the specific financial circumstances of any one applicant) then in any such case the Board may resort to the capital of the Trust Fund and pay from such capital sufficient to enable one Scholarship to be granted in that year and the Board shall not be bound to recoup the same in future years but may continue to apply the capital accordingly if in their opinion such application is necessary and notwithstanding that the effect of such application is to diminish and eventually exhaust the Trust Fund.

4 Review

The provisions of this Deed shall be reviewed by the Mackenzie District Council from time to time but not less frequently than at 5 year intervals during the term hereof and upon such review the Mackenzie District Council shall be empowered to change the provisions of this Deed in such manner as it shall in its absolute discretion think fit PROVIDED THAT no change to the provisions of this deed may be made which have the effect of detracting from the charitable nature of this Trust.

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## 5 Investment Provisions

- 5.1.1 The Trustees may invest any part of the Trust Fund which is available for investment in any investment which could properly be made by the Trustees.
- 5.1.2 In particular, but without limiting the generality of cl 4.1.1, the Trustees may invest in any of the following types of investment:
- (1) In a mortgage of any interest in land including a contributory mortgage whether in the name of the Trustees as co-mortgagee or in the name of a Trustee Corporation or nominee company.
  - (2) The purchase of freehold or leasehold land, or of any interest therein (including a stratum estate), or of any plant, stock or chattels.
  - (3) In any shares, stock, debentures and other investments in any incorporated company. Those need not be fully paid up but investments must be either:
    - (a) Quoted on the official list of any stock exchange in New Zealand, Australia, Great Britain, Japan, Canada or the United States of America; or
    - (b) In an incorporated company carrying on business in New Zealand.
- 5.1.3 The Trustees will not be liable for any loss resulting from investments made in accordance with clause 4.1.2

## 6 Date of Final Distribution

This Trust shall continue until the Trustees in their absolute discretion resolve that the Trust Fund both capital and income should be distributed in its entirety in the form of a Grant or Grants hereunder PROVIDED that no such resolution may be made prior to the expiration of TEN years from the date of this Deed.

## 7 Disposition of Surplus Assets

On the winding up of the Trust or on its dissolution by the Registrar all surplus assets after the payment of

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costs, debts and liabilities shall be given to such charitable organisation or organisations within New Zealand and for such charitable, benevolent, philanthropic or cultural purposes within New Zealand as the Trustees shall in their absolute discretion decide.

## 8 Further Trustees Powers

### 8.1 Acceptance of additional assets

To accept payments or transfers of money or additional assets to be added to the Trust Fund and to become subject to the trust powers and provisions affecting the Trust Fund.

### 8.2 Capital, income and blended funds

To determine whether any money is to be considered as capital or as income, and which expenses should be paid out of capital and out of income respectively, and also to apportion blended funds. Every such determination or apportionment shall be final and binding on all persons beneficially interested in the Trust Fund.

### 8.3 Retaining investments

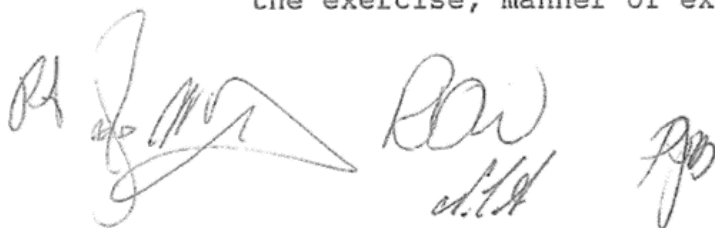
To retain any investments coming into the Trustees hands as part of the Trust Fund even if they are of a wasting, speculative, or reversionary nature, or are otherwise not investments which could be properly made by a Trustee, or may consist of shares in a limited liability company either with or without liabilities for uncalled capital.

## 9 No Pecuniary Benefit

No Trustee may receive or derive any personal pecuniary benefit from the capital or income of the Trust Fund or by virtue of the exercise of the Trustees powers hereunder.

## 10 Trustees Liability

The Trustees shall not be liable for (and shall be indemnified out of the Trust Fund for) any loss or liability which the Trustees may incur by reason of the exercise, manner of exercise, or non-exercise of



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any of the powers, authorities or discretions conferred on the Trustees by this Deed or by law.

IN WITNESS WHEREOF these presents have been executed the day and year first hereinbefore written.

THE COMMON SEAL of THE MACKENZIE )  
DISTRICT COUNCIL was hereunto )  
 affixed in the presence of: )



*[Signature]* ..... Chief Executive Officer  
*d.f. Anderson* ..... Mayor

SIGNED BY RONALD DAVID WALKER )  
 in the presence of: )

*[Signature]*  
*[Signature]*

SIGNED BY WARREN CLAPHAM JOWETT )  
 in the presence of: )

*[Signature]*  
*[Signature]*

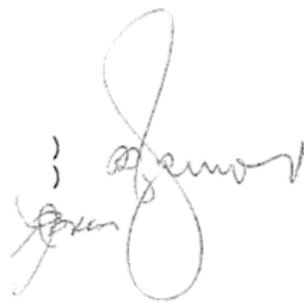
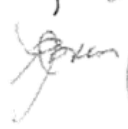
SIGNED BY CHARLES GERARD HAND )  
NEWTON in the presence of: )

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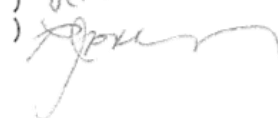
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SIGNED BY BRIAN JOHN DWYER  
in the presence of:

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SIGNED BY ROBERT WILLIAM ALLAN  
in the presence of:

) R. W. Allan.  
) 





**Mackenzie County Scholarship****February 2022 payment:**

Principle				\$ 86,774.61
Interest	0.95%			
(1 July to 31 Dec 2021)		184 days	\$	415.57

**Retain 10% of total interest (and add to capital):**

Jan 2021 - June 2021	\$	869.22			
July 2021 - Dec 2021	\$	415.57	Less	\$ 128.48	287.09
		<u>\$ 1,284.79</u>			February 2022 payment to the Trust
10%	\$	128.48			

Scholarship Balance January 2022	\$ 86,903.09	(\$86,774.61 plus \$128.48)
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**July 2022 payment:**

Principle			\$ 86,903.09
Interest	0.95%		
(1 Jan to 30 June 2022)		181 days	\$ 409.40

\$ 409.40 July 2022 payment to the Trust

### 4.3 ADOPTION OF PROPOSED MOBILE SHOPS AND TRADERS BYLAW AND STATEMENT OF PROPOSAL

**Author:** Aaron Hakkaart, Manager - Planning

Rachael Willox, Planning

**Authoriser:** Tim Harty, General Manager - Operations

**Attachments:** 1. Proposed Mobile Shops and Traders Bylaw [↓](#)   
2. Proposed Statement of Proposal Mobile Shops and Traders Bylaw [↓](#) 

**Council Role:**

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☐ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☒ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

### PURPOSE OF REPORT

The purpose of this report is to provide Council with the relevant information to inform a decision on whether to adopt the Proposed Mobile Shops and Traders Bylaw and associated Statement of Proposal.

#### STAFF RECOMMENDATIONS

1. That the report be received.
2. That Council adopt the Proposed Mobile Shops and Traders Bylaw and Statement of Proposal pursuant to section 83 of the Local Government Act 2002.

### BACKGROUND

The Mobile Shops and Traders Bylaw

Pursuant to Section 158 of the Act a territorial authority must review a bylaw no later than five years after the date on which the bylaw was made. If a bylaw is not reviewed within the required timeframe, it expires. If this was to occur, then it is officially revoked on the date that is two years after the last date on which the bylaw should have been reviewed (Section 160A of the Act, the Act). Given that process, the current Mobile Shops and Traders Bylaw will be revoked on 15 December 2021, being seven years after it was made.

To ensure Council has a Mobile Shops and Traders Bylaw in place a review of the current bylaw has been completed by staff. When amending a bylaw/policy, Council must use the special consultative procedure and comply with section 86 of the Act if the bylaw concerns a matter identified in the Councils policy under section 76AA of the Act as being of significant interest to the public; or if the Council considers that there is, or likely to be, a significant impact on the public due to the proposed bylaw or changes to, or revocation, of the bylaw. The Council in this instance considers the matters addressed by the Proposed Mobile Shops and Traders Bylaw require the special consultative procedure as set out in the Act.

### The Changes

Several changes between the existing Mobile Shops and Traders Bylaw 2014 and the Proposed Mobile Shops and Traders Bylaw. These are:

Proposed Change	Rationale
Amendments to the overall structure and layout of the Bylaw	Changes to the structure and layout of the Bylaw have been proposed to provide greater consistency between the Policies and Bylaws being reviewed/implemented in 2021.
Amendments to the interpretations	Changes to the interpretations are proposed to provide clarity for the reader. The interpretations are currently over complicated and/or ambiguous.
The exemptions have been expanded to include mobile traders operating at community events and mobile ice-cream vans such as Mr. Whippy	Mobile traders operating at community events where the trader has been invited or has permission of the event organizer are considered to fall outside the scope of the bylaw given the temporary nature of such events. Mobile ice-cream vans such as Mr. Whippy also do not stay in any one location for an extended period of time and are generally more mobile than a traditional food van or truck.
The existing mobile shop, traders and stand and stall provisions have been combined	The 2014 Bylaw has different provisions for mobile shops, traders and stands and stalls. To provide consistency, avoid repetition and to provide clarity for the reader the provisions for mobile shops, traders and stands and stall are proposed to be combined.
New designated site provisions	To provide clarity for mobile traders and the community, the Council propose to designate specific locations in Fairlie, Tekapo and Twizel as permanent sites for mobile trading. The specific sites are: <ol style="list-style-type: none"> <li>1. the Village Green, Fairlie</li> <li>2. the Denmark Street Greenway, Fairlie</li> <li>3. the Lakeside Drive Carpark, Tekapo</li> <li>4. the Hamilton Drive Carpark, Tekapo</li> <li>5. the Mackenzie Drive Carpark, Twizel</li> </ol> For more information on the preferred sites, including the site restrictions, refer to Schedule 1.

New allocation of licenses provisions	A license to operate within the designated locations may be granted, have conditions imposed, or be refused at the discretion of an authorised officer. To provide a clear, transparent and fair processing framework the Council propose to adopt a formal application process. On 1 April each year a call for applications to operate within the designated mobile trading sites will be made. The application period will be open for a two-month period (April-May); with the granted licenses allocated in June and coming into effect on 1 July until 30 June the following year (a twelve-month period). A clear framework and criteria has been proposed where the number of applications received for a site exceeds the site restrictions.
Inclusion of a standard set of conditions	To provide clarity for mobile traders and to lessen the potential effects of mobile trading a standard set of conditions has been proposed in Schedule 2. The standard set of conditions must be complied with at all times while trading. Authorised officers can prescribe additional conditions or amend the standard conditions where appropriate.
The maximum hours of operation have been extended to allow a mobile shop to operate prior to 8.30am Monday to Sunday	To provide greater flexibility and to allow traders the opportunity to service morning workers the hours of operation for mobile traders are proposed to be between 6am and 9pm Monday to Sunday.
New suspension/cancellation of license provisions	To ensure compliance with the bylaw and any conditions attached to a mobile trader license clear suspension/cancellation of license provisions have been proposed. Most notably, failure to comply with any conditions of a license will result in the immediate suspension of the license for a one-week period. During this period staff will investigate the non-compliance. At the completion of the investigation staff can remove the suspension on the license or cancel the license. Given the site restrictions the Council also propose that an authorised officer may suspend or cancel a license where trader has ceased operation for more than six weeks, unless the trader has notified the Council of the intended break in service.
The current musical chimes provision has been restricted to mobile ice-cream vans such as Mr. Whippy	To decrease the noise generated from mobile shops and traders no musical chimes or other audible devices shall be operated from a mobile shop.

#### Designated Sites

Designated sites for mobile trading were identified through consultation with each towns Community Board at the end of 2020; and pre-engagement with the wider community in early 2021.

Staff have investigated each of these sites and no reasons have been identified as to why these sites could not be used for mobile trading. During this due diligence period staff were made aware that there were conflicting arrangements over the proposed site in Twizel which adjoins the golf course.

Staff have subsequently had discussion with other departments within Council to seek to understand this conflict. Staff have been informed that there is no legal documents or agreements

preventing the use of the proposed site for Mobile Trading. Accordingly, the proposal has been progressed based on this advice.

### The Process

Any person, organisation or body is welcome to make a submission on the Proposed Mobile Shops and Traders Bylaw. The consultation period will open on Monday 13 September 2021 and will close on Wednesday 6 October 2021. Every person will also be given the reasonable opportunity to speak to their views with hearings scheduled to be held on in late October or early November with a date to be released as part of the public notification process.

### **POLICY STATUS**

Section 83 of the Local Government Act 2002 prescribes the steps that Council must take in carrying out a Special Consultative Procedure. The Statements of Proposal have been created based on requirements of this piece of legislation. If adopted the Statement of Proposal will be notified in accordance with Section 83 with members of the community given the opportunity to submit and speak to each of the proposals. The process will result in changes to the operative policies and bylaws identified potentially two new bylaws and a single new policy.

### **SIGNIFICANCE OF DECISION**

The proposal will trigger Mackenzie District Councils Significance and Engagement Policy. In response to this all the proposals are to be subject to the Special Consultative Procedure as directed by the Local Government Act 2002. This will provide the wider public the opportunity to engage with the process and have their views heard.

### **OPTIONS**

Option 1: Adopt the Proposed Mobile Shops and Trader Bylaw and Statement of Proposal pursuant to section 83 of the Local Government Act 2002.

This is the recommended option. Staff have previously discussed and workshopped the proposed provisions with Council. The proposal represents the feedback received from Council and the wider community through pre-engagement. The Special Consultative Procedure will provide the public with the opportunity to submit their thoughts.

Option 2: Adopt the Proposed Mobile Shops and Traders Bylaw and Statement of Proposal subject to changes directed by Council at the meeting pursuant to section 83 of the Local Government Act 2002.

This option will still result in a proposal being notified, subject to changes decided by Council during the meeting.

Option 3: Do not adopt the Proposed Mobile Shops and Traders Bylaw and Statement of Proposal pursuant to section 83 of the Local Government Act 2002.

This option is not recommended. This option would result in no Mobile Shops and Traders Bylaw being in place, meaning any future operations would not be able to occur.

### **CONSIDERATIONS**

#### **Legal**

The proposals are being carried out in accordance with all relevant legislation. Adoption of the Statements of Proposal will result in Policies and Bylaws enforceable by Council.

**Financial**

There are no financial implications as this process is being resourced internally.

**Other**

Failure to adopt a Proposed Bylaw and Statement of Proposal would result in no Mobile Shops and Traders Bylaw being in-place for the Mackenzie District.

**CONCLUSION**

Staff have prepared a Statement of Proposals and Proposed Mobile Shops and Traders Bylaw. These documents have been prepared in accordance with all relevant legislation and must be adopted by Council for use as part of the Special Consultative Procedure guided by the Local Government Act 2002.

# **Proposed Mobile Shops and Traders Bylaw**

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**2021**



# Proposed Mobile Shops and Traders Bylaw 2021

## REVISION HISTORY

Date Adopted:	Month Year
Review Date:	Month Year
Department:	ADD
Responsible Officer:	ADD
Sponsor:	Group Manager Operations
Adopted by:	Chief Executive
New Review Date:	Year

*Proposed – Mobile Shops and Traders Bylaw 2021***1. Introduction**

This Bylaw is the Mackenzie District Council Proposed Mobile Shops and Traders Bylaw 2021.

This Bylaw shall come into force on **DATE**.

This Bylaw has been made pursuant to section 146 of the Local Government Act 2002.

**2. Purpose**

The purpose of this Bylaw is:

- to regulate the conduct of persons selling goods on streets, roads and pavements and on property owned or managed by the Council; and
- to regulate persons using vehicles to sell goods and services in public places.

**3. Interpretations**

For the purposes of this Bylaw the following definitions shall apply.

<b>Act</b>	the Local Government Act 2002
<b>Authorised Officer</b>	a Council Officer appointed by Council to be an Enforcement Officer or a Police Officer
<b>Council</b>	the Mackenzie District Council
<b>Goods</b>	all foods, refreshments, and handmade crafts
<b>Mobile Shop</b>	any stand, stall, structure, vehicle, awning, or table from which goods are offered for the distribution of sale
<b>Night-time</b>	the hours between 9pm and 6am Monday to Sunday
<b>Public Place</b>	the same meaning as section 147 of the Act a place that is open to or being used by the public, whether free or on payment of a charge, and whether any owner or occupier of the place is lawfully entitled to exclude or eject any person from it
<b>Similar Goods</b>	types of foods, refreshments and or handmade crafts that a similar
<b>Trader/Operator</b>	any person who is involved in any business in the district involving the sale of goods from a mobile shop

*Proposed – Mobile Shops and Traders Bylaw 2021*

## 4. Exclusions

The provisions of this Bylaw do not apply:

- to sellers of printed books, pamphlets, magazines or newspapers.
- mobile traders operating at community events where the trader has been invited or has permission of the event organiser; and
- mobile ice-cream vans such as Mr. Whippy.

Mobile ice cream vans such as Mr. Whippy are permitted in the district provided:

- the trader informs Council, in writing, when and where they will be operating.
- the trader stays in one location no longer than one hour.
- the trader does not park within 200m of the village centre.
- musical chimes or other audible devices are operated in a reasonably modulated manner.
- an authorised officer provides written confirmation that the trader has permission to trade.

## 5. Mobile Trading License

Any person or business wanting to engage in mobile trading at the sites designated under Section 7 must obtain a license from Mackenzie District Council. To apply for a license a person or business must:

- apply to the Council on the appropriate form.
- state the type of food, goods and/or merchandise to be sold.
- state the hours and days of trade.
- supply copies of any additional licenses or permits applicable to the activity, such as a Food Registration Certificate under the Food Act 2014.
- pay the relevant license application fee prior to the license being issued.

A trader must apply for a separate license for each location. Each license application is subject to a separate application fee and assessment process.

A license may be granted, have conditions imposed, or be refused at the discretion of an authorised officer.

For more information on the application process refer to Section 8.

A trader who operates more than one mobile shop shall hold a separate license for each mobile shop.

A license issued under this Bylaw is not transferable to any other person or business.

## 6. Production of License

The operator of a mobile shop shall display at all times while trading a copy of their license.

### *Proposed – Mobile Shops and Traders Bylaw 2021*

The operator of a mobile shop shall at all times while trading ensure that a copy of their license is made available to an authorised officer on request.



The operator of a mobile shop shall move as directed at the request of an authorised officer.

Any person who fails to comply with any such requests commits an offence against this Bylaw.

## **7. Mobile Trading Sites**

The Council have designated specific locations in Fairlie, Tekapo and Twizel as permanent sites for mobile trading. The specific sites are:

1. the Village Green, Fairlie
2. the Denmark Street Greenway, Fairlie
3. the Lakeside Drive Carpark, Tekapo
4. the Hamilton Drive Carpark, Tekapo
5. the Mackenzie Drive Carpark, Twizel

In the designated mobile trading sites, an authorised officer must grant a mobile trading license provided the following are met:

- compliance with the mobile trading site restrictions can be achieved (Schedule 1).
- compliance with the conditions for mobile traders has been demonstrated (Schedule 2).

For more information on the preferred sites, including the site restrictions, refer to Schedule 1.

The Council can add, remove, or alter any part of Schedule 1 in accordance with section 156 of the Act.

No Mobile Trading Licenses will be granted to operate outside of the designated sites.

## **8. Allocation of Licenses**

The Council on 1 April each year will call for applications to operate within the designated mobile trading sites. The application period will be open for a two-month period (April-May); with the granted licenses allocated in June and coming into effect on 1 July until 30 June the following year (a twelve-month period).

At the close of the application period, an authorised officer will assess the applications received and create a mobile trading schedule for Fairlie, Tekapo and Twizel.

Where the number of applications received for a site exceeds the site restrictions an authorised officer will assess the applications received and evaluate them against the criteria listed below. This assessment will then be considered by full Council and a determination made as to the allocation of licenses for the following year. For clarity the site restrictions will be assessed on an hourly basis. More licenses than the site can occupy can therefore be provided as long as there is no more than the maximum number of traders operating at any one time.

### *Proposed – Mobile Shops and Traders Bylaw 2021*

Where an application is received outside of the April-May period, an authorised officer may grant a license until June 30 where the site restrictions are not exceeded (no discount to the applicable fees will be applied).

An authorised officer/Council when determining what licences should be granted, shall have regard to:

- whether the trader has held a license for the site previously;
- the number of applications received;
- the types of food, refreshments, and handmade crafts to be sold to ensure a variety of offerings;
- the hours/days of operation sought;
- the previous history of the mobile shop and/or trader;
- whether the mobile trader is familiar with their obligations under the Bylaw; and
- any other matter deemed necessary.

## 9. Conditions of License

All licenses issued under this Bylaw shall be subject to the standard Conditions contained in Schedule 2.

The Council may, in issuing a license, prescribe additional conditions or amend the standard conditions where appropriate.

All license holders shall comply with the conditions issued to their license while carrying out their trade or business.

Any breach of conditions shall constitute a breach of this Bylaw.

## 10. Expiry of License

A license issued under this Bylaw is valid for twelve months from the date of issue (1 July to 31 June).

Where an application is issued after 1 July the license will only be valid until the 31 June.

## 11. Suspension/Cancellation of License

Failure to comply with any conditions contained within this Bylaw, or on a specific license will result in the immediate suspension of the license for a one-week period. During this period staff will investigate the non-compliance. At the completion of the investigation staff can remove the suspension on the license or cancel the license.

An authorised officer may also suspend or cancel a license issued under this Bylaw where they are satisfied that:

- there has been a breach of the Bylaw.



*Proposed – Mobile Shops and Traders Bylaw 2021*

- the license holder has been convicted of an offence relating to or in connection with the trade conducted pursuant to the said license.
- the trader has ceased operation for more than six weeks, unless the trader has notified the Council of the intended break in service.

## 12. Fees

Prior to the issue of a licence the prescribed fee set out in the Councils Schedule of Fees and Charges shall be paid. Failure to pay within the time frame specified may result in the offer of a license being rescinded and the license allocated to another party.

The Council may waive, upon written request, the payment of fees for any license where the activity involves local or national recognised charitable or community organisations.

## 13. Offences and Penalties

Any person or business found to be in breach of this Bylaw commits an offence and is liable upon conviction to the penalty set out in Section 242 (4) of the Local Government Act 2002 which provides for a fine not exceeding \$20,000.

*Proposed – Mobile Shops and Traders Bylaw 2021***Schedule 1****Designated Mobile Trading Sites****6****Fairlie**

<b>Designated Site:</b>	The Village Green
<b>Description of Site:</b>	The area of the Village Green permitted for mobile trading is located south of the war memorial statue, opposite the Gladstone Grand Hotel as indicated below
<b>Number of Traders Allowed</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday.



*Proposed – Mobile Shops and Traders Bylaw 2021*

<b>Designated Site:</b>	Denmark Street Greenway
<b>Description of Site:</b>	The portion of the Denmark Street Greenway permitted for mobile trading is located northwest of the Doon Street and State Highway 8 intersection (adjacent to 34 to 44 Denmark Street) as indicated below
<b>Number of Traders Allowed:</b>	A maximum of three traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday





*Proposed – Mobile Shops and Traders Bylaw 2021***Lake Tekapo**

<b>Designated Site:</b>	Lakeside Drive Carpark
<b>Description of Site:</b>	The Lakeside Drive Carpark is located northwest of the Lakeside Drive, Domain Road and Simpson Lane intersection and is directly adjacent to Lake Tekapo. Mobile Traders in this location are restricted to carparking closest to Lakeside Drive
<b>Number of Traders Allowed:</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday



*Proposed – Mobile Shops and Traders Bylaw 2021*

<b>Designated Site:</b>	Hamilton Drive Carpark
<b>Description of Site:</b>	The Hamilton Drive Carpark is a large pull in area located at the eastern entrance to Lake Tekapo south of State Highway 8. Access to the site is obtained from Hamilton Drive. Mobile Traders in this location are restricted to the northern portion of the carpark
<b>Number of Traders Allowed:</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday



*Proposed – Mobile Shops and Traders Bylaw 2021***Twizel**

<b>Designated Site:</b>	Mackenzie Drive Carpark
<b>Description of Site:</b>	The Mackenzie Drive Carpark is located south of the Twizel Medical Center, on land owned by the Council, and is adjacent to the Simons Street and Mackenzie Drive intersection and the Twizel Golf Course
<b>Number of Traders Allowed:</b>	A maximum of six mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 7am and 9pm Monday to Friday and 9am and 9pm Saturday and Sunday



*Proposed – Mobile Shops and Traders Bylaw 2021***Schedule 2****General Conditions of all Licenses**

11

The following conditions shall apply to all mobile shops and traders in the Mackenzie District:

**Hours of Operation**

All mobile traders shall only operate during the hours of operation specified on their license.

All mobile shops shall be removed from the site at the conclusion of each operating day.

**Musical Devices**

No musical chimes or other audible device shall be operated from any mobile shop.

**Signage**

A license holder shall have no more than one freestanding sign associated with their mobile shop.

The visible area of the sign shall not exceed 1m<sup>2</sup> and the height of the sign shall not exceed 1m.

The sign shall only be made visible once it has been approved by Council and the mobile shop is operating.

The Council will approve the sign at the time of application for a Mobile Trader License.

No sign shall cause a danger or inconvenience to pedestrians or road users.

**Rubbish**

No oil or other material shall be discharged on the site.

All rubbish shall be collected on-site and taken away at the end of each operating day.

All mobile traders shall supply their own rubbish bin.

**Noise**

Noise generated from any mobile shop shall not be objectionable and/or cause distress to anyone in the surrounding neighbourhood.



**Mackenzie**  
DISTRICT COUNCIL



# **Mobile Shops and Traders Bylaw – Statement of Proposal**

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**2021**

# Mobile Shops and Traders Bylaw 2021

## BACKGROUND

Council is currently reviewing the Mobile Shops and Traders Bylaw (the Bylaw) which came into force on 15 December 2014. The objective of the Bylaw is to regulate the conduct of persons selling goods on streets, roads and pavements, persons using vehicles to sell goods and to impose conditions on persons who come to sell goods direct to the public on a casual basis.

## WHAT IS A BYLAW?

Bylaws are rules made by Council under the Local Government Act 2002 (the Act). Bylaws are created for the purpose of:

- Protecting the public from nuisance;
- Protecting, promoting and maintaining public health and safety; and
- Minimising the potential for offensive behaviour in public places.

The Act also lists specific purposes for which Council may make bylaws. These purposes include regulating activities such as trade waste, solid waste, keeping of animals and trading in public places.

## WHY IS THE BYLAW BEING REVIEWED?

Pursuant to Section 158 of the Act a territorial authority must review a bylaw no later than five years after the date on which the bylaw was made. If a bylaw is not reviewed within the required timeframe, it expires. It is then officially revoked on the date that is two years after the last date on which the bylaw should have been reviewed (Section 160A of the Act).

## WHEN AMENDING A BYLAW

Council must use the special consultative procedure and comply with Section 86 of the Act if the bylaw concerns a matter identified in the Council's policy under Section 76AA of the Act as being of significant interest to the public; or if the Council considers that there is, or likely to be, a significant impact on the public due to the proposed bylaw or changes to, or revocation, of the bylaw. The Council in this instance considers the matters addressed by the Mobile Shops and Traders Bylaw to require the special consultative procedure as set out in the Act.

# Mobile Shops and Traders

## Bylaw 2021

Under the Act, a bylaw must be made and reviewed by making the following determinations as required by Section 155 of the Act:

1. Identification of a perceived problem, and consideration of whether a bylaw is the most appropriate way of addressing a perceived problem. When considering whether a bylaw is the most appropriate way to respond to a problem, the Council must consider the other regulatory and non-regulatory tools that are available to it, including existing statute and public education.
2. If a bylaw is the most appropriate way of addressing the perceived problem, then the Council must decide before making the bylaw whether:
  - a. The bylaw is the most appropriate form of bylaw; and
  - b. The bylaw gives rise to any implications under the New Zealand Bill of Rights Act 1990.

### OTHER CONSIDERATIONS

When Council makes or amends a bylaw it needs to take into account the general law that applies to bylaws. These include:

**a) Repugnancy**

A bylaw is in effect a local law and is subservient to primary legislation. The bylaw cannot seek to override legislation determined at a national level. If a bylaw sought to override another statute or the common law, then the bylaw would be found to be invalid because it is repugnant to the general laws of New Zealand. Section 14 of the Bylaws Act 1910 states no bylaw shall be invalid merely because it deals with a matter already dealt with by the laws of New Zealand, unless it is repugnant to provisions of those laws. Each bylaw contained within this Statement of Proposal is found not to be repugnant to any legislation.

**b) Certainty**

A bylaw must be certain. In other words, there must be adequate information as to the duties of those who are to obey it. Each bylaw contained within this Statement of Proposal provides adequate information on the duties and expectations of the Council, its stakeholders and the community.

**c) Reasonableness**

The reasonableness of any bylaw is a major consideration. There is case law about what constitutes unreasonableness in a bylaw context. Generally speaking, the following



# Mobile Shops and Traders Bylaw 2021

considerations are taken into account when looking at reasonableness: The surrounding facts, including the nature and condition of the locality in which the bylaw takes effect, the danger or inconvenience it is designed to remedy and whether or not public private rights are unnecessarily or unjustly invaded.

A bylaw which is unnecessarily interferes with the right without producing a corresponding benefit to the inhabitants of the locality in which it applies is deemed unreasonable.

All bylaws and policies being amended within this Statement of Proposal have found to be reasonable.

## PRE-COMMUNITY ENAGEMENT

The Mobile Shops and Traders Bylaw 2014 was released for pre-community engagement at the start of this year. Sixty-eight participants took part in the online survey. All feedback received has been considered when reviewing the Mobile Shops and Traders Bylaw 2014.

## WE WANT TO HEAR YOUR VIEWS

Any person, organisation or body is welcome to make a submission on the proposed Mobile Shops and Traders Bylaw 2021. The consultation period will open on **Monday 2021** and will close on **Friday 2021**. Every person will also be given the reasonable opportunity to speak to their views with a hearing scheduled to be held on **2021**.

## MAKING A SUBMISSION

You can make a submission:

- Online at: [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)
- Visiting a Council Office in either Fairlie and/or Twizel
- Mail to: Planning, Mackenzie District Council, PO Box 52, Main Street, Fairlie 7949

## CONTACT US

If you have any questions about the Mobile Shops and Traders Bylaw, please contact the Planning Department via email [planning@mackenzie.govt.nz](mailto:planning@mackenzie.govt.nz) or by phone 03 685 9010.

# Mobile Shops and Traders Bylaw 2021

Along with this Statement of Proposal, several accompanying documents have been prepared to help you understand the changes proposed and the reasons why. These documents can be found at [www.mackenzie.govt.nz](http://www.mackenzie.govt.nz) or the Council offices in Fairlie and Twizel.

*Mobile Shops and Traders Bylaw Review 2021***Mackenzie District Council Mobile Shops and Traders Bylaw****BACKGROUND**

The Mobile Shops and Traders Bylaw regulates the conduct of persons selling goods on streets, roads and pavements, persons using vehicles to sell goods and to impose conditions on persons who come to sell goods direct to the public on a casual basis.

Under Clause 6.1 of the Bylaw any person wishing to sell goods on public streets, roads and pavements must obtain a permit from the Mackenzie District Council. A permit allows a trader to operate from a chosen location for a period of up to 12 months. A permit does not give an applicant a lease or designated use of the land or grant a mobile trader access to a permanent site. Conditions are attached to all permits which license holders must comply with when engaged in mobile trading.

Historically all Mobile Shop and Trader Permits have been assessed on a case-by-case basis and gone to the respective Community Board for approval. Selected sites, in consultation with the Community Boards, were then chosen in Twizel, Tekapo and Fairlie as suitable locations for mobile trading:

- Twizel: The Mackenzie Drive Carpark.
- Tekapo: The Lakeside Drive Carpark.
- Fairlie: The Village Green and Denmark Street.

**REVIEW OF BYLAW**

After an initial review of the Bylaw, the Council were asked to consider a variety of options:

- Option 1 –** The Council determine specific locations in each township that are specifically listed in the Bylaw as suitable locations for mobile trading.
- Option 2 –** The Council do not determine specific locations, with Mobile Shop and Trader Permits assessed on a case-by-case basis.
- Option 3 –** The Council revoke the Mobile Shops and Traders Bylaw and do not allow for mobile trading in the district.

Option 3 was disregarded as it was acknowledged that trading in public places, where appropriate and well managed, can add to the character, vibrancy and visitor experience in the Mackenzie District. Trading in public places can also make a valuable contribution to the local economy and culture. The Council however acknowledged that mobile trading needs to be controlled to ensure standards of health, pedestrian and road safety, and amenity are maintained. The impact of mobile trading on established businesses in the village centres was also considered as mobile traders should not be unfairly advantaged over established businesses that have rent and/or rates overheads.

### Mobile Shops and Traders Bylaw Review 2021

Option 2 was also disregarded as it is ambiguous and does not provide certainty for mobile traders or the community. To provide clarity for mobile traders and the community Council determined that specific locations in each township should be identified and listed in the Bylaw as suitable locations for mobile trading.

To select the sites for mobile trading options were taken to the respective Community Boards in December 2020 to make a recommendation. The sites selected by the respective Community Boards in each location are as follows:

- **Twizel:** The Ostler Road Carpark opposite Placemakers and the green space on the corner of Nuns Veil Road and Mackenzie Drive. The Mackenzie Drive Carpark was not selected as Council staff, at this time, were not aware of the land tenure of the site.
- **Tekapo:** The Hamilton Drive Carpark, the land on Simpson Lane and the Lakeside Drive Carpark.
- **Fairlie:** The Village Green and Denmark Street.

The Bylaw was released for pre-community engagement at the start of this year. Sixty-eight participants took part in the online survey. The majority of participants in Twizel preferred the current site on Mackenzie Drive. Other sites in Twizel included the long vehicle carpark adjacent to the skatepark, Market Place, the Ostler Road Carpark, the carpark on Wairepo Road opposite the Musteers Hut Café, Nuns Veil Road and Ruitaniwha Road. In Tekapo the sites suggested were the Lakeside Drive Carpark, Mackenzie's Square on Motuariki Lane, the Hamilton Drive Carpark and the Tekapo lakefront towards the hot pools. In Fairlie the sites suggested were Denmark Street, the Village Green closer to the playground and in the town centre.

Other suggestions included having mobile traders as close to the town centre as possible, allowing traders to operate throughout the district with no preferred sites and to allow traders at the Pukaki Lookout and other lookout spaces. In addition, participants wanted mobile traders away from established businesses and the Twizel Golf Club.

Based on the feedback received from the respective Community Boards and the public the Council has proposed the following sites in Fairlie, Tekapo and Twizel:

#### Fairlie

<b>Designated Site:</b>	The Village Green
<b>Description of Site:</b>	The area of the Village Green permitted for mobile trading is located south of the war memorial statue, opposite the Gladstone Grand Hotel
<b>Number of Traders Allowed</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday.



*Mobile Shops and Traders Bylaw Review 2021*

<b>Designated Site:</b>	Denmark Street Greenway
<b>Description of Site:</b>	The portion of the Denmark Street Greenway permitted for mobile trading is located northwest of the Doon Street and State Highway 8 intersection (adjacent to 34 to 44 Denmark Street)
<b>Number of Traders Allowed:</b>	A maximum of three traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday

**Lake Tekapo**

<b>Designated Site:</b>	Lakeside Drive Carpark
<b>Description of Site:</b>	The Lakeside Drive Carpark is located northwest of the Lakeside Drive, Domain Road and Simpson Lane intersection and is directly adjacent to Lake Tekapo. Mobile Traders in this location are restricted to carparking closest to Lakeside Drive
<b>Number of Traders Allowed:</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday

<b>Designated Site:</b>	Hamilton Drive Carpark
<b>Description of Site:</b>	The Hamilton Drive Carpark is a large pull in area located at the eastern entrance to Lake Tekapo south of State Highway 8. Access to the site is obtained from Hamilton Drive. Mobile Traders in this location are restricted to the northern portion of the carpark
<b>Number of Traders Allowed:</b>	A maximum of three mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday

Mackenzie's Square in Motuariki Lane was not considered appropriate given its proximity to established businesses in the town centre. The waterfront was also considered to be less desirable as there is less formal public parking.

**Twizel**

Based on the survey results the Council have proposed to retain the current site on Mackenzie Drive.

*Mobile Shops and Traders Bylaw Review 2021*

<b>Designated Site:</b>	Mackenzie Drive Carpark
<b>Description of Site:</b>	The Mackenzie Drive Carpark is located south of the Twizel Medical Center, on land owned by the Council, and is adjacent to the Simons Street and Mackenzie Drive intersection and the Twizel Golf Course
<b>Number of Traders Allowed:</b>	A maximum of six mobile traders may operate at any one time
<b>Maximum Hours of Operation:</b>	The hours of operation for any mobile trader shall be between 6am and 9pm Monday to Sunday

The Council have limited the number of traders operating at any one time in each location in order to manage the potential effects of mobile traders on the community and established business.

**PROPOSED BYLAW**

Having regard to the above Council propose to revoke the Mobile Shops and Traders Bylaw 2014 and replace with a new Mobile Shops and Traders Bylaw 2021. Similar to the 2014 Bylaw, the Mobile Shops and Traders Bylaw 2021 will require any person or business wanting to engage in mobile trading, at the designated sites, to obtain a licence from the Council. To apply for a licence a person must:

- apply to the Council on the appropriate form.
- state the type of food, goods and/or merchandise to be sold.
- state the hours and days of trade.
- supply copies of any additional licenses or permits applicable to the activity, such as a Food Registration Certificate under the Food Act 2014.
- pay the relevant license application fee.

A license may be granted, have conditions imposed, or be refused at the discretion of an authorised officer. To ensure a clear, transparent and fair processing framework the Council propose the following application process:

1. The Council on 1 April each year will call for applications to operate within the designated mobile trading sites. The application period will be open for a two-month period (April-May); with the granted licenses allocated in June and coming into effect on 1 July until 30 June the following year (a twelve-month period).
2. At the close of the application period, an authorised officer will assess the applications received and create a mobile trading schedule for Fairlie, Tekapo and Twizel.
3. Where the number of applications received for a site exceeds the site restrictions an authorised officer will assess the applications received and evaluate them against the criteria listed below.
4. The assessment required under Step 3 will then be considered by full Council and a determination made as to the allocation of licenses for the following year. For clarity the site restrictions will be assessed on an hourly basis. More licenses than the site can occupy can therefore be provided as long as there is no more than the maximum number of traders operating at any one time.

### Mobile Shops and Traders Bylaw Review 2021

Where the number of applications received for a site exceeds the site restrictions an authorised officer/Council, shall have regard to the following criteria:

- whether the trader has held a license for the site previously;
- the number of applications received;
- the types of food, refreshments, and handmade crafts to be sold to ensure a variety of offerings;
- the hours/days of operation sought;
- the previous history of the mobile shop and/or trader;
- whether the mobile trader is familiar with their obligations under the Bylaw; and
- any other matter deemed necessary.

Where an application is received outside of the April-May period, an authorised officer may only grant a license until June 30 where the site restrictions are not exceeded.

A summary of the proposed changes to the Mobile Shop and Traders Bylaw 2014 is provided in Table 1.

*Table 1 - Proposed Changes to the Mobile Shop and Traders Bylaw 2014*

Proposed Change	Rationale
Amendments to the overall structure and layout of the Bylaw	Changes to the structure and layout of the Bylaw have been proposed to provide greater consistency between the Policies and Bylaws being reviewed/implemented in 2021.
Amendments to the interpretations	Changes to the interpretations are proposed to provide clarity for the reader. The interpretations are currently over complicated and/or ambiguous.
The exemptions have been expanded to include mobile traders operating at community events and mobile ice-cream vans such as Mr. Whippy	Mobile traders operating at community events where the trader has been invited or has permission of the event organizer are considered to fall outside the scope of the bylaw given the temporary nature of such events. Mobile ice-cream vans such as Mr. Whippy also do not stay in any one location for an extended period of time and are generally more mobile than a traditional food van or truck.
The existing mobile shop, traders and stand and stall provisions have been combined	The 2014 Bylaw has different provisions for mobile shops, traders and stands and stalls. To provide consistency, avoid repetition and to provide clarity for the reader the provisions for mobile shops, traders and stands and stall are proposed to be combined.
New designated site provisions	To provide clarity for mobile traders and the community, the Council propose to designate specific locations in Fairlie, Tekapo and Twizel as permanent sites for mobile trading. The specific sites are: <ol style="list-style-type: none"> <li>1. the Village Green, Fairlie</li> <li>2. the Denmark Street Greenway, Fairlie</li> <li>3. the Lakeside Drive Carpark, Tekapo</li> </ol>

*Mobile Shops and Traders Bylaw Review 2021*

	<p>4. the Hamilton Drive Carpark, Tekapo</p> <p>5. the Mackenzie Drive Carpark, Twizel</p> <p>For more information on the preferred sites, including the site restrictions, refer to Schedule 1.</p>	6
New allocation of licenses provisions	A license to operate within the designated locations may be granted, have conditions imposed, or be refused at the discretion of an authorised officer. To provide a clear, transparent and fair processing framework the Council propose to adopt a formal application process. On 1 April each year a call for applications to operate within the designated mobile trading sites will be made. The application period will be open for a two-month period (April-May); with the granted licenses allocated in June and coming into effect on 1 July until 30 June the following year (a twelve-month period). A clear framework and criteria has been proposed where the number of applications received for a site exceeds the site restrictions.	
Inclusion of a standard set of conditions	To provide clarity for mobile traders and to lessen the potential effects of mobile trading a standard set of conditions has been proposed in Schedule 2. The standard set of conditions must be complied with at all times while trading. Authorised officers can prescribe additional conditions or amend the standard conditions where appropriate.	
The maximum hours of operation have been extended to allow a mobile shop to operate prior to 8.30am Monday to Sunday	To provide greater flexibility and to allow traders the opportunity to service morning workers the hours of operation for mobile traders are proposed to be between 6am and 9pm Monday to Sunday.	
New suspension/cancellation of license provisions	To ensure compliance with the bylaw and any conditions attached to a mobile trader license clear suspension/cancellation of license provisions have been proposed. Most notably, failure to comply with any conditions of a license will result in the immediate suspension of the license for a one-week period. During this period staff will investigate the non-compliance. At the completion of the investigation staff can remove the suspension on the license or cancel the license. Given the site restrictions the Council also propose that an authorised officer may suspend or cancel a license where trader has ceased operation for more than six weeks, unless the trader has notified the Council of the intended break in service.	



*Mobile Shops and Traders Bylaw Review 2021*

The current musical chimes provision has been restricted to mobile ice-cream vans such as Mr. Whippy	To decrease the noise generated from mobile shops and traders no musical chimes or other audible devices shall be operated from a mobile shop.
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**The New Zealand Bill of Rights Act 1990**

The proposed Mobile Shops and Traders Bylaw 2021 will not give rise to any implications under the New Zealand Bill of Rights Act 1990. The Mackenzie District Council (the Council) are operating within the powers/authority of relevant legislation.

The proposed Mobile Shops and Traders Bylaw 2021 are attached as **Appendix A**.



**Mackenzie**  
DISTRICT COUNCIL

**4.4 TWIZEL AND FAIRLIE POOL HEATING FUNDING**

**Author:** Brian Milne, Community Facilities and Services Officer - Contractor

**Authoriser:** Tim Harty, General Manager - Operations

**Attachments:** Nil

**Council Role:**

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☒ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☐ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

**PURPOSE OF REPORT**

To consider funding of unbudgeted works to install heating (heat pump) systems to the Fairlie and Twizel Councils pools.

The Twizel Community Board have requested that the heating of Twizel pool be implemented as a priority so that it is operational for 2021/22 season. While every effort will be made to achieve this (subject to funding approval), it may not be achievable, as the installation is subject to an upgrade of the sites power supply, which is outside of Council's direct control.

**STAFF RECOMMENDATIONS**

1. That the report be received, and
2. That Council approve the installation of pool heat pump heating systems in both the Fairlie and Twizel pools, and further that;

3. Council approves a total project sum of \$235,000 for the installation of the heat pumps, consisting of \$220,000 capital costs and a \$15,000 contingency sum, as outlined within this report, and further that
4. Council approve an increase in Pool Operating costs of \$18,000 per annum to account for the running costs of the heat pumps, and further that
5. The capital costs for the project be funded by borrowing and the ongoing operational costs be funded via rates

## BACKGROUND

### Twizel Pool

Over several years (concluding in 2020), Council has invested significant funds upgrading elements of the Twizel Seasonal pool. This included investment in the filtration and treatment systems, the separation of the original pool into a large unheated main pool, and heated smaller pool. It also included the construction of a small zero depth splash pad fun zone for children. At the time of this work was undertaken the existing solar heating system was operational.

It is understood when the pool was prepared for the season following the upgrades, numerous faults were discovered with the solar heating system, to the point where it was irreparable. Consideration was given at the time to installing a heat pump heating system, but the need for upgrading the network power supply was identified and there was no budget for this, or the heat pump installation. No further action was taken on this matter.

As part of the 2021/31 Long Term Plan, an amount of \$100,000 was included in the 2021/22 budget for the replacement of the solar heating system. When the current staff started investigating implementing its replacement, it was identified that a heat pump solution would provide a much more desirable level of service and a better long-term solution.

The total cost for installing a heat pump system, including the upgrade of the power supply and cabling, is not finalised at time of writing this report. This is due to the requirements of, and cost share for, the network supply upgrade not being available. This is being proactively worked on by Alpine Energy. It is hoped that an updated, confirmed budget estimate will be able to be reported to the meeting. In addition to the network power supply, a new switchboard and external cabinet at the pool is also required.

Staff have been working on development of costs for installing the heat pump solution and at the time of writing this report have an estimate of \$230,000 from a suitably qualified pool professional (Consultants Powell Fenwick). This estimate includes a provisional amount of \$100,000 for electrical infrastructure upgrade, including supply and installation of new pool switchboard. At this point, a budget contingency of \$20,000 is also recommended (to cover unforeseen matters), bringing the total provisional budget requirement to \$250,000.

The cost of running a heat pump system also needs to be considered and budgeted for. Powell Fenwick have provided an estimated cost to maintain the pool temperature at 25 degrees Celsius with a total budget estimate for the season is \$12,900.

The table below demonstrates the temperature options and estimated costs. (Note based on power supply cost of \$0.24/kWh.)

<b>Twizel Main Pool Heating Energy Cost</b>				
<b>Month</b>	<b>25°C</b>	<b>26°C</b>	<b>27°C</b>	<b>28°C</b>
Nov	\$3,000	\$3,600	\$4,300	\$4,900
Dec	\$2,300	\$2,900	\$3,600	\$4,200
Jan	\$2,200	\$2,800	\$3,500	\$4,100
Feb	\$2,200	\$2,800	\$3,300	\$3,900
Mar	\$3,200	\$3,800	\$4,400	\$5,100
<b>TOTAL</b>	<b>\$12,900</b>	<b>\$15,900</b>	<b>\$19,100</b>	<b>\$22,200</b>

While a consistent minimum temperature of 25C would be a good outcome, a more optimal temperature is considered to be 26C for an outdoor pool, which has a seasonal cost of \$15,900.

An additional option is to install a complimentary power cell/battery solar system, which will reduce the annual operating power cost and/or support increasing the length of the season. This option, could be investigated in the future, using a cost/benefit analysis to determine if this was a worthwhile additional investment.

#### Fairlie Pool

The Fairlie (Srathconan) Pool also has a solar water heating system, together with a 50kW heat pump. The heat pump was installed approximately 4 years ago and provides booster heating to support the solar system when needed. By all accounts this system is operating effectively. The issue that has been encountered is that the roof mounted tubing for the solar heating system has reached the end of its life and breaking down. This break down is resulting in the tubing lining releasing a black (gummy) material which enters the pool water, sticking to the pool walls and sometimes pool users.

A quote to replace the tubing has been obtained for an amount of \$135,000. This is significantly higher than expected and has also not been budgeted for in the draft LTP.

Given this cost, the alternative option is to install a second additional 65kW heat pump to fully heat the pool. This would provide a more effective and reliable pool water heating option during periods of prolonged poor weather and provide the option for extending the pool season. The estimated cost of this option is \$70,000 (including removal of existing solar tubing). It is somewhat cheaper than the Twizel pool, due to the water volume at Fairlie being smaller and it being a roofed facility.

The combination of a smaller heat pump and roofed facility means the running cost is also lower at an estimated \$16-20 per day (or approximately \$2,500 to \$3,000 for the season).

#### **SIGNIFICANCE OF DECISION**

The decision is not considered of significance as defined by Council Significance and Engagement Policy.

**OPTIONS**

There are three options available to Council:

**Option 1**

Provide additional funding, as outlined within this report, to enable the installation of heat pump pool water heating systems at both Twizel and Fairlie pools as soon as possible.

This is staffs preferred option.

**Option 2**

Install a heat pump in Twizel and for the Fairlie Pool, provide additional funding to replace the solar tubing at a cost of \$135,000 with a 12-year guarantee.

**Option 3**

Further investigate dual solar water heating and heat pump options for both pools.

The current technology for solar heating has moved from heating the water in tubes to generating power from solar panels and battery storage.

This may take longer to operationalise and may impact on the pools summer operations.

It is noted that for any heat pump option, supply chain issues may delay the roll out as the required equipment may not be available in the country.

**CONSIDERATIONS****Financial**

An additional \$220,000 (provisional estimate) capital expenditure is required to install and upgrade heat pump pool water heating systems at both pools. This is in addition to the \$100,000 already budgeted in the draft LTP for the Twizel pool.

The Fairlie Pool has a capital renewal budget in 2021/22 of \$156,000 but this is required for filtration and other plant renewals which are reaching the end of their design life.

Additional \$18,000 annual operational cost for both pools (\$2,000 for Fairlie and \$16,000 for Twizel) to cover additional power costs.

It is recommended that a \$15,000 project contingency sum be allowed for (approximately 8%) to cover any unforeseen circumstances that arise in the project. This contingency amount will only be spent of instruction of the Project manager.

A discussion with the finance team has identified that this work can be funded from borrowings (Capex) and Rates (Opex).

**Other**

The following risks and mitigations are identified as follows:

Risk	Level	Treatment	Residual risk
Heat pumps are not available in time to install prior to season start due to supply chain issues	High	Confirm and place orders as soon as possible. Recommended contractors invited to price. Project Manager to expediate process	Medium
Twizel power supply upgrade by Alpine Energy may not be	High	Alpine Energy made aware of desirability for urgency	High

complete for operation this summer			
Heat pump systems do not operate as effectively as expected	Low	Specialist aquatic advice and contractors utilised. Pool heat pump systems now well proven	Very Low
Heat pump systems do not operate as efficiently as possible (higher operating cost)	Medium	Specialist aquatic advice and contractors utilised. Review over several seasons as climate a major factor	Low
Other technical issues arise during installation process	Medium	Consultants and contractors with good local knowledge utilised. Contingency budget provided to cover additional costs	Low

## CONCLUSION

Despite being summer pools, in the Mackenzie climate, some form of pool water heating is necessary for the enjoyment of users and successful operation of the swimming pools. Both pools have had old technology solar water heating systems that are no longer functional. An upgrade to a heat pump solution is recommended as the best long-term solution that will provide an optimal level of service outcome to achieve the best possible use of the investment made in the provision and operation of these pools.

**4.5 LAKE RUATANIWHA RESERVE MANAGEMENT PLAN**

**Author:** Brian Milne, Community Facilities and Services Officer - Contractor

**Authoriser:** Tim Harty, General Manager - Operations

**Attachments:** Nil

**Council Role:**

- ☐ **Advocacy** When Council or Committee advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- ☐ **Executive** The substantial direction setting and oversight role of the Council or Committee e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- ☒ **Legislative** Includes adopting District Plans and plan changes, bylaws and policies.
- ☐ **Review** When Council or Committee reviews decisions made by officers.
- ☐ **Quasi-judicial** When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice, e.g. resource consent or planning applications or objections, consents or other permits/licences (e.g. under Health Act, Dog Control Act) and other decisions that may be appealable to the Court including the Environment Court.
- ☐ **Not applicable** (Not applicable to Community Boards).

**PURPOSE OF REPORT**

The purpose of this report is to seek a decision from the Mackenzie District Council as the administering body of the Lake Ruataniwha Recreation reserve to initiate the preparation of a reserve management plan for the reserve.

**STAFF RECOMMENDATIONS**

1. That the report be received.
2. That Mackenzie District Council give public notice of its intention to prepare a management plan for the Lake Ruataniwha Recreation Reserve
3. That the public notice invites written suggestions from interested parties for a period of no less than a month following publication of the notice.
4. That funding of \$30,000, for the preparation of the Reserves Management Plan be provided from the Reserves Contributions Fund



## BACKGROUND

The Lake Ruataniwha Recreation Reserve is an area of 68.77 hectares located on the northern margin of Lake Ruataniwha. The reserve was classified as recreation reserve and vested in the Mackenzie District Council in trust for recreation purposes by the Department of Conservation in November 2006. The reserve surrounds the Rowing Centre and Ruataniwha Holiday Park and is accessed from Max Smith Drive. The reserve is shown in pink in the image below.



As the administering body of the reserve, Mackenzie District Council is obliged to prepare a management plan for Lake Ruataniwha Recreation Reserve pursuant to Section 41 of the Reserves Act 1977 (the Act). This is particularly relevant as Council has plans for development (through the allocation of the Tourism Infrastructure Funds) of this reserve which should be endorsed through a public process.

Management planning is intended to enable the administering body to establish the desired mix of uses and values for each reserve or group of reserves and set in place policy to guide day to day management. Determining community preferences and establishing the best means to provide for them are essential ingredients for good management planning.

A management plan for a single reserve, a group of reserves or a whole portfolio should be viewed as a community document. A management plan provides the community with certainty about the function and management of each reserve or grouping. A management plan also provides the administering body with efficiency gains in management of the reserve, by not requiring public notification or ministerial consent for some routine matters.

The process for preparation of a reserve management plan is prescribed in the Act and is summarised below:

1. Public notification of intent to prepare a management plan with an invitation to persons and organisations to send written suggestions to Mackenzie District Council within a specified time (to be determined by Council).
2. Consultation with interested parties (DoC, iwi, easement holders, neighboring lessees and landowners). The Twizel Community Board will have a role on community consultation in this area and have been informed of the intention to progress this process in their September meeting.
3. Preparation of draft Reserve Management Plan (plan) giving full consideration to suggestions/comments and specific consultation outcomes.

4. Publicly notify the draft plan for minimum of 2 months calling for submissions (written objections or suggestions).
5. Give notice to all persons and organisations that made written suggestions to the preparation of the draft.
6. Make a copy of the draft available for inspection.
7. Collate and analyze submissions and prepare report for hearings.
8. Administering body (Council) to make a decision on submissions following hearing of submissions.
9. Prepare final plan and adopt.

## **POLICY STATUS**

There are currently no policies to guide the use, maintenance and development of this significant reserve. Decisions are made on an ad-hoc basis which may lead to poor long-term outcomes.

## **SIGNIFICANCE OF DECISION**

The decision on whether or not Council should proceed with the preparation of a reserve management plan does not meet the threshold for significance in Council's Significance and Engagement Policy 2014.

Should Council support the need to proceed with the development of a plan it is required to follow the process outlined in the Act. This process requires a formal public consultation be undertaken, and the wider process as outlined within the background section of this report.

## **OPTIONS**

There are two options for Council to consider:

**Option 1:** Do not complete a Reserve Management Plan for the Lake Ruataniwha Recreation Reserve

This option assumes the current approach, where decisions are made on an as needed basis with no formal community involvement, is deemed the appropriate mechanism to manage the reserve area.

**Option 2:** Prepare a management plan for the reserve

This option would result in the development of a community endorsed plan outlining the future management of the reserve, and provide for its use, enjoyment, maintenance, protection, preservation and development as items required by the Reserves Act.

## **CONSIDERATIONS**

### **Legal**

The legal framework for reserves management planning is established by the Reserves Act 1977 which contains a requirement that administering bodies for reserves prepare management plans within 5 years of the date of their appointment or vesting of the reserve. As the reserve was vested in the Mackenzie District Council in 2006, a reserve management plan should have been produced by 2011.

### **Financial**

Council has a \$740,000 development project planned for the Lake Ruataniwha Reserve, with the bulk of the funding being provided by MBIE through the TIF funding process. The proposed

development included such features as parking, landscaping, toilets, playground, barbecue facilities, a swimming pontoon and cycle trail. The current funding provided by MBIE only covers the development of toilet facilities, landscaping and carparking. The development of the reserves management plan will ensure that development plans are consistent and compatible with management of the entire reserve.

The cost of developing a plan is estimated to be up to \$30,000 and the following options are identified for funding this cost.

1. Reserves Contribution Fund
2. Twizel Township budget: Implementation of Development Plan – 2021/22 Budget of \$293,000 which is currently largely uncommitted
3. District wide reserves operational budget includes \$30,000 in the Draft LTP 2021/22 LTP for consultancy/planning services (however this budget is likely to be required for other general consultancy support services).

Given the nature and importance of the plan it is deemed appropriate that it is funded through the use of the Land

### **Other**

An operative reserves management plan provides the administering body with the ability to, once the plan has been through a formal consultative process, forego some public consultation and approvals in recognition that the compatibility of an activity with the overall purpose of a reserve has already been addressed in the management plan. This can speed up processes related to concessions for community or commercial activity on the reserve.

There is a risk that without a reserves management plan as an overarching framework for management of this reserve that Council may not get the best long-term outcome from the development funding secured from MBIE.

The time required for preparation and approval of a management plan is typically at least 6-8 months, but this process can be run concurrently with the preparation of a design and development masterplan for the development of the reserve. The additional time taken for the management plan process will ensure that the reserve development is well integrated and continues to give the best community outcomes.

### **CONCLUSION**

On balance and given the scale of planned investment into this reserve, it would be prudent to integrate this investment into a statutory planning process for the reserve, particularly as this planning process is a Council requirement that should have been carried out at least ten years ago. Option 2 is therefore recommended, with the first steps being decisions by Council as the administering body:

- a. to give public notice of its intention to prepare a management plan for the Lake Ruataniwha Recreation Reserve, and
- b. to invite written suggestions from interested parties for a period of no less than a month following publication of the notice.





#### 4.6 LONG TERM PLAN - STRATEGIES AND POLICIES

**File Reference:** na

**Author:** Paul Numan, General Manager Corporate Services

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**Attachments:**

1. Infrastructure Strategy [↓](#) 
2. Financial Strategy [↓](#) 
3. Revenue and Financing Policy [↓](#) 
4. Significance and Engagement Policy [↓](#) 

#### PURPOSE OF REPORT

The purpose of this report is to provide Council with the following Long-Term Plan (LTP) supporting strategies and policies. These are as follows;

- The Infrastructure Strategy
- The Financial Strategy
- The Revenue and Financing Policy
- The Significance and Engagement Policy

These key LTP strategies and policies are now presented to Council for adoption.

#### STAFF RECOMMENDATIONS

1. That the report be received.
2. That Council adopts the Infrastructure Strategy.
3. That Council adopts the Financial Strategy.
4. That Council adopts the Revenue and Financing Policy.
5. That Council adopts the Significance and Engagement Policy

#### BACKGROUND

As part of the Long-Term Plan for 2021- 2031 Council are required to adopt strategies and policies which support prudent financial management and guide the council's decisions, activities and approach to consultation and engagement. They are required by the Local Government Act 2002.

Council is requested to consider and the following strategies and policies for adoption;

- The Infrastructure Strategy
- The Financial Strategy
- The Revenue and Financing Policy
- The Significance and Engagement Policy

#### POLICY STATUS

These strategies and policies are in draft, submitted to Council for adoption.

**CONSIDERATIONS**

A summary of the four key LTP documents is as follows;

**Financial Strategy**

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.

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

**Infrastructure Strategy**

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

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

**Revenue and Financing Policy**

The Revenue and Financing Policy outlines the Council's policies on funding sources to be used to fund the operational and capital expenditure of Council's activities and the rationale for their use. This gives the community some certainty as to how Council activities will be funded.

The policy is required by Section 102 and 103 of the Local Government Act 2002 (the Act). The full policy must be included in the Long-Term Plan (LTP).

A rewrite of the policy has been undertaken since the last LTP. Significant changes are:

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

**Significance and Engagement Policy**

The purpose of the Significance and Engagement Policy is to;

- Enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
- Provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters.
- Inform the Council from the beginning of a decision-making process about the extent of any public engagement that is expected before a particular decision is made, and the form and type of engagement required.

**CONCLUSION**

It is recommended that the Council adopts the two strategies and two policies supporting the Council Long-Term Plan 2021-2031.

# **30 Year Infrastructure Strategy 2021 – 2051**

## **A Sustainable Future**

—  
**2021**



# 30 Year Infrastructure Strategy 2021 - 2051

## REVISION HISTORY

<b>Status:</b>	Draft
<b>Policy Owner:</b>	GM Operations
<b>Approved by:</b>	Acting Chief Executive
<b>Date:</b>	August 2021

*30 Year Infrastructure Strategy 2021-2051 – Draft***EXECUTIVE SUMMARY**

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

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

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

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

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

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

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

**1. RENEWAL: Renewal and replacement of aging infrastructure**

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

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

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

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

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

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

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

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

**3. GROWTH: Delivering sustainable infrastructure to a growing population**

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

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

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

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

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

**External Factors Influencing Key Infrastructure Decisions**

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



**Table 1 Externalities**

Externality	Impact
Population Growth	As indicated above, a growing population increases the demand for core infrastructure and the ability to maintain a sustainable infrastructure
Climate Change	Increasing temperatures, increasing extreme weather events and rain will put greater pressure on infrastructure and need to build in greater resilience within any new infrastructure.
Technology	Changing technologies can potential provide a catalyst for upgraded or new infrastructure. Increasing regulatory standards has mean local governments need to consider innovative technologies and new building processes.
Legislative influences	Central Government's commitment to meet a zero carbon economy by 2050 will require significant changes to the existing infrastructure in Mackenzie District over the next 30 years and also in the way in which new infrastructure is built. The governance of Three Waters infrastructure is currently being reassessed. The increasing regulatory focus on improved environmental and health outcomes means there is a need for local governments to upgrade much of its Three Waters infrastructure.
COVID-19	The closure of international borders as a result of COVID-19 has led to a drop in international visitors, which in 2018/19 made up approximately 65% of total visitor spend in the Mackenzie Region <sup>1</sup> . This fall in tourism has reduced the demand for short term accommodation. It is expected that visitor numbers will increase back to pre-covid numbers by 2023.

#### Key strategic infrastructure projects over the next 30 years

The Strategy maps out key capital, renewal and replacement activities which will need to be undertaken over the next 10, 20 and 30 years for each of the core infrastructure categories. Key projects (i.e. projects which exceed \$100,000 over the 10 year period) are outlined in the table below:

<sup>1</sup> Source: [Mackenzie Region \(mbie.govt.nz\)](https://mbie.govt.nz)

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Table 2 Infrastructure Strategy – Summary of Works

Year	2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31		2035/36		2040/41		2045/46		2050/51	
LTP year	1		2		3		4		5		6		7		8		9		10		15		20		25		30	
Water		New Service Connections																				Renewal of water take consents (Tekapo, Burkes Pass, Rural WS)	Renewal of water take consent for Fairlie	Renewal of water take consent for Twizel				
		Reticulation -renewals																										
		New Treatment - Fairlie																										
		Water Supply Renewals																										
		Water Metering Trial - Twizel Install																										
		Potable Water Supply Remote Properties – installation																										
		Replacement of assets such as switchboards, pump stations, SCADA and CCTV																										
Wastewater		New Sewer Reticulation																				Replacement of assets such as switchboards, pump stations, SCADA and CCTV	Renewal of discharge consents to land for Fairlie, Tekapo and Burkes Pass					
		Pump Station Renewal																										
		Tekapo Treatment Plant																										
		WWTP monitoring equip - design & install																										
		Rising Main Mackenzie Park to Twizel WWTP – Design/Construct																										
		Stimulus Package – Programme Delivery																										
Stormwater		Reticulation renewals																				Council may need to take on additional risk of vested stormwater assts from Tekapo development	Renewal of Stormwater discharge consent for Lochinvar and Sealy Street & Twizel River	Renewal of Damian discharge consent and SH8, Simpson Lane & Lakeside Dr				
			Reticulation renewals																									
Transportation		Unsealed Road Metalling																				Continuation of sealed and unsealed renewals.						
		Sealed Road Resurfacing																										
		Drainage Renewal																										
		Sealed Road Pavement Rehabilitation																										
		Structures Component replacements bridges																										
				Structures Component replacements cattle stops						Structures Component replacements cattle stops						Structures Component replacements cattle stops												
		Bridge & Structures Renewals																										
		Traffic Service Renewals																										
		Cycle Path Renewal																										
		Footpath Renewal																										



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Year		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2035/36	2040/41	2045/46	2050/51							
LTP year		1	2	3	4	5	6	7	8	9	10	15	20	25	30							
Low Cost Low Risk Projects		Streetlight LED Upgrade										Bridges and structures - replacement / renewal / divest of bridge										
	Low Cost Low Risk Projects															Step-up Low Cost Low Risk programme - As tourism increases, project prioritisation may shift						
										Geometric improvements												
								Intersection improvements														
									Kerb and channel													
						Seal extensions																
					Seal widening				Seal widening		Seal widening											
		Sight benching																				
						Traction seals		Traction seals				Traction seals										
							Traffic management systems															
							Travel Demand Management															
					Intersection improvements																	
		Other, as agreed with NZTA																				
	Speed Management																					
						Car Parking Renewal																
						Walking & Cycling Projects																

## 30 Year Infrastructure Strategy 2021-2051 – Draft

## 1. INTRODUCTION

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### 1.1. Strategic Purpose & Outcomes

The purpose of this Strategy is to identify significant infrastructure issues for our district and the options for managing those issues. The strategy covers the areas of:

- Stormwater Disposal
- Wastewater Disposal
- Water Supply
- Transportation

This information forms the backbone of the Activity Management Plans (AMPs) for these activities that then flow into the 2021/22 – 2030/31 LTP (See Figure 1).

**Figure 1 Strategic Alignment**



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

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

More specifically, Council's four main priorities align with the four community wellbeings:



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- A Treasured Environment (Environment)
- Resilient successful Communities (Community)
- Strong and Innovative economy (Economy)
- Embrace Heritage and Diversity (Culture)

These are further outlined in the figure below.



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Figure 2 Our Strategic Vision



*30 Year Infrastructure Strategy 2021-2051 – Draft***1.2. Mackenzie District Core Infrastructure Assets****1.2.1. Waters and Transportation**

The core Mackenzie District Infrastructure Assets included in this strategy are tabled below:

**Table 3 Mackenzie District Core Infrastructure Assets**

Asset	Description	Replacement Value (30 June 2020)	% of Total
WATER	Water extraction, treatment, and distribution	\$46.0M	18%
WASTEWATER	Wastewater collection, treatment, and discharge	\$34.9M	13%
STORMWATER	Stormwater collection and discharge	\$9.8M	4%
TRANSPORTATION	Roads (arterial, collectors, local; curbs and gutters), bridges, footpaths	\$170.6M	65%
TOTAL		\$261.3 M	100%

**1.2.2. Other Activities**

Council has opted to continue with the Infrastructure Strategy discussing Three Waters and Transportation activities.

Mackenzie District also recognises waste management and township/community facilities (township amenity areas and recreational facilities, including the district's pools, parks, reserves, libraries, community centres and halls; as well as pensioner housing, cemeteries, medical centres, public and toilets) as important activities. Council has committed to improving the data and management strategies associated with these activities over the next three years.

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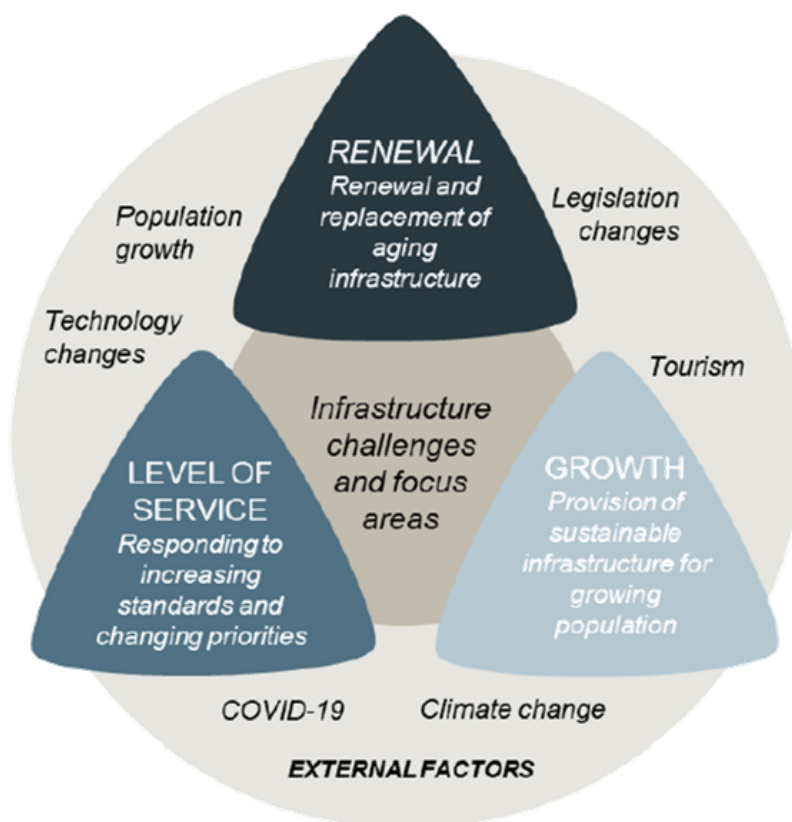
## 2. KEY STRATEGIES ISSUES & ACTIONS

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The purpose of the Infrastructure Strategy is to identify the infrastructure issues that Council will need to address and set out a 30 year strategy to address those issues in order to best meet the communities needs.

Figure 3 below outlines the key issues along with external factors which influence the development of core infrastructure.

**Figure 3 Mackenzie District Infrastructure challenges and focus areas.**



Currently there are three main issues which are driving the need for infrastructure improvements across the Mackenzie District: the need to replace and renew aging infrastructure, the need to improve the level of service of existing infrastructure and the need to meet the needs of a growing population.

### 2.1. Renewal

#### ***Renewal and replacement of aging infrastructure***

As with all councils across the country, Mackenzie's infrastructure is aging and the district is approaching an important period to ensure that its infrastructure assets continue to meet the needs of the community in

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the future. We need to consider if we are going to apply a 'just in time' philosophy to asset renewals or apply pro-active renewal programmes.

Management of ageing infrastructure is closely aligned with the discussion of system resilience above. The key aspect is the recognition of failure mechanisms for our assets, and initiation of a suitable response to minimise cost and disruption to the community. Underground pipe networks represent the greatest risk to the community because of their extent and inaccessibility. Affordability is a key challenge for council in this space and careful planning is needed.

The three key aspects for effectively managing ageing infrastructure are:

- to ensure the organisation has sufficient knowledge of asset status
- that funding is available
- that remedial work (maintenance and renewals) is actioned in a timely manner

The asset management process also needs to identify where investment in upgrading assets will provide the most appropriate service delivery levels in the longer term.

Some data is collected for the transport assets, but it is acknowledged that council can do better. Funds have been put forward for a data analyst to support decision making in this space. Council is investing funds into better understanding its piping network and has embarked on a large AC pipe renewal programme. The 2024/34 LTP will be based on updated data analysis should council still own the asset.

## 2.2. Changing Level of Service

### *Responding to increasing standards and changing priorities*

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

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

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

#### 2.2.1. National Policy Statement for Freshwater Management

The National Policy Statement for Freshwater Management provides direction on how local authorities should carry out their responsibilities under the Resource Management Act 1991 for managing fresh water.



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This policy was replaced on 3 September 2020 and requires regional councils to improve water quality and meet targets, giving effect to Te Mana o Te Wai. Te Mana o te Wai refers to the vital importance of water. Any resource consent application must demonstrate how it will ensure that freshwater is managed in a way that prioritises (in this order):

- the health and well-being of water
- the health needs of people
- the ability of people and communities to provide for their social, economic and cultural well-being.

There are now new requirements for regional councils to follow when managing the level of nutrients – such as nitrogen and phosphorus – which can get into waterways. This requires the consideration of cumulative effects.

The National Policy Statement on Fresh Water, which has influenced the Canterbury Land and Water Regional Plan, will require increased standards for all stormwater and wastewater discharges over the life of this Infrastructure Strategy. Both these changes impact on how councils manage its core infrastructure.

**2.2.2. Sustainable practices within Three Waters management**

There are increasing signals from Central Government that the focus on more holistic approach to Three Waters management including improved management of water resources. Regional Councils are increasing water take/discharge consent conditions to encompass sustainable use of water. Increasing conditions will lead to a need for investment in additional infrastructure.

The Havelock North Water incident provided the catalyst for the Three Waters Review which resulted in the establishment of a Water Regulator and a Water Services Act. Regulatory coverage will extend to all water suppliers, except individual household self-suppliers. It will also include a multi-barrier approach to drinking water safety, including mandatory disinfection of water supplies, stronger obligations on water suppliers and local authorities to manage risks to sources of drinking water; and strengthened compliance, monitoring and enforcement of drinking water regulation. Furthermore, Central Government have also signalled through its 'Action for Healthy Waterways' discussion document improved stewardship of wastewater and stormwater services, with Risk Management Plans for wastewater and stormwater networks a likely outcome. This has renewed the focus on the very high standard of care and diligence required to supply drinking water and collect, treat and discharge wastewater and stormwater. A significantly more holistic approach to Three Waters management is dawning.

**2.2.3. Zero Carbon Initiative**

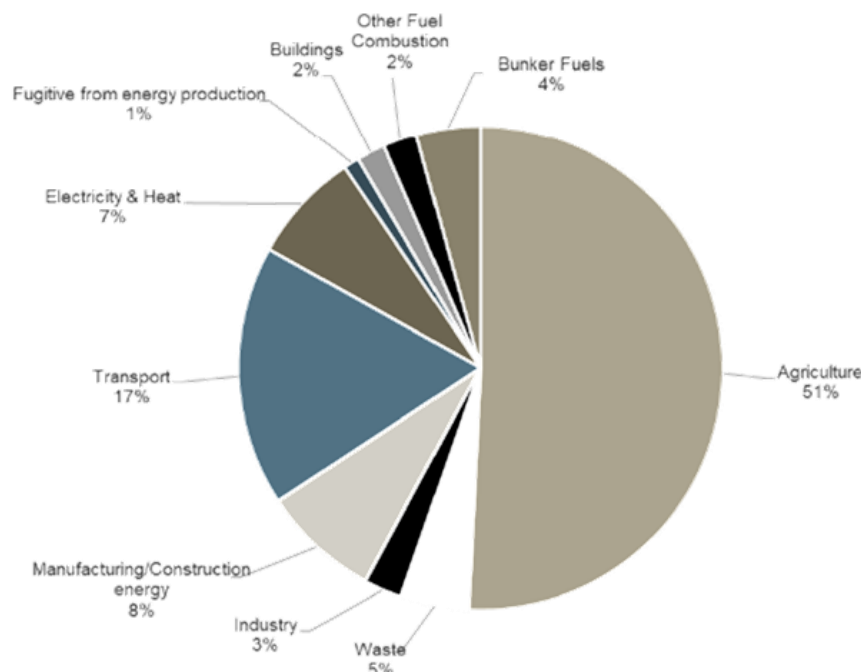
Since the implementation of the Paris Agreement in 2016, NZ has been working towards its own Climate Change policy changes. In 2019, NZ's Climate Change Response (Zero Carbon) Amendment came into effect. This amendment showed NZ's commitment to a Zero Carbon economy by 2050. More specifically this means by 2050 the "net accounting emissions of greenhouse gases (GHG) in a calendar year, other than biogenic methane, are zero."

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This places greater pressure on local councils to plan, renew and develop infrastructure, which is carbon neutral, or is futureproofed so that it can become carbon neutral in the future. Whilst the majority of NZ's carbon emissions is produced by the agricultural sector, buildings, manufacturing and construction, waste, Industry, transport and electricity and heat use are cumulatively responsible for about 40 percent of New Zealand's total carbon emissions (see Figure 4 below)<sup>2</sup>.

**Figure 4 Carbon emissions contribution by industry for NZ (2016)**



The reduction in carbon emissions within some of these industries can be directly influenced by Council's infrastructure management response. For example, the wastewater treatment processes use biological and physio-chemical processes for the removal of contaminants which produce the three primary GHGs (carbon dioxide, methane and nitrous oxide) during the treatment operation and energy generation processes. There are newer technologies which are capable of reducing this production of GHGs and even achieving carbon neutral wastewater treatment processes, however the council currently does not have the necessary scale (or flows) to justify this change in technology, at least within the short to medium term. Growth and additional changes to Three Waters management and governance may make this more achievable in the long term.

Transport is currently the second biggest contributor to carbon emissions in the country. It is important that Council recognises this and seeks to reduce reliance on vehicles, particularly for shorter trips. The Mackenzie District has a very large land area, with one of the largest areas per capita, meaning there is

<sup>2</sup> [Greenhouse gas emissions by sector, World, 2016 \(ourworldindata.org\)](https://ourworldindata.org/greenhouse-gas-emissions-by-sector-world-2016)



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generally a high reliance on private vehicles. However, well maintained footpaths, lighting, pedestrian crossings and bike paths within the town centres, can encourage more people to walk and cycle. This will become particularly important during peak tourism periods.

**2.2.4. Transport related policy and legislative changes*****Land Transport Management Amendment Act***

The introduction of the Land Transport Management Amendment Act (LTMA) saw the establishment of the Waka Kotahi (NZTA) with greater flexibility in determining funding alternatives to Transportation and methods of improving the efficiency of the Transport Sector in New Zealand.

The Act has changed Waka Kotahi's (NZTA's) objective from allocating resources to achieve a "safe and efficient Transportation system" to allocating resources "in a way that contributes to an integrated, safe, responsive and sustainable land transport system."

Specific targets have been set for the whole transport sector which are detailed in two key documents that are part of a raft of changes contained in the LTMA and are to be the driving force behind achieving an affordable, integrated, safe, responsive and sustainable transport system throughout New Zealand. The two documents are:

- New Zealand Transport Strategy 2013 (NZTS)
- Government Policy Statement on Land Transport Funding (GPS 2020)

Under the Act, all land transport programmes (including those prepared by local authorities) must take into account all the NZTS objectives and the purpose of the Act, which includes ensuring funding is allocated in an efficient and effective manner.

***GPS for Land Transport 2021***

The previous Government's GPS on land transport (2018) prioritised economic growth and productivity, and focused on putting the right infrastructure in place to support high growth urban areas and the regions, improving freight movement, and ensuring that the road network is resilient.

The current GPS shifts the focus of the Government's investment, and prioritises access to transport and safety, supplemented by a focus on the environment and value for money.

Safety is particularly relevant given the Easter road toll was the highest in eight years. The Government's safety priority focuses on creating a safe system, free of deaths and serious injury. This is now part of the "Road to Zero" vision which has been adopted by Waka Kotahi.

This shift in priorities will redirect Council's focus away from delivering economic growth to delivering safer and more sustainable and resilient transport networks.

**2.2.5. Customer expectations regarding the level of service of infrastructure**

In recent years there has been an increasing awareness on the part of customers with respect to wastewater, water, stormwater and transportation issues. It is anticipated that the following issues will become an increasing priority for Council in determining design and operational standards:

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- Water:
  - Increased level of awareness of water quality
  - Increasing demand for better pressure and flow
- Wastewater:
  - Extended areas being desiring to be connected to reticulated wastewater systems
  - Improved response times
- Stormwater:
  - Increased level of protection from rainfall events
  - Improved response times
- Transportation:
  - Improved safety district wide
  - Reduction in the number of loss of control crashes.
  - Slower speed limits in busy areas or where vulnerable users are present.
  - Improved accessibility and amenity on rural roads with future request for seal extensions and traction seals. Less tolerance for dust nuisance.
  - Urban areas little to no acceptance for any unsealed carriageway. Further request for seal extension and seal widening.
  - Demarcation / protection between
  - Increased carriageway and shoulder widths.
  - Improved surface condition of unsealed roads.
  - Improvements in modal shift, active modes, amenity, connectivity and accessibility in urban areas.
  - Further shared space areas.
  - Appropriate facilities and parking provision.
  - Improvements in surfacing selection for amenity.
  - Improvements in urban form.
  - Upgraded Intersection controls, delineation, warning signage traffic calming.
  - Bridge end protection.
  - Destination signage, information and wayfinding for tourists/ visitors to the district.

**2.3. Growth*****Provision of sustainable infrastructure for a growing population***

Infrastructure is critically important to ensuring the plan for each town is both sustainable and achievable. An increasing population puts greater pressure on the existing core infrastructure and can compromise the Councils ability to maintain sustainable outcomes. An in depth understanding of the existing infrastructure and its technical ability to support growth is therefore required, as is an appraisal of its current limitations.

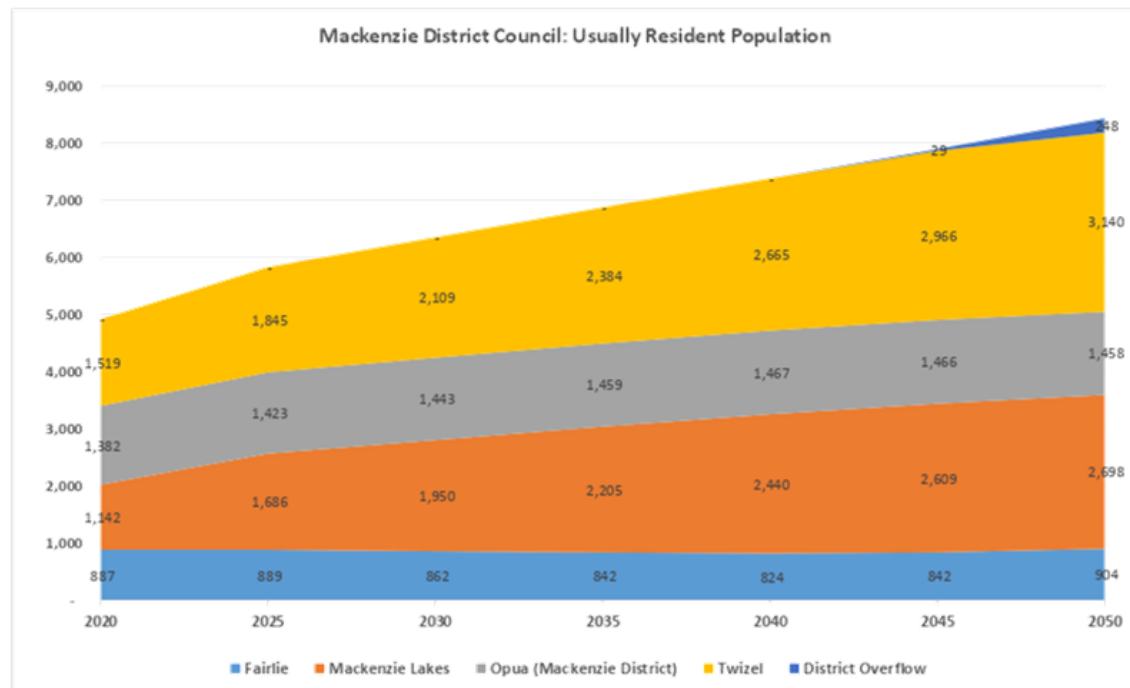
MDC's population is predicted to continue to grow in all areas, at differing rates. Fairlie's population is predicted to decline through to 2045. This is due to the age profile of the district and low migration.

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However, after 2045 a slight increase in population is predicted this is due to Tekapo reaching capacity and 'spilling-over' into Fairlie.

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**Figure 5 MDC Usually Resident Population**

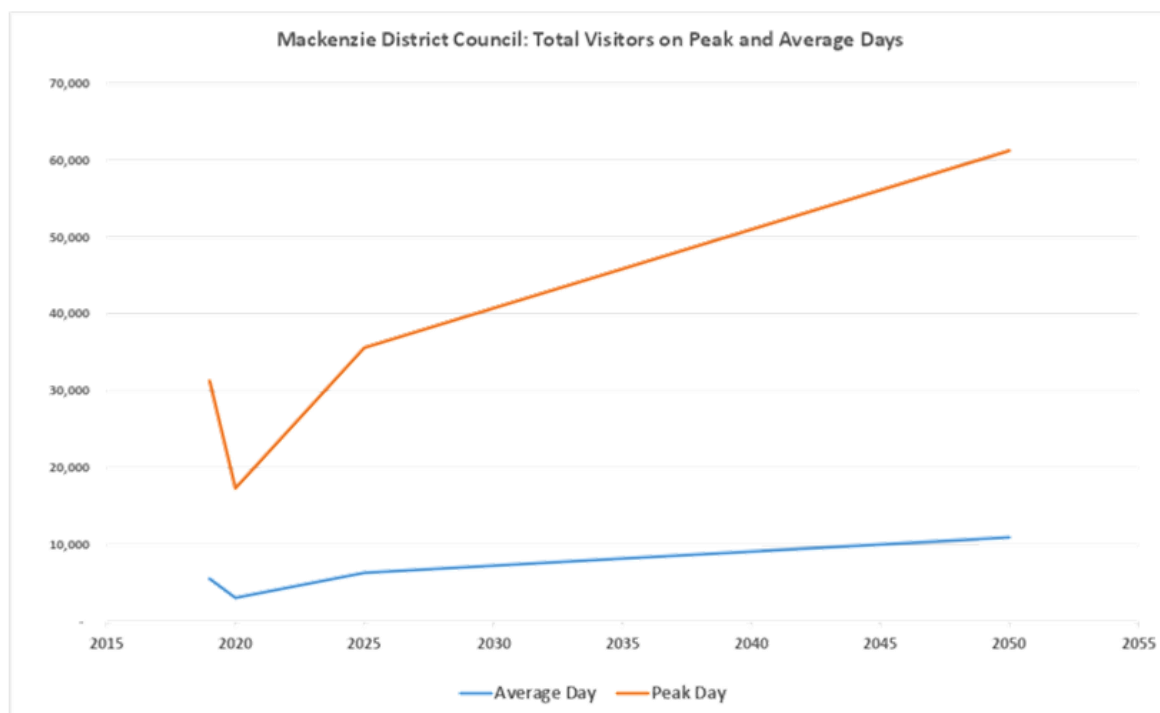


Due to COVID-19 and the closure of New Zealand's borders, the number of international tourists visiting Mackenzie has significantly reduced in the projections from 2020 to 2025.

Based on current assumptions around the reopening of New Zealand's borders and the speed at which tourists are likely to return to New Zealand, the industry is expected to recover by around 2025, as shown in Figure 6.

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Figure 6 Mackenzie District – Peak and Average Day Visitors



It is evident that the effects of COVID-19 will have an impact on tourism in the Mackenzie District. This will slow down other areas such as population growth and dwellings.

The projected deceleration in demand over the next few years provides Council an opportunity to reassess existing systems capacity and performance and focus on master planning for service provision.

However, Council is also mindful that COVID-19 also invigorated the domestic tourism market as data indicates that there were almost as many domestic visitors to the Mackenzie area at midday on the Saturday of Queens Birthday as there were on the Saturday of Waitangi weekend pre-COVID-19 lockdown.

The influx of domestic holiday-makers into the district, particularly the Mackenzie Basin impacts key infrastructure in the following ways:

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

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Additional and unusual demands on the infrastructure networks requires special attention when developing a plan for Council's infrastructure. Table 4 below summarises the impacts of tourism specific growth on the region's infrastructure.

**Table 4 Key Tourism Attractions and Associated Impacts for Council on Infrastructure**

<b>Fairlie township</b>	Day visitors – parking and safe road crossing
<b>Takapō/Tekapo</b>	Day visitors – parking and safe road crossing
<b>Mt John</b>	Along with the International Dark Sky Reserve – tourists are putting increasing pressure on Godley Peaks Road as people travel to the top of Mt John.
<b>Lake Alexandrina</b>	As with Mt John this is also a popular area for visitors. This road is narrow and unsealed, the challenge is ensuring tourists remain on the correct side of the road, along with the associated wear of the sealed and unsealed pavements.
<b>Haldon Camp</b>	This is on the shore of Lake Benmore and puts high summer traffic numbers on Haldon Road.
<b>Ski Fields</b>	During opening season, traffic on the feeder roads can increase by 1200%.
<b>Alps2Ocean Cycle Trail</b>	This relatively new attraction is starting to put increased demands on Mt Cook Station Road and Hayman Road. It also creates conflict with other road users such as the logging operations. Plans are underway to progressively move this trail off the road carriageway, improving safety and road user experiences for all drivers and cyclists.
<b>Fairlie township</b>	Increase in short term visitors in larger communities, temporarily increases wastewater flows and demand on water supply. An increase in vehicles means an increase in potential contaminants such as vehicle emissions, tyres, brake pads, fuels, and lubricants. This impacts on stormwater discharge quality
<b>Takapō/Tekapo</b>	
<b>Twizel</b>	
<b>Takapō/Tekapo</b>	In Lake Tekapo the disposal system needs to be upgraded. During winter periods ponding issues are experienced. Due to the increase in development and tourists the effluent discharge volumes increase accordingly. This places further strain on existing effluent disposal systems. Investigations indicate that a larger effluent disposal system is required.

The district is changing and there are several workstreams in process to better understand and plan for this. These includes spatial planning, the District Plans and Te Manahuna Ki Uta 'Destination Mackenzie'. 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.

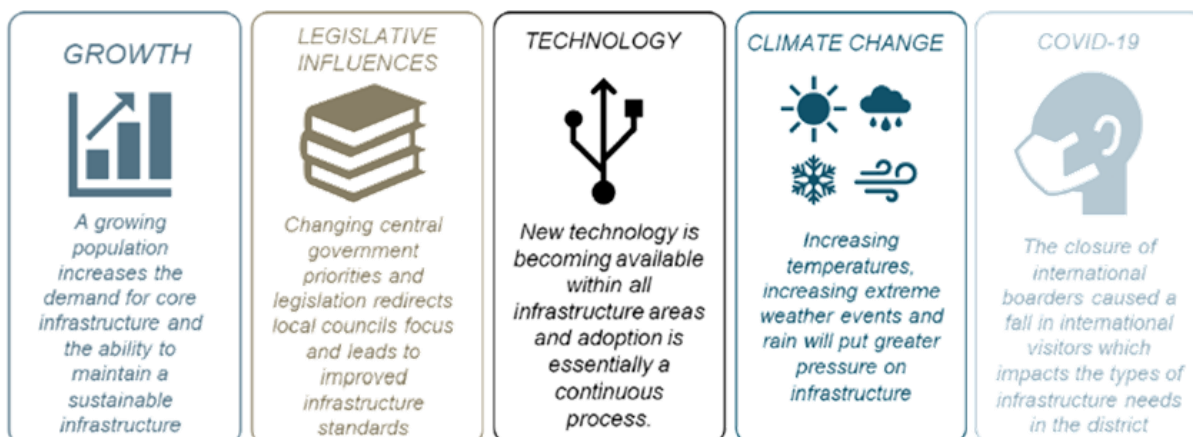


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### 3. EXTERNAL FACTORS

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There are many external factors that will impact how the Council delivers infrastructure in the future. Although these factors are generally beyond the control of the Council, it is important that we continue to monitor and respond to them to ensure that our infrastructure plans take advantage of new opportunities and remains fit for purpose.



#### 3.1. Growth

The Mackenzie District has experienced significant growth over the past ten years and this is projected to continue in the immediate future. It is significant that building activity and the associated demand for Council infrastructure has increased beyond the level that population growth would indicate. Prior to the COVID-19 Pandemic this dynamic appears to be driven by investor confidence in the tourist and holiday destination potential of the Mackenzie Basin.

Infrastructure demand has been considered using general demand criteria:

- population growth
- dwelling growth
- land development ability

The District Plan Review and Spatial Planning programme will guide the nature of future development. These processes are underway and are not sufficiently advanced to inform this Infrastructure Strategy. This alignment will be progressed, once the planning process is sufficiently advanced to guide strategic responses.

The COVID-19 pandemic has caused a much higher level of uncertainty with projections than would have otherwise been the case<sup>3</sup>. The summarised residential growth pattern is shown in Figure 5 above.

<sup>3</sup> Detailed information can be accessed through Spatial Planning and District Plan Review documents and supporting reports.

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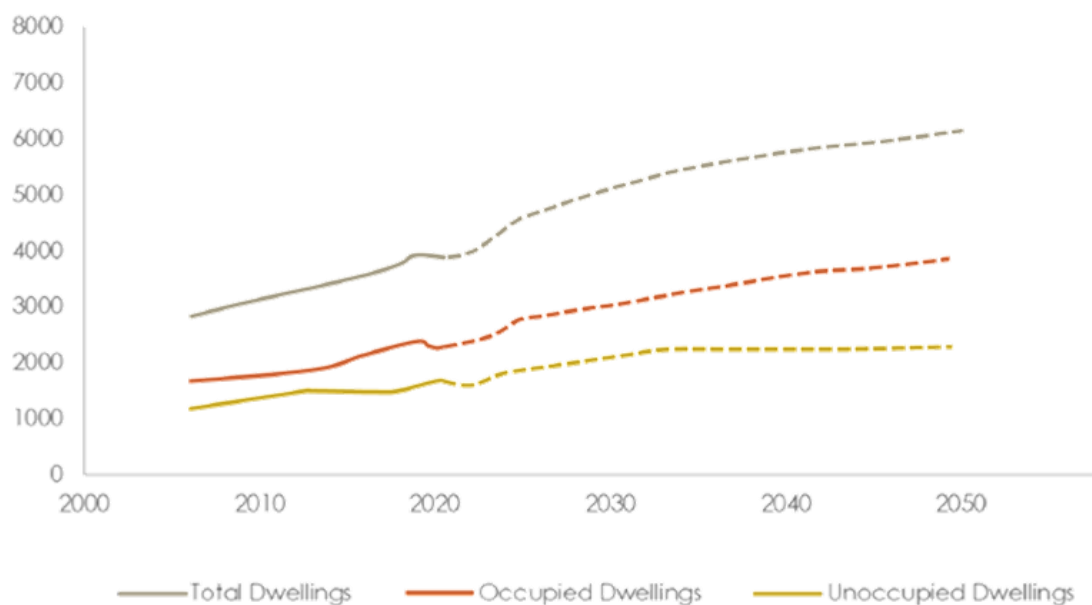
Council also anticipates a growth in household numbers that is consistent with the population growth trajectory. There is a need to consider unoccupied housing stock as this can be a major driver in many areas.

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. This factor must be considered when viewing trends for building consents within the district, noting that not all dwellings will be used as permanent residences. A consequence of this is a marked change in population of townships (most notably Twizel) during peak times. Fluctuations in population levels throughout the year can pose challenges for activities such as traffic and water management. There is also a growing number of private dwellings being made available as short-term accommodation rentals.

Currently there is adequate water supply and wastewater services to meet peak demand, but this does involve water restrictions. A more sustainable approach to water use is proposed (water meters) to bring overall water consumption down.

Current and projected increases in dwelling numbers are significantly higher than corresponding population changes. The following shows the usually resident proportion of households to unoccupied dwellings.

**Figure 7: Mackenzie District Occupied and Unoccupied Dwellings**



As noted above (in section 2.3) visitor numbers are a significant factor in infrastructure planning in the Mackenzie District. There are significant differences between the resident population and visitor population numbers. The growth in dwelling numbers outlined above is ultimately sustained by the visitor demand.

Visitor projections are difficult to determine due to the impact of COVID-19. While domestic tourism has remained strong. Council is working with Tourism sector groups and Queenstown Lakes District Council to



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develop future scenarios. Currently a return to pre-COVID activity is expected in 2025 as shown below. Overall the impact of COVID-19 must be considered from a wider perspective. The slow down impacts the ability to adjust visitor planning to cater better for when visitors return. This is further discussed in section 3.5 below.

#### 3.1.1. Land use changes and trends

There is a significant amount of interest in the environmental values of the Mackenzie Basin. This has generated a high degree of complexity in relation to environmental planning within the district. A number of the Environment Court decisions associated with Council's Plan Change 13 (PC13) have introduced constraints that may limit the conversion of rural land for residential or other development. These matters are being addressed through the District Plan Review, with a greater level of environmental protection being a clear and measured community priority.

Increasing commercial activity is expected in District townships, in particular Takapō/Tekapo, where town centre redevelopment will be occurring over the next 20 years.

It is expected that modest allocations for industrial and commercial activities can be catered for with the current provision of infrastructure. Residential development for permanent residents and holidaymakers will continue to be the main component of growth.

A number of major land change matters are detailed below:

- **Tenure Review** - Tenure review is a voluntary process that gives pastoral lessees an opportunity to buy some of their leasehold land. The rest of the land returns to Crown ownership, usually for conservation purposes. There are several high-country stations that have undergone tenure review. Historically this has involved part of the station passing into the public estate and being opened for access.
 

**Potential Impact:** As an example, there is a higher expectation from the Department of Conservation (DoC) and other road users that better access be made available with no extra funding from either NZTA or DoC. Staff are working with DoC to try to minimise this effect, so significant allowance has been made for this.
- **Primary Production Intensification** - Council anticipates an increase in primary production as the result of on-farm intensification and irrigation consents being implemented. There is the possibility of further dairy conversions in the Fairlie Basin. There is also a 30-year forestry cutting plan for Mt Cook Station that (if continued by the new owners) will see extensive traffic over fragile unsealed roads every year during that period.
 

**Potential Impact:** An increase in traffic for industrial purposes continues to occur in some of the most remote areas of the District and at the extents of the maintained network. There is increased use of the high-country roads by the NZ Defence Force for training, this involves specialised machinery, with axle loading higher than typical. The council is already struggling to maintain its unsealed roads with the number of heavy vehicles using these roads. Currently the Council is investigating different gravels and maintenance techniques for unsealed roads to improve their resilience. The Council would eventually like to seal some of the higher trafficked roads within the region

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- **Large scale accommodation (hotel/resort)** - The hospitality sector is a significant part of the Mackenzie economy. Three consents have been issued for development for large scale accommodation in Takapo/Tekapo. The return of tourists following the COVID-19 Pandemic is expected to determine the time for these developments to proceed.

**Potential Impacts:** Currently the council are able to prioritise other infrastructure issues (unrelated to tourism) whilst visitor numbers remain relatively low. However, the Council will start readjusting their priorities once visitor numbers start to increase again. This may lead to more growth related infrastructure projects as visitor numbers start to put greater pressures on the Council's infrastructure.

#### 3.1.2. Development

Future development is challenging to predict as it depends solely on market demands and developer confidence. The table below provides an estimate of the future direction of developments across the Mackenzie District. These projections will be clarified following the completion of the spatial planning project and district Plan review.

**Table 5 Future Developments and value of vested assets**

Period	Future Development	Vested asset value (inflated)
2018-2021	Takapō/Tekapo: 10 residential lots per year Twizel: 46 lots per year	\$6,429,000
2021/22- 2024/25	Takapō/Tekapo: 41.6 lots per year Twizel: 65.2 lots per year Fairlie: 3.4 lots per year	\$12,066,000
2025/26- 2029/30	Takapō/Tekapo: 14.8 lots per year Twizel: 56 lots per year Fairlie: 1.4 lots per year	\$11,291,000
2030-2035	Takapō/Tekapo: 0 lots per year Twizel: 58.4 lots per year Fairlie: 2.2 lots per year	

#### 3.1.1. Potential Impacts

The increase in developments across the district will mean the council will need to take on increasing number of vested assets. This means Council will need to plan for the renewal and improvements to level of service, once assets have been vested. This relates mostly to roading assets and stormwater infrastructure and directly influences the future expenses to the Council. Sections 6.2.1, 7.2.1, 8.2.1 and 9.2.1 further explains how future costs were developed for the council's infrastructure projects.

#### 3.2. Legislative Influences

Several of the changing government priorities and changing legislations are outlined in section 2.2 above. However, there are a number of pre-existing legislations which impact the way in which Council's deliver

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their infrastructure services. For example, the 2015 update of the National Infrastructure Plan (NIP 2015) sets out the following key objective:

“By 2045 New Zealand’s infrastructure is resilient and coordinated and contributes to a strong economy and high living standards.”

This continues to be at the forefront of Council’s Infrastructure planning.

**3.2.1. National Infrastructure Plan (NIP)**

Council will see the above objective achieved through better use of existing assets and better allocation of new investment.

The NIP 2015 is the third National Infrastructure Plan to be released by the Government and identifies the following challenges:

- We have several aging infrastructure networks that will need renewing.
- Some of our regions will grow and others will shrink.
- Our population is also aging.
- At the same time, our lifestyles are changing.
- Technology is driving change everywhere.
- We also face economic challenges.
- On top of these challenges, our climate is changing, and our natural resources are under pressure.
- These challenges need to be met at a time when central and local government face financial constraints.

There are three main elements to the response outlined in the National Infrastructure Plan.

- a better understanding of the levels of service we want to deliver
- more mature asset management practices
- more effective decision-making that considers non-asset solutions

**3.2.2. Local Government Act 2002**

The Local Government Act 2002 is the paramount statute for Council. It directs and enables Council to undertake its day-to-day activities.

Section 10 of the LGA 2002 states: *the purpose of local government is—*

*to enable democratic local decision-making and action by, and on behalf of, communities;  
and to promote the social, economic, environmental, and cultural well-being of  
communities in the present and for the future.*

Section 17A of the LGA requires:

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*local authorities to review the cost-effectiveness of current arrangements for meeting the needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.*

Council has undertaken two Section 17A reviews in record time (roading and pools) and will continue to use this mechanism to refine its service delivery provision.

These embody a requirement to meet the current and future needs of communities for good-quality local infrastructure and local public services in a way that is most cost-effective for households and businesses.

Mandatory reporting standards require additional data collection and reporting obligations associated with operational activities.

**3.2.1. Potential Impacts:**

The above legislative influences have been in place for a number years and therefore Council have had time to adapt both their process and priorities to reflect current legislation. However, recently governments are more focused on the robustness and accuracy of Council's data management systems. It's important for this system to provide a high level of confidence in order to effectively plan the necessary improvements across the network.

The Three Waters Stimulus package has provided Council an opportunity to improve its data monitoring systems particularly in relation to sewerage and water supply so real time data can be collected and investigated.

**3.3. New Technologies**

New technology is becoming available within all infrastructure areas and adoption is essentially a continuous process. Some innovations, such as the use of increased fines content aggregate on unsealed roads, improve the quality of service provided (in this case lowering dust levels) while others such as pipe bursting for water main replacement provide cost reductions.

From a strategic point of view Council seeks to remain aware of technological advances through staff involvement in industry developments via training, seminar attendance and directly from suppliers. Internal development of new technologies is advanced through collaboration between staff and with other councils. Staff maintain strong relationships with professional staff from neighbouring councils. Council is also looking to introduce technological changes through contract partnerships and alliances.

**3.3.1. Potential Impacts**

Changing technologies can have a direct impact on the Council's infrastructure in the following ways:

- Improvements in construction materials (e.g. more resilient roading materials to provide longer lasting roads)
- Improvements to construction techniques (e.g. It's becoming more and more important for Council's to seek out carbon neutral construction techniques, sourcing materials locally where possible and recycling older assets where possible)



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- Improvements to data capturing methodologies can improve the accuracy of the data, and therefore help Council's make more informed decisions around infrastructure improvements
- Changing infrastructure (e.g. the pivot towards carbon neutrality has lead to the investigation of biogas and renewable energy sources to power wastewater facilities.)

#### 3.4. Climate Change

Climate change is a critical consideration in the Council's long-term planning. This Council uses guidance from the New Zealand government, based upon the best available climate science, to support the planning.

Mackenzie District Council is in the process of developing a Climate Change Response Policy for the whole of Council. The policy acknowledges the role of Council and the outcomes sought by the community. Key inputs into this policy and its implementation are the National Climate Risk Assessment for New Zealand (Ministry for the Environment, 2020) and the Climate Change Projections for the Canterbury Region (NIWA, 2020). The Ministry for the Environment information on <https://www.mfe.govt.nz/climate-change/likely-impacts-of-climate-change/how-could-climate-change-affect-my-region/Canterbury> provides a summary of projected climate changes over the period 2031-2050 and 2081-2100, compared with 1986-2005 and the key impacts this is likely to have.

**Table 6 Climate Change effects on infrastructure**

Climate Change	Impact on environment	Impact on infrastructure
Temperature	<p>Compared to 1995, temperatures are likely to be 0.7°C to 1.0°C warmer by 2040 and 0.7°C to 3.0°C warmer by 2090.</p> <p>By 2090, Canterbury is projected to have from 6 to 35 extra days per year where maximum temperatures exceed 25°C and the number of frosts could decrease by around 13 to 38 per year.</p>	<p>A reduction of frosts per year will likely have a positive effect on the council's roading, with fewer incidents and damage related to frost heave.</p> <p>Extreme heat can also mean roads fail more quickly from buckling, cracking creating potholes. However, it is unlikely temperatures will reach this high.</p>
Rainfall	<p>By 2090, winter rainfall is projected to decrease by up to 12 per cent in Christchurch and up to 10 per cent in Hanmer, but increase by 6 to 28 per cent in Tekapo.</p> <p>According to the latest projections, the frequency of extreme rainy days in the Canterbury region is not projected to significantly change as a result of climate change.</p>	<p>Whilst projections indicate that extreme rainfall will not increase significantly, the recent flooding events indicate that the impacts from these events can be significant. Currently estimates indicate that between \$1 and \$3 million has been invested in the restoration of roads across the Mackenzie District.</p> <p>It is therefore critical that the council have emergency funding available for these events, and to ensure the roads are kept at a relatively high level of service.</p> <p>Extreme rainfall events can also impact water infrastructure. Soil run-off/ oversaturated soils can lead to slips which can damage infrastructure and could also pollute water sources.</p>
Snowfall	<p>The Canterbury region will likely experience significant decreases in seasonal snow. By 2090 the number of snow days is projected to decrease by up to 30 days per year. The duration of snow cover is also likely to decrease, particularly at lower elevations.</p>	<p>As indicated above, flooding events will have an impact on both roading and water infrastructure.</p> <p>Again council will need to be sure its infrastructure is maintained to an appropriate level of service.</p>

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Climate Change	Impact on environment	Impact on infrastructure
	Less winter snowfall and an earlier spring melt may cause marked changes in the annual cycle of river flow in the regions. Places that currently receive snow are likely to see increasing rainfall as snowlines rise to higher elevations due to rising temperatures. So for rivers where the winter precipitation currently falls mainly as snow and is stored until the snowmelt season, there is the possibility of larger winter floods.	Additional engineering resilience's will to be implemented as these events increase.
Wind	The frequency of extremely windy days in Canterbury by 2090 is likely to increase by between 2 and 10 per cent. Changes in wind direction may lead to an increase in the frequency of westerly winds over the South Island, particularly in winter and spring.	Extreme wind events and increase in wind speeds, could increase the damages to infrastructure. Fallen trees, signs, etc. will mean council will gain need to ensure its emergency response funding is adequate to quickly and efficiently repair damages
Water Shortages	Higher temperatures, less rainfall and greater evapotranspiration are likely to cause increasing pressure on water resources, particularly in North Canterbury. Droughts are likely to become more frequent and more extreme.	Potential future water shortages will increase the need for Council to improve or increase its water storage capacities. The Council are already investigating the potential for water metering in Twizel. This will reduce water leakages within the water network. Additionally the Council are looking to improve the reservoirs in Fairlie within this LTP period.
Fire risks	Strong winds, combined with high temperatures, low humidity and seasonal drought may result in an increased fire risk in some areas. The length of the fire season is expected to increase.	Fire resilience's within existing and new infrastructure will need to be prioritised as fire risks become more prevalent.

The potential resilience issues and mitigations are further discussed below.

#### 3.4.1. Resilience

MDC customers have a high expectation of continuing functionality and service delivery. A changing climate and the recent high profile natural disasters have raised public awareness, but there is still a significant need to increase actual preparedness – both in general (e.g. household plans and emergency supplies) and for specific circumstances (e.g. tsunami preparedness in lake communities). However, resilience is not only applicable to natural hazards, but also needs consideration at an operational level where an asset failure is not necessarily a service failure.

Robust systems are designed to prevent failure. Resilience is about early detection and fast recovery. Resilience is defined as the intrinsic ability of a system to adjust its functioning prior to, during, or following changes and disturbances, so that it can sustain required operations under both expected and unexpected conditions.

Council acknowledge that resilience is not only about physical assets. It is about the people. It includes but are not limited to:

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- connecting people and communities (neighbour to neighbour; educate; access to household resilience items, etc.)
- supporting community organisations
- the built environment and asset systems which are robust

Adverse weather events, natural disasters, climate change and the related impacts cannot be avoided and as a result Council have to factor this into long term planning, civil defence planning and determining the infrastructure requirements moving forward to ensure the community's expectations are met with regard to safe and reliable services and general wellbeing.

In order to improve resilience Council approach will be to:

- Actively participate in CDEM planning and activities, at both regional and local levels
- Investigate options for alternative service provision and system redundancy
- Identify critical assets and ensure mitigation methods are developed
- Obtain insurance where this is deemed to be the most cost effective approach

Council also have a number of bridges that are at risk from natural flood disasters and earthquakes. Some of these are being replaced and others have had work completed to improve their resilience. Staff recommend that it is worth undertaking a study of structures focused around lifelines to assess critical structures and look at ensuring these against natural events.

### 3.5. COVID-19

The 2019–20 coronavirus pandemic is ongoing at the time of writing of this Plan. The timeline of events are as follows:

**Table 7 Covid-19 Government response timeline**

Date	Event	NZ Government Response	MDC Response
11/02/2020	World Health Organisation declares an official pandemic		
28/02/2020	NZ first reported case		
18/03/2020			
21/03/2020		Alert Levels (1-4) announced	
			EOC activated
24/03/2020		Move to Alert Level 3	
26/03/2020		Move to Alert Level 4	
1/04/2020			
25/04/2020			
27/04/2020		Move to Alert Level 3	



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Date	Event	NZ Government Response	MDC Response
14/05/2020		Move to Alert Level 2	
15/05/2020			Economic & Community Recovery Action Plan
10/06/2020		Move to Alert Level 1	

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**3.5.1. Potential impacts**

The impacts will be wide ranging and could include a significant and protracted recession. This presents an opportunity for Council to collaborate with Central Government to invest and progress infrastructure projects giving the economy the injection it will desperately need.

As an initial response Central Government decided to fast track eligible development and infrastructure through amendments to the Resource Management Act. This will aid in getting much-needed infrastructure programmes underway as soon as possible.

Further response includes the establishment of the Infrastructure Industry Reference Group (IIRG) to seek out infrastructure projects that are ready to start as soon as the construction industry returns to normal to reduce the economic impact of the COVID-19 pandemic. These 'shovel ready' projects include water, transport, clean energy and buildings. They would also have a public or regional benefit, create jobs and be able to get underway in short order.

Council did not apply for Government funding for shovel-ready projects, instead opting to bring forward shovel-ready projects as part of MDC COVID-19 recovery including \$9.5m of water supply projects. Projects include the new Fairlie Water Treatment Plant and associated reservoir, replacing water pipes in Twizel and Fairlie and upgrading the Burkes Pass water supply treatment plant. In roading, prioritising key shovel ready minor and safety improvement projects, maximising available NZTA co-funding and low interest rates for Council's 49% share. The majority of these projects will be footpaths and shared-use paths to promote a fit and healthy community.

The COVID 19 pandemic created a very dynamic environment where circumstances can change on a daily basis. At the time of writing this Plan the assumption is that the Mackenzie district will be able to weather the storm as the districts' primary industries, agriculture and forestry, are less affected than for example tourism. Domestic tourism numbers appear to hold steady, but international tourism which made a significant contribution to the Mackenzie district economy is severely affected. The Department of Internal Affairs 'Local Government Sector COVID-19 Financial Implications Report 2 – Alert Level Scenarios, Assumptions and Updated Analysis' report projects "The agriculture sector is expected to perform relatively well in the short- and long-term".

Council will first attempt to reduce spending in ways that do not require reductions to service levels. Higher levels of reduction in spending would be more likely to require deferral of larger capital projects which may impact on Council's ability to comply with legislation and environmental standards in the 3Waters area.

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Council could defer the replacement of assets for a period and potentially reduce the priority of capital expenditure so they can sustain service levels. The deferral of asset replacement may increase infrastructure resilience risks and increase long term costs.

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The response to COVID 19 provided a snapshot of how quickly our environment can change and how quickly we can adapt. People working from home. The uptake of technology. Change in transportation patterns. Online sales and deliveries. Outdoor activities. Socio economic impacts and response. Furthermore, the incidence of a pandemic has the potential flow-on effect of the Council failing some of its non-financial reporting measures.

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## 4. PARTNERSHIP OPPORTUNITIES

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There is a need for the Council to establish strong and long-lasting relationships with key partners. These include:

- Nga Rūnanga o Ngai Tahu,
- Environment Canterbury
- Waka Kotahi (NZTA)
- Mackenzie Community
- Property Developers
- Other Local Councils
- Central Government

Strong partnerships and relationships; based on trust and information sharing, allow councils to fully understand and acknowledge key infrastructure issues and address these issues using a collaborative approach. The Strategy will seek to improve these relationships by including key partners in the decision making process. More specifically, the Council will consider the partnership opportunities that exist for infrastructure projects when it is prioritising what infrastructure investment decisions to progress within strategies and plans.

Table 8 key partners and how they can contribute to core infrastructure for the district.

**Table 8 Partnership contribution to strategic infrastructure and planning**

Partner	Contribution	Current Projects
Nga Rūnanga,	Working in collaboration with iwi strengthens Council's decision making by providing alternative views and approaches to be put in place prior to the commencement of a project	The District Plan Review Three Waters Management
Environment Canterbury	Provide regulatory standards which must be met by councils	Te Manahuna Ki Uta 'Destination Mackenzie'. Overall regulation management
Waka Kotahi (NZTA)	Waka Kotahi are a major share holder of assets within the Mackenzie District (51% of roads)	Transportation system provision Te Manahuna Ki Uta 'Destination Mackenzie'.
Mackenzie Community	Council engagement with the community is important to ensure the communities needs are being met by core infrastructure	The District Plan Review Three Waters Management Te Manahuna Ki Uta 'Destination Mackenzie'.
Property Developers	It is important for the Council to work closely with potential developers to ensure that residential or commercial developments are timed to coincide with growth related infrastructure.	District wide developments

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Partner	Contribution	Current Projects
Other Local Councils	The Council partners with other neighboring councils when there is a shared asset.	The Alps to Ocean upgrade project is shared between Waitaki and Mackenzie District. Te Manahuna Ki Uta 'Destination Mackenzie'.
Central Government	Central government partners with the Council when providing and funding infrastructure that has benefits that are beyond the local area.	Three Waters Management
Department of Conservation (DOC)	Council must collaborate with DOC when considering any project which could impact on DOC owned land, or could impact visitors within the Mackenzie Basin	Te Manahuna Ki Uta 'Destination Mackenzie'. The Alps to Ocean upgrade project is shared between Waitaki and Mackenzie District.

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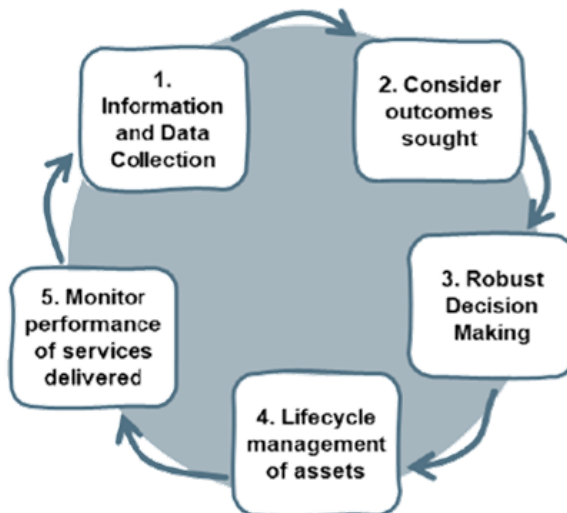
## 5. COUNCIL STRATEGY

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It is necessary for foreseeable community needs and environmental impacts to be reflected in a defined Infrastructure Strategy to ensure that Council can provide cost effective local infrastructure for households and businesses.

In order to develop infrastructure operations and maintenance programmes, as well as identify capital projects, a strategic approach is taken. The following cyclical steps are necessary to ensure core infrastructure is consistently developed and maintained in a way which provides for the community.

1. **Information and data collection:** The Council uses a number of data management tools to process and store information and manage the Council's infrastructure assets. This develops an evidence base which helps inform any key decisions. These are outlined in Section 5.1 below.
2. **Consider outcomes sought:** The overarching vision and goals for the Council is outlined in Section 1. However, in addition to achieving the wider community outcomes, Councils is also responsible for maintaining core infrastructure to a certain Level of Service. This is further outlined in Section 5.2 below.
3. **Robust decision making:** Providing services that meet the needs of customers have to be balanced with affordability. The opportunities for Council to contribute to the wellbeing of its community are endless, so key decisions must be robust and timed accordingly. This is further outlined in Section 5.3
4. **Lifecycle management of assets:** Lifecycle asset management focuses on management options and strategies from initial planning through to disposal, while considering all relevant economic and physical consequences. Council's approach to lifecycle management is further outlined in Section 5.4
5. **Monitor performance of services delivered:** Data is systematically collected and stored to monitor and assess the performance of key infrastructure against its Level of Service indicators. This is further discussed in Section 5.5.



### 5.1. Asset Management Practices

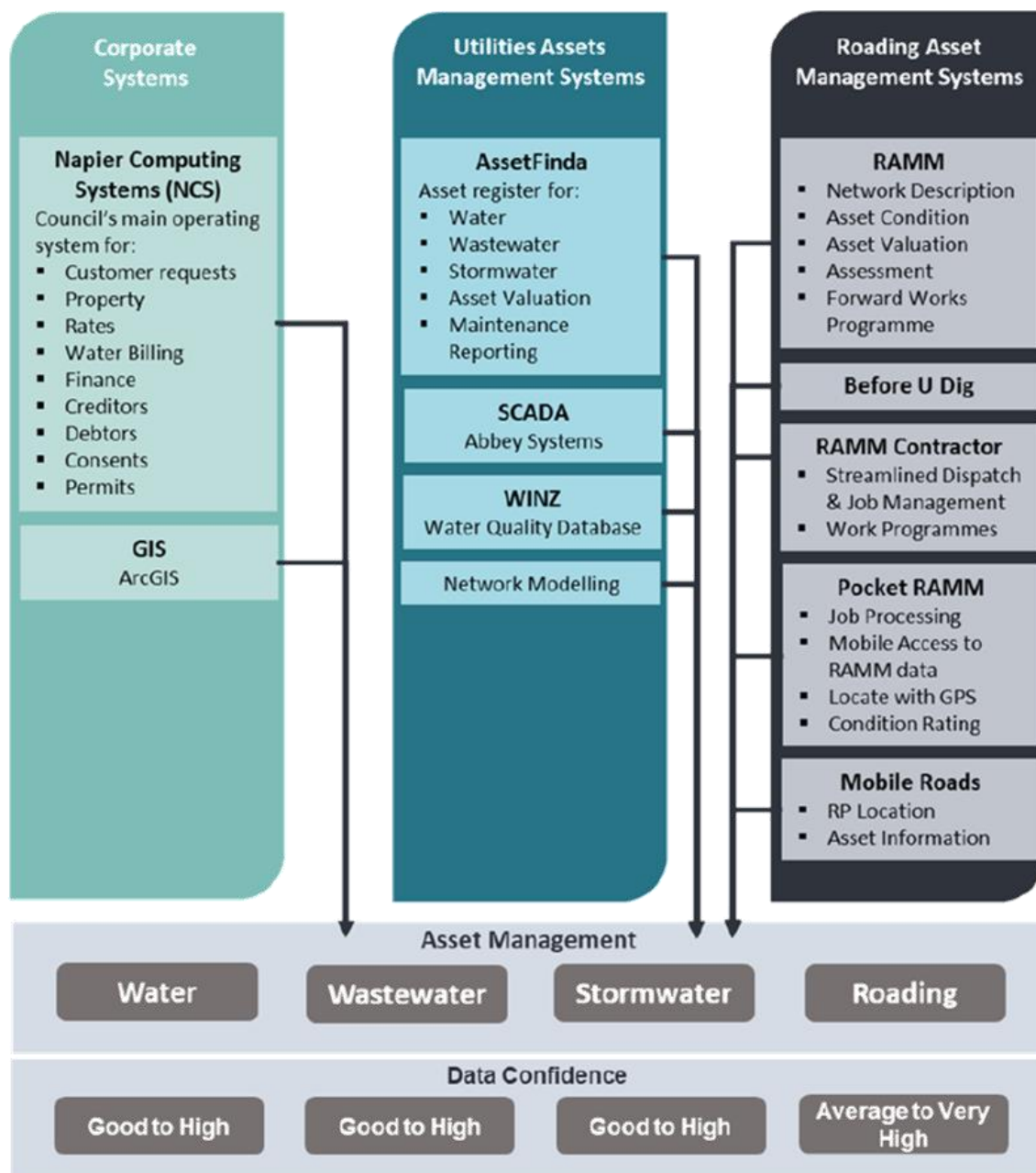
Evidence based decision-making is crucial to achieve asset management and sustainability goals. Having the correct asset information available is important to support the decision-making process.

The information and data systems available to Council staff are shown below and discussed within this section. These systems are used to provide Council with information which can be used to assess performance and provides insights into what can be improved to better service the community. It is vital that the information and data collection systems accurately portray the current state of infrastructure and are updated and maintained regularly.



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Figure 8 Information and Data Systems Support



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#### Three waters

Data confidence grades are held against each individual asset within the AssetFinda asset register. These grades indicate the type of data source and the confidence in the specific data source. Since the last independent data confidence review there has been a significant improvement in base asset information. An independent assessment to reassess the data confidence grades of the AssetFinda register would be of value to determine the improvement opportunities prior to the next LTP. An in-house assessment showed an improvement to the data confidence ratings from previous years but the table below reflects the data confidence status at the last independent review (2019). A summary of the confidence levels in the attributes of the assets are detailed in the following table.

**Table 9 Data confidence for three waters asset**

Valuation element	Water Supply	Wastewater	Stormwater
Asset register or database	Good Condition	Good Condition	Good Condition
Attribute details	Good Condition	Good Condition	Good Condition
Asset category	High confidence	Good Condition	Good Condition
Optimisation information	Average Condition	Average Condition	Average Condition
Useful lives information	Good Condition	Good Condition	Good Condition
Unit rates	Good Condition	Good Condition	Good Condition

In general, there is a relatively high understanding of the conditions of three waters assets. However, the Council are, through the Three Waters Stimulus Funding, undertaking a full CCTV assessment of its wastewater network which will allow for a much better understanding of condition of these pipes and their expected lifespan. The assessment will be undertaken in accordance with the New Zealand Gravity Pipe Inspection Manual 2019 and data captured and assed accordingly.

Unfortunately, CCTV monitoring cannot be replicated for water pipe assets. Instead, Council performs condition assessments on its water pipes when a failure occurs, or a larger connection or pipework cut in is undertaken. Pipelines are inspected in general accordance with best practise and relevant Water New Zealand Technical Manuals, and the results reported to the 3 Waters Manager for an assessment of the likely remaining life of the asset. In some cases, the section of pipe removed during the repair process may be sent away for detailed deterioration and expected remaining life analysis, as Council engineers have done for AC pipe in the past. By taking this information on selected pipelines the data can be used to infer the condition of that section of pipeline to give a complete picture of the network.

Despite the lack of real time data for these water assets, the Assetfinda register still has an expected remaining life of majority of its pipe network aligned with national best practise. Council is working on improving its data relating to criticality and vulnerability.

#### Transportation

The level of confidence with roading and transportation data has remained relatively static since the last iteration of the IS completed in 2018. Data has been updated, but the focus has been on removing historic errors to improve data quality going forward. Council has carried out a significant auditing and validation programme on its RAMM data, completed by OPUS Consultants Ltd (now WSP). All previous assets excel

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spreadsheets and modelling practises have been integrated with this validated data. Subsequent to this as part of the Road Efficiency Group (REG) group there has been a report released rating all Local Authorities RAMM Data sets. There are still areas that require Council attention in the RAMM databases:

- Traffic count data could be more complete and representative of the wider network
- Missing remaining useful life data makes it difficult to determine renewal profiles based on the age of the asset
- More complete records of asset attributes would assist in the monitoring and assessing of assets.

Council undertake regular inspections and conditions assessment on its assets to determine whether the asset is in need of replacing (see section 6.2.2 of the Transportation AMP for details on how condition assessments and inspections are undertaken on roading assets). More complete and accurate data would help streamline and forecast for future renewals and capital works.

The table below shows the assessed data confidence quality of the Council RAMM and spread sheet data tables as described in the 2019 Roding Asset “Mackenzie District Infrastructure Revaluation” report.

**Table 10 Data confidence for transportation assets**

Valuation Element	Pavement	Footpath	Structures	Drainage	SWC	Signs	Lights
Asset Registers or Databases	High	Good	High	High	Good	Good	Good
Attribute Details	Good	Good	Good	High	Average	High	Good
Asset Categorisation	Very high	High	Very high	High	High	High	Good
Optimisation Information	High	Good	High	High	High	High	High
Useful Lives Information	Average	Good	Average	Average	Average	Average	High
Unit Rates	High	High	Good	Good	Good	Average	Good

The Council recognise that there is significant improvement which can be made with regards to its data management for roading assets and has since contracted Geo-Solve to undertake pavement testing over various locations within the district. This will provide data to check pavement depths and ensure performance, deflection and strength.

Through the retendering of its Road Maintenance Contract in 2020/2021, Council has secured Waka Kotahi support to undertake a quality based procurement methodology as it looks to secure a maintenance delivery partner that brings not only physical network maintenance services, but also Asset management and Data capability. This, alongside Council seeking to employ a dedicated asset data manager in order to prioritise the improvement and confidence level of the roading data, will support significant improvement in data over the coming years..

#### 5.2. Level of Service

Asset management planning requires a clear understanding of customer needs and preferences and the minimum obligations that must be met. A key objective of this activity plan is to match the level of service

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provided by the asset with the expectations of the customers given legislative, financial, technical and safety constraints. Service standards, set to meet this objective, provide the basis for the life cycle management strategies and work programmes.

During 2020 Council developed a new vision statement, mission statement, supporting value statements and community outcomes (see Figure 2). The new community outcomes align with the Local Government (Community Well-being) Act which focuses and restores the four wellbeings. (See Table 11).

**Table 11 Wellbeings aligned with Council's Community Outcomes**

Community Outcomes	Well beings			
	Cultural	Economic	Environmental	Social
A Treasured Environment	✓		✓	✓
Resilient successful Communities			✓	✓
Strong and Innovative economy	✓	✓	✓	✓
Embrace Heritage and Diversity	✓	✓	✓	

This acknowledges Councils' broader role in looking after our communities, rather than simply providing core services.

Specific Level of Service performance measures and their targets over the next 10 years are outlined within APPENDIX A.

### 5.3. Robust Decision Making

Providing services that meet the needs of customers have to be balanced with affordability. The opportunities for Council to contribute to the wellbeing of its community are endless, so prioritisation, transition and risk management are required in order to make effective decisions.

Council's highest priority for activities is meeting legal compliance, this may occur over a period of time where improvements are required. Similarly, it may not be affordable for the community to fund and implement many compliance initiatives at the same time. Often there is the ability to transition such changes, such as with Drinking Water Standards compliance.

Investment levels and funding capability (affordability) are a fine balance. Decision making need not only consider the impact of either progressing or not progressing particular actions.

**Figure 9 Investment and Affordability Considerations**



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Taking a long-term view to the management of infrastructure assets, Council needs to make key decisions in a timely manner. Much of the improvement work for Three Waters is underway, while any improvements that might be required as a result of the Three Water Reform process are largely unknown.

In addressing Community desires and priorities the following key decisions have been identified.

**Table 12 Key Decisions Identified in Addressing Community Desires and Priorities**

Period	2021/22 - 2031/32	2031/32 - 2041/42	2041/42 - 2051/52
<b>Core Infrastructure Activity:</b>	<i>These are discussed in greater detail in the Long Term Plan</i>	<i>Basic scope required</i>	<i>Conceptual</i>
<b>Water Supply</b>	Water sector reforms – role of Council anticipated to change to regional management. <b>Key Decision:</b> <i>How will that best serve our community?</i>	Level of compliance across all schemes Demand management <b>Key Decision:</b> <i>What will implementing the actions from the Sustainable Infrastructure Strategy and the Sustainable Water Strategy look like?</i>	Improved efficiencies
<b>Wastewater</b>	Water sector reforms – role of Council anticipated to change to regional management. <b>Key Decision:</b> <i>Treatment and disposal options for Takapō/Tekapo– what form should then take and when will it be required?</i>	Level of compliance across all schemes <b>Key Decision:</b> <i>Does valuing our environment mean going 'above and beyond' legal requirements for treatment and discharges?</i>	
<b>Stormwater</b>	Water sector reforms – role of Council expected to continue for stormwater management	<b>Key Decision:</b> <i>Does valuing our environment mean going 'above and beyond' legal requirements for treatment and discharges?</i>	
<b>Transportation</b>	Replacement or upgrade of low use/end of network bridges	Drainage upgrade to cope with storms	
	Transition of unsealed roads methodology	Seal extensions on key unsealed roads	
	Better linkages for walking and cycling	Major linkages for walking and cycling	
	Funding assistance rate review		



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Period	2021/22 - 2031/32	2031/32 - 2041/42	2041/42 - 2051/52
	<i>Key Decision: Upgrading our road network so it is more suited to the future? How rapidly do we make changes and how do we fund it?</i>		

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## 5.4. Lifecycle Management Plans

Lifecycle asset management focuses on management options and strategies from initial planning through to disposal, while considering all relevant economic and physical consequences. The effective application of asset management principles will ensure the reliable delivery of service and reduce the long-term cost of ownership and in this way reduce service costs. A well-structured lifecycle management plan will reduce the long term costs of ownership and in so doing reduce the service cost.

The Lifecycle Management Programme cover five key categories of work necessary to achieve the required outcomes. These key categories and goals are:

Table 13 Lifecycle Management Categories

Lifecycle Categories		Aim
<b>Management Plan</b>	Management functions required to support the other Programmes	To maintain the assets to ensure that the assets achieve their service potential
<b>Operations and Maintenance Plan</b>	To ensure efficient operation and serviceability of the assets so that they achieve their service potential over their useful lives. This includes the day-to-day work to keep the assets operating	
<b>Renewal Plan</b>	To provide for the progressive replacement of individual assets that have reached the end of their useful lives (restores the original capacity)	
<b>Development Plan</b>	To improve parts of the system currently performing below target service standards and to allow development to meet future demand requirements	To meet future demand and close any service gaps
<b>Disposal Plan</b>	To better plan for disposal of assets through rationalisation of asset stock or when assets become uneconomic to own and/or operate	To dispose of assets appropriately

The AMPs for each of the core assets (water, wastewater, stormwater and transportation) outline the detailed changes for each of the lifecycle categories.

## 5.5. Monitor Performance of Service Delivered

Currently monitoring of operational performance is tracked through a number of activity specific parameters, asset management practices and detailed budget control. Performance reviews are undertaken with Waka Kotahi NZTA, industry groups (e.g. Water New Zealand), regional Council (resource

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consent reporting) and central Government (e.g. water test results, Three Waters Reform and mandatory reporting standards).

However, Council acknowledges there are limitations with its data that affect decision-making. A commitment to improving data collection and analysis is indicated below. These are further outlined in section 5.1 above.

**Table 14 Data Improvements**

Activity	Data to be collected	Data to be analysed	Value this data provides
Transportation	Traffic counts of Heavy Vehicles	Counts – numbers and proportion of total traffic	Heavy traffic counts will help identify key routes and align these with pavement management
	Asset Criticality	Demand patterns	Inform programmes
Three Waters	Asset Criticality	Demand patterns	Inform programmes
Water Supply	Water use	Water demands	Universal metering provides a comprehensive data set which is currently not leveraged to understand peak demands

Council has good condition and performance data to support decision-making alongside these improvement areas.

The approach to data collection and management will be discussed in the respective AMPs and budgets where appropriate. Data quality programmes for Transportation follow national guidance.

#### 5.6. Infrastructure Sustainability Strategy

Council is progressively moving to a more sustainable approach to delivery of services. This is in response to changing community priorities and Government direction (refer to section 2.2). In lieu of this, Council is embarking on a Sustainable Infrastructure Strategy that will be critical to inform the district plan and the next Long-Term Plan. In the meantime, the Council's level of service focus on environmental outcomes and are outlined in Table 15.

The table shows that over the past five years there have been no non-compliances recorded against resource consents for water supply, wastewater, or stormwater activities. Water use per household remains high along with the number of dry weather sewerage overflows. While this is associated with the dry summers, Council can encourage a reduction in water use through education and policy change.

Whilst many of the set KPIs are being met, the existing three waters network is still very vulnerable to failures especially as the number of households start increasing and regulatory standards become more rigid. Several water and wastewater infrastructure upgrades are planned to accommodate for the increase in regulatory focus and environmental standards.



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Table 15 Performance Measure that contribute to Sustainability Outcomes in Three Waters

Sustainability Outcomes		Performance Measure	Estimated target:	Results 2015/16	Results 2016/17	Results 2017/18	Results 2018/19	Results 2019/20
WATER	Water and energy use	The percentage of real water loss from the networked reticulation system (Approximate)	<25%	✓ 12%	✓ 24%	✓ 12%	✓ 19%	✓ 21%
	Water and energy use	The average consumption of drinking water per day per resident within the district.	<1.2m <sup>3</sup> per person per day within urban schemes	✗ 2.27	✗ 2.41	✗ 2.30	✗ 1.95	✗ 1.6
WASTEWATER	Discharges to the environment	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system	≤5  Reduced in 2018/19 to ≤2	✗ 7.2	✓ 0	✓ 1.5	✗ 3.26	✗ 3.11
	Discharges to the environment	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions	Nil	✓ Nil	✓ Nil	✓ Nil	✓ Nil	✓ Nil
STORMWATER	Discharges to the environment	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders, and convictions	Nil abatement or infringement notices, enforcement orders, or convictions	✓ Nil	✓ Nil	✓ Nil	✓ Nil	✓ Nil

Whilst the above performance measures relate specifically to the improvement of environmental outcomes, sustainability in general goes beyond just building a sustainable environment. Transport related performance measures can be found in Appendix A (Table 53).

Sustainable asset management practices include action that recognise the need for environmental, economic, social and cultural sustainability in the following ways:

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- The natural environment needs to be preserved for future generations and not degraded as a result of Council's asset management operations, maintenance, management and development projects
- Financially there is a limit to what ratepayers and developers, and therefore Council, can afford. Expenditure needs to remain within this limit and the costs need to fall equitably on the generations which derive the benefits
- Social relationships between individuals, interest groups and Local Government are valuable, and Council needs to facilitate and encourage this by providing infrastructure that services and facilitates these stakeholders
- Our history, customs and creativity are valuable to us. Their preservation and enhancement over time is facilitated by providing venues and services which can support the ways in which they are practiced, preserved and displayed

The Council has identified a number of actions to take place over the next 30 years which will contribute to more sustainable outcomes. These actions include various policy changes, behavioural changes and changes to the physical infrastructure and are classified under six key themes:

- Our environment is a taonga
- Resilient Infrastructure and Communities
- Climate Change
- Partnership with Nga Rūnanga,
- Growth (sustainable development)
- Economy (incl. Tourism)

It should be noted that this strategy is still under development and the following strategic timelines are indicative only at this stage.

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Table 16 Actions contributing to sustainable outcomes

LTP Year Themes / Year	1 2021	2 2022	3 2023	4 2024	5 2025	10 2030	→	20 2040	→	30 2050
Our environment is a taonga		Establish Global consent for Transportation works	Replicate natural processes for stormwater disposal	Full wastewater system compliance						
Our environment is a taonga		Green waste collection and composting						Revise Wastewater management eg. Biosolids to compost		Zero Waste
Resilient Infrastructure and Communities		Stormwater Management (culverts)	Water Use							
Resilient Infrastructure & Communities		Coordinate responsible gravel extraction process								
Climate Change - Mitigation			Transitioning to Hybrid Fleet					Transitioning to Electric Fleet		<b>ZERO CARBON</b>
Climate Change - Mitigation				Carbon footprint assessment						<b>ZERO CARBON</b>
Climate Change - Mitigation	Sustainable / Enviro building requirements Power Materials Water Landscaping		Energy Audit	Water use		Efficiency of use - modifying practices		Assess alternative energy options		Energy neutrality

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LTP Year Themes / Year	1 2021	2 2022	3 2023	4 2024	5 2025	10 2030	→	20 2040	→	30 2050
Climate Change - Adaptation	<i>Unsealed roads practices</i>	<i>Water storage reliability</i>	<i>Infrastructure upgraded to cope with storms</i>							
Climate Change - Leadership on the Community	<i>Climate Change Impact Assessment and Response Policy</i>	<i>Reducing Water use</i>	<i>Water meter trial</i>	<i>Demonstration landscaping</i>						<b>ZERO CARBON</b>
Partnership with Nga Rūnanga,										
Growth (sustainable development)		<i>Spatial Planning</i>								
Growth (sustainable development)			<i>Walking and Cycling Linkages</i>							
Economy (incl. Tourism)										

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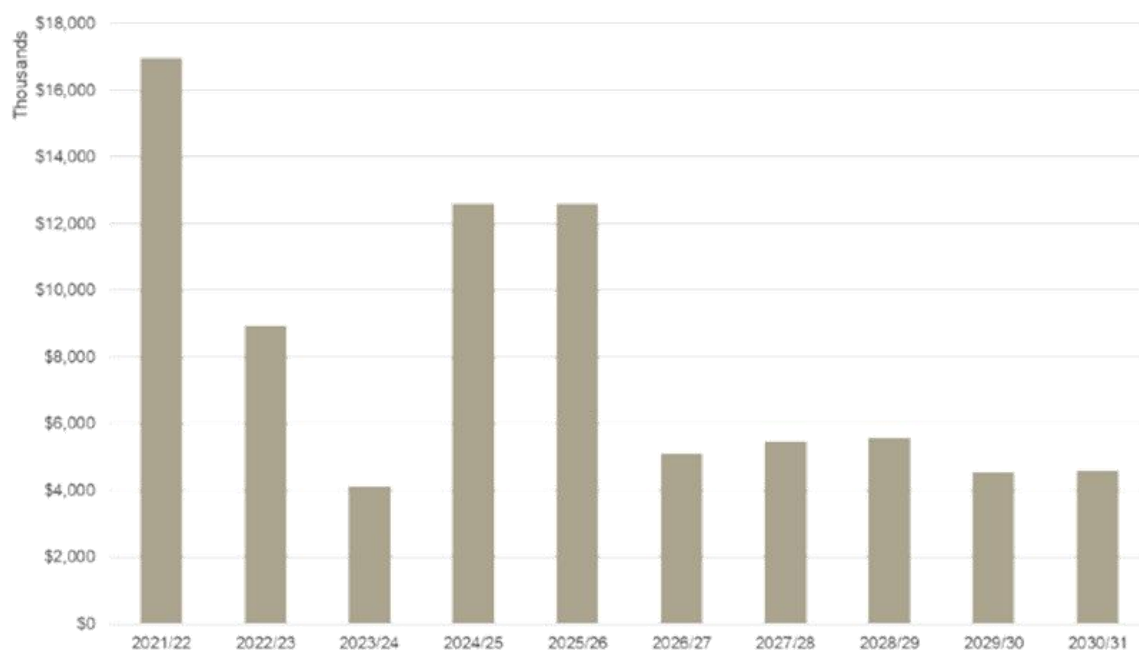
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#### 5.7. Capital Programme Summary

A large majority of Council projects over the 10 years of the Long-Term Plan (LTP) are front loaded into years 1 and 2, and many of these carry forward works, or works that have been allocated over two financial years (the Three waters Stimulus Program is a good example).

Year 4 and 5 see an increase in investment due to the renewal of the Takapo Wastewater Treatment plant.

**Figure 10 Total Capex Programme (three waters and transport – uninflated)**



Council has traditionally had a small Capex program (in the past between \$3.5 – \$5.5m) and delivered most of the projects in house, through existing roles and as part of “Business as Usual”.

In the 2020/21 Annual Plan Council accelerated its AC water main renewal program and shared use path network in response to the Covid 19 pandemic. This was alongside the already budgeted for Fairlie Water Treatment Plant and reservoir Project.

The level of complexity of these projects, the value associated with them and the risk of non-delivery, prompted Council to contract out the project management and delivery of the works via an open process. Beca Limited (Beca) were successful in securing the works and are progressing delivery via a dedicated project manager and delivery team.

Progress on these works is outlined in the table below:

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Table 17 2021 Capital works programme (three waters and transport)

Project Title		Stage of Progress	Progress	Expected Completion Date
Water Main Renewals - Twizel	Package 1	Tender let	In progress, construction underway	Oct-21
	Package 2	Tender Let	Contractor in mobilisation phase	Construction phase - 24 weeks Possession of site 10 days following award (28/06)
	Package 3	On Government Electronic Tender Service (GETS) week 5th July	Tender drafted and sent to pre qualified contractors via GETS	Est. Completion Date December 2021
Water Main Renewals - Takapo		In Design		Smallest package, estimated completion date Dec 2021
Water Main Renewals - Fairlie		In Design	May not progress due to budget issues	TBA – if affordable
Fairlie Water Treatment Plant and Reservoirs		Concept Design	Completed and internal review	July 2022, next stage to determine detailed design pathway
Shared Use Paths (roading)		Construction and handover	Completed	In hand over phase

Beca provide monthly reports on progress of the works, which is reported to Council via the Engineering and Services Committee.

Unspent funds will be carried forward into this LTP. The annual plan contained an insufficient allocation of funds for the Fairlie WTP upgrade and additional funds to deliver the project are in year 1 and 2 of the 2021/31 LTP. This work will be externally resourced in both detailed design and construction monitoring.

Council has also received an additional \$5.11 million allocated to Council for opting into Tranche one of the Three waters Reform Program. The funding was allocated for the delivery of non LTP funded projects. In November 2020 Council signed a Memorandum of Understanding (MoU) with Central Government outlining the funding and delivery of works which is to be completed by March 2022.

The funding is allocated to a number of projects (16 Capital and 20 Operational Projects, see section 10.3.1 for further detail) and Council have contracted a dedicated resource to project manage its delivery. The stimulus package consists of approximately 5% of the total three waters capital works program.

The balance of Councils Capital works program for the Long Term Plan contains projects related to the stimulus works (the upgrade of the Takapo Wastewater Treatment Plant) and projects focused on upgrading Council owned buildings to address condition issues.

As mentioned previously, Council has traditionally relied on internal staff to deliver works alongside their BAU and does not have a Project Management Framework in place to support delivery. Outside of the major projects mentioned above, Council have focused on allocating funds to projects over a period of



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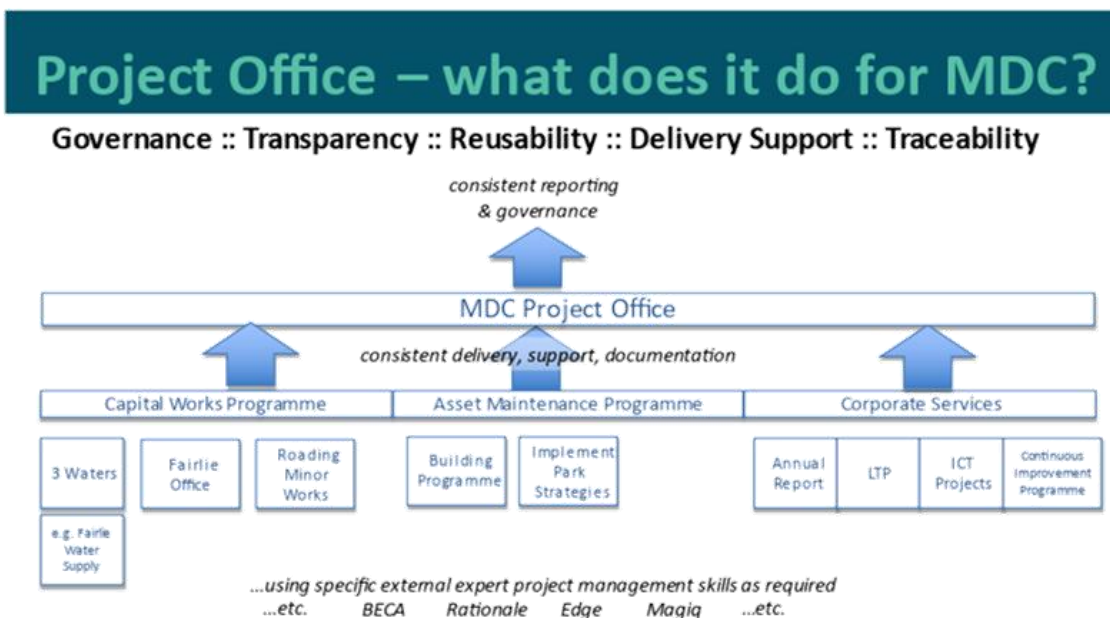
years to reflect the need to investigate, design, tender and construct works. An example of this is the Takapo Wastewater Plant upgrade, with works progressing over a number of years reflecting a process of consenting, land procurement, design and construction.

Councils Transport Capital works program is small in comparison to many of its other workstreams and the first three years of the LTP has a significantly reduced Low Cost Low Risk project program. The new Road Maintenance Contract has been tendered with an ability to add capital and renewal works via a performance-based approach and this has been approved by Waka Kōwhiri. This will result in a seamless approach to the delivery of these works, on the basis of contractor performance.

To facilitate the delivery of the large works program, Council is proposing the set up of a Program Management Office and employment of a Program Manager. This approach has been endorsed by Council and work is commencing on setting the delivery framework and engaging a resource to run the office.

Shown below is the suggested framework for any PMO.

**Figure 11 New project management office structure**



Council focus in the first years of the LTP will continue to be a “Smart Procurer” of services and use all tools available to it through its Procurement Policy, to ensure the delivery of the works program.

Council is a member of the All of Government Procurement Panel and also has a Procurement Assurance Contract set up with Audit New Zealand to support procurement processes and ensure that the speed of delivery does not suffer from poor procurement processes.

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**5.8. Key Assumptions**

This strategy is based on the same assumptions developed for the 2021-2031 Long Term Plan. These are available in the Long Term Plan document. Key issues associated infrastructure planning are highlighted below. Refer to Appendix B for a full list of assumptions, the level of uncertainty and potential mitigation strategies.

**5.8.1. Organisation**

This strategy is based on the philosophy that Mackenzie District Council will remain a viable unit of local Government in its own right. This assumes it will continue to own, manage and operate the Three Waters (water, wastewater and stormwater) infrastructure, either directly or through another entity.

Even though there may be some form of shared service arrangement with neighbouring Councils, Mackenzie will continue to manage and maintain the local road network and the Three Waters (water, wastewater and stormwater) networks.

**5.8.2. Population, demographic, and household forecasts**

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. 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.

**5.8.3. Tourism and dwelling numbers**

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.

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 particularly after 2022/23 when international visitors start increasing above previous numbers.

**5.8.4. COVID-19**

The Pandemic will be controlled in New Zealand and Level 1 restrictions will cease prior to 1 July 2021

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. However, there is still relatively high uncertainty regarding when international borders will be opened. Prolonged periods of closed borders will impact economic activity in the council limiting population and business growth.

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**5.8.5. Levels of Service**

It is expected that Council will continue to provide similar services to the community in the future to those delivered currently. Changes to the delivery of water services are imminent, but Council will in some form remain responsible.

System upgrades are complete or underway for many treatment plants, and there is an ongoing programme of renewals and upgrades to meet the required service level standard.

The roading infrastructure maintains the current levels of service over most of the activity. The exception to this would be the replacement of weight restricted bridges. If renewed they will all be able to take Class 1/HPMV/50 Max traffic loading, which is an improved level of service. Waka Kotahi has introduced new funding requirements for work to replace small bridges as a “like for like” upgrade in the 2021-2024 National Land Transport Plan. “Like for like” should be interpreted as providing for a modern replacement to current design standards appropriate for the network that is to be serviced over the life of the new replacement structure, e.g. replacing a timber bridge with a steel and / or concrete structure that meets the current base design standard (generally to Class 1).

**5.8.6. Insurance and Risk**

There are numerous active faults within Mackenzie District and surrounding areas. Of these, some of the most significant - in terms of potential lifeline impacts - include the Ostler and the Irishman Creek Fault Zones in the Mackenzie Basin. Both fault zones have the ability to generate significant earthquakes. The Alpine Fault on the District’s northern boundary has the ability to generate the largest earthquakes and the greatest spread of damage which could severely impact Council’s lifelines.

The Council holds \$3,000,000 in cash reserves and has a strong balance sheet to enable it to borrow to meet its local share obligations. Council also insures its above ground assets such as water tanks and reservoirs. It is unlikely Council would obtain insurance for underground assets. It is essential that Council continues to maintain the cash reserve or put in place an insurance regime to replace/complement it, should changes to the current policy be implemented.

In addition to Council’s insurance, in the event of natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, drainage and sewerage assets and provide a subsidy of 55-75% towards the restoration of roads.

**5.8.7. Funding Assumptions**

The following assumptions have been made regarding the levels of funding from the various funding sources, and how inflation, interest rates and borrowing has been treated within out forecasts.

- **Inflation** - All budget projections have allowed for inflation (September 2020 projections).
- **Interest Rates and borrowing** - Borrowing costs are assumed to be as included in Financial Forecasts.
- **Three Waters (water, wastewater and stormwater)** - In the process of producing this Infrastructure Strategy and the underlying supporting plans, Council has considered the following:

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- Council priorities in terms of the overarching aim for delivering core services
- Implementation of the Three Waters Reform in-progress through Parliament
- Alignment with the Community Outcomes in the LTP
- Delivery against the four community well-beings (environmental, economic, social, and cultural)
- The need to manage the assets at a Core (3 Waters - water, wastewater and stormwater) level in accordance with appropriate asset management best practice
- Delivering cost effective services that are efficient, effective and appropriate
- Providing an appropriate level of resilience

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#### 5.8.8. Useful Lives of the Infrastructure Assets

The assumed useful lives of the assets have a significant impact on renewal planning and depreciation calculations; Expected Useful Lives (taken from the LTP) are used in preparing this Strategy:

**Table 18 Useful Lives of the Infrastructure Assets**

Operational assets	Depreciation method	Life (years)	Operational assets	Depreciation method	Life (years)
<b>Transportation</b>			<b>Water supplies</b>		
Plant and machinery	Straight line	5-10	Piping mains	Straight line	60-80
Land under roads	Not depreciated	-	Pumps	Straight line	25
Roads and footpaths	Straight line	6-80	Service lines	Straight line	80-100
Formation	Not depreciated	-	Hydrants	Straight line	80
Sub-base	Not depreciated	-	Valves and air valves	Straight line	80
Base course	Straight line	75-100	Meters	Straight line	25
Surfacing	Straight line	0-17	Reservoirs	Straight line	80
Kerb and channelling	Straight line	10-100	<b>Wastewater</b>		
Street signs	Straight line	13	Mains	Straight line	60-80
Resource consents	Straight line	Over the life of the consent	Pumps	Straight line	15
Street lighting	Straight line	20-40	Manholes	Straight line	80
Bridges	Straight line	80-100	Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100	<b>Stormwater</b>		
			Lines	Straight line	100
			Manholes	Straight line	100
			Open drains	Not depreciated	-



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## 6. WATER

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### 6.1. Existing Infrastructure and performance

Mackenzie District operates four public water supplies in the following townships:

- Burkes Pass
- Fairlie
- Takapō/Tekapo
- Twizel

It is also the asset owner of the Allendale and Albury scheme. Along with the physical treatment and reticulation infrastructure assets, resource consents to take water are also key assets. The term of these consents is key to forward planning and can often determine the timeframes for upgrades.

The replacement costs of the following water supply assets were estimated to be \$46.0 million (as of the June 2020 valuation). This includes \$345,000 of treatment plant and facility assets, \$882,000 on rural water supply assets and \$44.8 million on all other assets (e.g. reticulation and pump stations).

**Table 19 Water Supply Overview**

Supply	Population Supplied (1,100)	Type of Supply	Source	Treatment	Storage (m <sup>3</sup> )	Pump Stations	Reticulation (km)	Valves	Hydrants
Fairlie/Kimbell	1,000	U	S	Cl <sub>2</sub>	190	1	43.1	196	122
Takapō/Tekapo	552	U	G	Cl <sub>2</sub> & UV	1,100	2	27.7	235	100
Twizel	1,500	U/R	BG	F & Cl <sub>2</sub> & UV	7,500	1	71.4	563	312
Burkes Pass	30	Ut	CG	Cl <sub>2</sub>	22	-	3.3	2	1
Allendale	291	R	R	Cl <sub>2</sub>	NA	-	117.7	64	2
Albury	200 (est)	R	C		180	-	107.9	2	-
Stockwater (Ashwick, School Rd)						114km of open water race			
<b>Water Total</b>	<b>3,343</b>					<b>4</b>	<b>373</b>	<b>1,059</b>	<b>532</b>
<b>Type of Supply</b> U = Urban (on demand) Ut = Urban (tank) R = Restricted			<b>Source</b> B = Bore C = Creek G = Gallery S = Spring R = River WR = Water Race				<b>Treatment</b> Cl <sub>2</sub> = Chlorine F = Filtration N = No treatment/disinfection UV = Ultra-Violet Irradiation		



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#### 6.1.1. Resource Consents

All the water scheme resource consents will require renewal during the life of this strategy. The following table lists the water resource consents that are presently held for the taking of water and land use:

**Table 20 Resource Consents - Water**

System	Consent #	Description	Expiry Date
Fairlie	CRC176495	Take and use water	19 August 2044
Lake Tekapo	CRC971414	To take groundwater	13 August 2033
Twizel	CRC042741	Take and use water	20 August 2047
Burkes Pass	CRC971594	to divert water for Burkes Pass community supply	29 October 2032
	CRC971595	to discharge by-wash water to Paddy's Market Stream	29 October 2032
Allandale	CRC020124.1	Take and use water	19 October 2030
Albury	CRC990685	To divert water	20 January 2034
	CRC990686	To take water for community water supply	20 January 2034
	CRC991431	To disturb, and place and maintain structures	20 January 2034
	CRC991418	to discharge water	20 January 2034

Resource consents are required for the abstraction of all natural water that is used for public supplies. These usually stipulate the quantity of the water that can be taken, and a maximum rate for its extraction. When water is treated and backwash is part of the process, consents are also required for discharge of the backwash water.

#### 6.1.2. Current Performance

The Water Supply networks are generally performing well with a few leakage problems in Fairlie. These are generally tied to older concrete pipes with perished rubber sealing rings. Specific condition for each asset is not currently measured, but as noted above, representative sections of the network are inspected and the results extrapolated across the network. There is good condition information for Water Supply assets with the majority of assets graded at 2 or better (89%). Only 3% of the network is graded as having a rating of 4 and no asset is graded as requiring replacement. However, Fairlie has a programme to replace all the pipework installed in the 1940s as this has defective rubber sealing rings allowing significant leakage.

A significant portion of the Twizel reticulation is Asbestos Cement pipe (21.9km/31%) was installed during the early 1970s. A replacement programme for the AC pipe in Twizel based on a predictive failure model from the various pipe samples started during 2015. As part of the COVID 19 recovery package Council have accelerated this renewal programme and the completion is programmed for the end of 2021.

Additional key issues are summarised in Table 21 below. The table highlights both where the issues are occurring, the key driver for change (i.e. Growth, Level of Service or Renewal) and a potential resolution.

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Table 21 Key water issues

Issues	Resolution
<b>All Systems</b>	
3 Waters Reform	Collaborate with the Government and other local authorities in the region to consider future 3Waters service delivery arrangements
Integrity of water supply	Backflow prevention
Demand management	Universal (smart) metering in urban on demand supplies
Maintaining and monitoring chlorine residual	Install FAC monitoring at pump stations and connect to SCADA
Water Safety Plans	Gap analysis to align with regulatory changes
DWSNZ Protozoa compliance	Investigate resolution (connect Allendale to Fairlie, upgrade Fairlie WTP).
<b>Fairlie</b>	
DWSNZ compliance	Treatment Plant upgrade (2021-23)
Storage	Build additional reservoir (2021-23)
AC pipe	Planned renewals
<b>Lake Tekapo</b>	
Cast Iron, Galvanised Iron & AC mains	Planned renewals
Resilience – trunk main from reservoir to reticulation	Double trunk main
Resilience - storage	Provide storage on east and west side of the Tekapo River
<b>Twizel</b>	
AC pipe	Planned renewal (completion programmed for end of 2022)
Trunk main capacity	Modelling to ascertain trunk main capacity
Resilience – trunk main from treatment plant to reticulation	Double trunk main
<b>Burkes Pass</b>	
Manage demand within consent limits	Consider changing from on demand to restricted supply
Equal access to water supply	
<b>Allendale</b>	
Poor workmanship on PE pipes	Investigate resolution
DWSNZ Compliance -	Potentially connect to Fairlie
Protozoa compliance	
Power to treatment plant	
Didymo clogging up filter	
<b>Albury</b>	
Locally managed (Risk)	Water Safety Plan in place and implemented

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It is probable that new legislation will be passed that will place responsibility for water fluoridation with District Health Boards. At the time of writing this strategy it is unclear whether this change will lead to a requirement to fluoridate drinking water supplies in our district. Any move to introduce fluoride is likely to be contentious and this strategy has been formulated on the basis that the status quo will remain.

#### 6.1.3. Critical Assets

Council engineers have not performed a documented formal criticality assessment of the infrastructure assets, but Council engineers use practical experience and skilled application of staff and service providers in consideration of critical assets. Development of a formal documented criticality assessment is included as an improvement item (IP 1).

In the absence of a formal criticality assessment Council's approach in the water activity is based on the following methodology:

**Table 22 Critical asset assessment approach**

Criticality Category	Condition Assessments	Renewal
<b>Critical Assets</b> Trunk mains, rising mains and large diameter mains supplying significant areas or key industries or businesses/customers. Treatment plants are also considered to be critical assets	Condition assessments performed during connections and pipe repairs. Detailed analysis obtained as deemed necessary	Renewal timing based on conservative base life and actual condition assessments of asset and estimated future deterioration.
<b>Non-Critical Assets</b> – distribution network of smaller diameter mains and property laterals	Sample inspections of material types and age bands during connections and pipe repairs. Greater proportion for assets nearing end of base life. Inspections of assets associated with major roading asset renewals to confirm condition.	Generally “run to failure” with renewals on a reactive basis.

A number of aspects could be considered in identifying those assets that are critical including but not limited to:

- Location of asset, e.g. State Highway
- Asset type, e.g. pump stations and detention dams
- Flood hazard assessments and areas without adequate existing secondary flow paths
- Network configuration, e.g. single main servicing large area
- Customer type, e.g. Central Business District, Medical Facilities, Rest Homes.

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#### 6.2. Water Infrastructure strategy

Council seeks to improve water treatment in all parts of the District to meet the requirements of the Health (Drinking Water) Amendment Act 2007. Council has been upgrading numerous treatment plants over the last number of years to meet the requirements of the Act.

Over the next ten years Council plans to:

- Maintain consumer's access to water,
- Comply with the Health Act,
- Continue to monitor and respond to the Government's new Water Regulatory Framework, and
- Continue maintenance and renewal of the water network to meet the needs of current and future consumers.

This vision is supported by a detailed Water AMP.

##### 6.2.1. Key Capital & Renewal Projects

There are some significant water capital and renewal projects which are planned over the next 10 years. These projects are driven by the need to improve the level of service for water quality and to renew aging infrastructure.

**Table 23 Significant Infrastructure decisions - Water**

Issue – Compliance with Drinking Water Standards - Fairlie	
Main Options	Implication of Options
Option 1 -	Upgrade Fairlie's water supply to meet the NZ Drinking Water Standards. This involves the construction of a new plant capable of managing the current source water quality fluctuations (this project has been delayed).
Option 2 -	Do nothing. This is not a viable option as the MOH requires compliance with the NZDWS and the current treatment does not meet required treatment standards.
Time period	2021- 2023
What is the benefit	Growth and increased Levels of Service
Assumption	This is based on the new source confirming the ability to provide 28 l/sec flow rate. Initial test pumping has confirmed this but has been carried out with the new gallery in place.
Issue – Insufficient Storage of Treated water - Fairlie	
Main Options	Implication of Options
Option 1 -	Construct a new reservoir on the Fairlie water supply.
Option 2 -	Do nothing. The current reservoir has served the town very well over many years and will continue to do so for some time. However, if there is increased demand then the few hours' storage will be inadequate even though it the supply is fed by a continuous gravity supply.
Time period	2021 – 2023 (upgrades in 2026/27 and again in 2030/31)
What is the benefit	Levels of Service



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Issue – AC Reticulation renewals	
Main Options	Implication of Options
Option 1 -	Undertake renewals based on current understanding of pipe condition
Option 2 -	Delay replacement until failures become more common
Option 3	Accelerate replacement programme
Time period	Between 2021/22 to 2030/31
What is the benefit	Renewal and increased Levels of Service

The biggest issue facing the three communities in the next thirty years is the need to replace AC water mains. There is 34.6km of AC pipe in the district; 6.9km in Fairlie, 5.8km in Takapō/Tekapo and a further 21.9km in Twizel. AC pipe is affected by both internal water and external soil conditions. External stresses such as soil conditions, quality of installation, additional loadings, and maintenance have a significant effect on the useful life of underground assets. The inherent variations of in-situ conditions and subsequent rate of deterioration make it difficult to accurately formulate a renewals priority programme without a sampling regime.

The recent sampling and testing programme for Twizel has confirmed the level of deterioration and the associated risk. This strategy provides for continuation of a district wide sampling and testing programme in Takapō/Tekapo and Fairlie, to further our understanding of the level of deterioration and the associated risks in those towns.

In the 2020/21 Annual Plan, Council fast tracked the replacement of AC pipes, investing \$7.5 million the first year. Works are primarily focused on Twizel, with some work in Fairlie to be completed. It is expected that all of the AC network is planned to be replaced in the first 10 years. Pipe renewals will continue beyond 2031 for all other water pipes in the district. However, this timing will be confirmed or amended depending on the outcome of the proposed sampling programme.

The preferred option is to continue tracking asset condition and refine and ongoing programme of renewals. Some accelerated renewal is being undertaken to utilise stimulus funding available and undertake works during periods of less tourism.

It should also be noted that currently the council invest 4% of total costs towards the Downlands Water Supply Scheme which is completely managed by Timaru District Council. This is not included within this Infrastructure strategy as the council has no involvement in the projects development.

All other significant projects and their funding sources are summarised in the following table and chart.

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Table 24 Water Projects – Capital Costs

Project	Priority Type	Year	Amount (uninflated)	Amount (inflated)	Description
Service Connections - new	Renewal	2021/31	\$3,024,000	\$3,532,714	Existing mains and service connections to water supply which are being upgraded
Reticulation – new	LOS	2021/31	\$13,021,928	\$13,764,718	Renewals – refurbishment, replacement of pipes and facilities equipment for water supplies is estimated to be \$13.8m over the next 10 years. This includes the planned renewal the AC pipes in Twizel (completion programmed for end of 2022). This will replace all the small diameter mains that require replacing.
Treatment - new	LOS	2021/31	\$7,214,080	\$7,390,514	Fairlie Water Treatment Plant Upgrade and storage.
Allandale/Spur Road water supply - Reticulation extension	LOS	2025/26	\$554,660	\$599,960	Installation of connection of Allandale to Fairlie water supply
Water Supply Renewals <sup>1</sup>	LOS	2021/22	\$0	\$0	Renewal works to Water supply infrastructure (this has since been completed in 2020/21)
Water Metering Trial - Twizel Install <sup>1</sup>	LOS	2021/22	\$322,753	\$322,753	Installation of water meters in Twizel.
Potable Water Supply Remote Properties - install <sup>1</sup>	LOS	2021/22	\$175,000	\$175,000	Remote supply of potable water investigation and implementation
<b>Total</b>			<b>\$24,312,421</b>	<b>\$25,785,659</b>	

<sup>1</sup>Projects funded by the three waters stimulus package (refer to section 10.3.1)

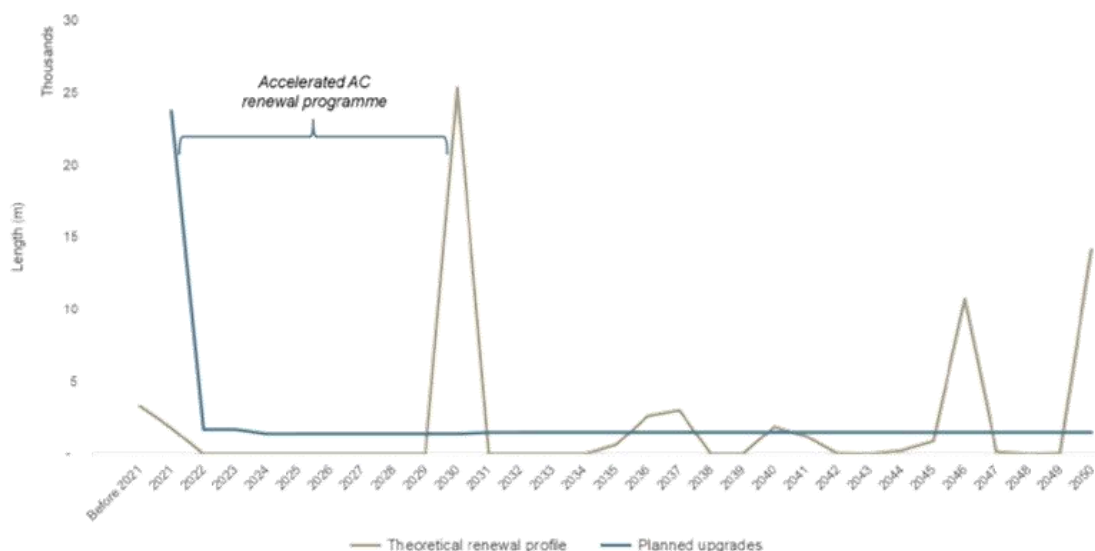
Figure 13 provides the cost spend cashflow over the next 30 years. Cost estimates from year 2031/32 through to 2050/51 were developed based on the following:

- Average expenditure over the first ten years which was then extrapolated out. This includes a renewal profile for water pipes. It should be noted that the Stimulus package altered the renewal programme by pushing forward the AC pipe renewal programme. This was originally planned out over a 20-year period but is now occurring within the next two years. The figure below outlines the theoretical replacement of the districts water pipes over the next 30 years based on the theoretical design life of the pipe. This has been compared against the planned replacement programme. A significant portion of the replacements are occurring in 2021/22. The remaining renewals have been evenly spread across the 30 year timeframe. Regular testing will still be undertaken on the district's water pipes to assess their condition. This may change the future profile of water pipe replacement.
- Increase in vested assets which will require additional operations and maintenance expenditure overtime
- The renewal of resource consents – all 10 resource consents listed above will need to be renewed between 2032 and 2044. It is assumed that water take resource consent for larger takes will cost up to \$250,000 while smaller water take consents will cost \$100,000.



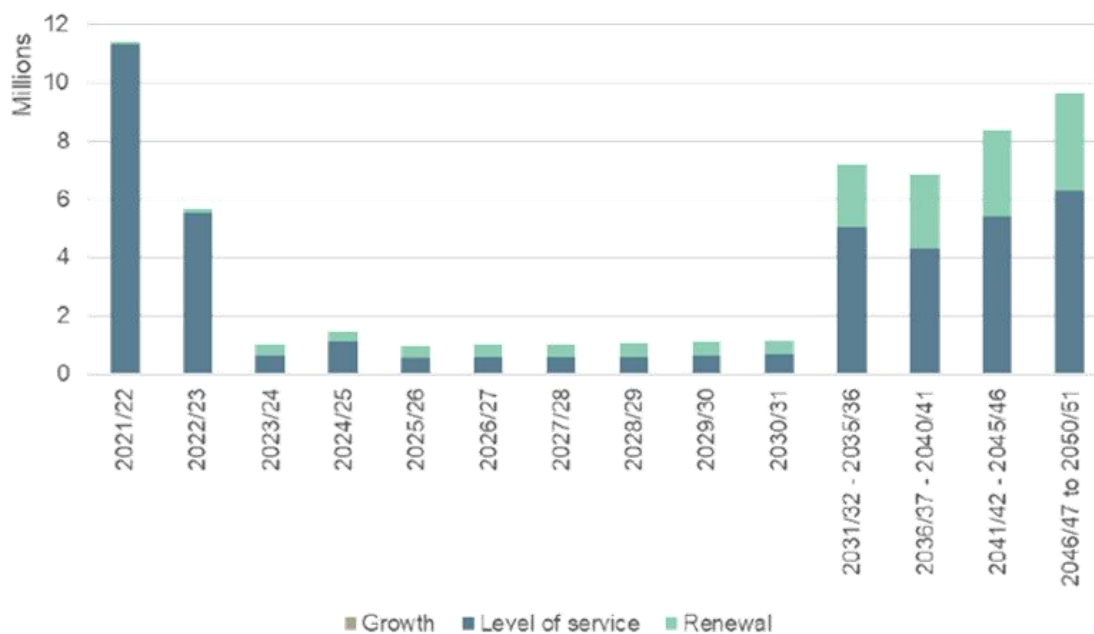
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Figure 12 Theoretical vs planned water reticulation programme



Future expenditure is represented in the table below as the total inflated cost over 5-year periods.

Figure 13: Water Project Cost Profile (Inflated)



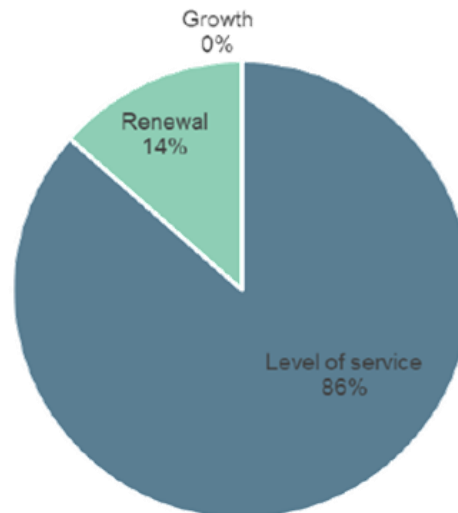
Each of the above infrastructure upgrades responds to one of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows

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the proportion of water projects over the next 10 years which respond to each of these drivers. Majority of water infrastructure projects seek to improve the level of service.

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**Figure 14 Key priority types of Water Infrastructure projects (year 1 to 10)**



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## 7. WASTEWATER

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### 7.1. Existing Infrastructure and performance

The Council operates four wastewater schemes:

- Burkes Pass
- Fairlie Township
- Takapō/Tekapo Twizel

Along with treatment and reticulation infrastructure, resource consents for treated wastewater are key assets. The term of these consents is key to forward planning and can often determine the timeframes for treatment upgrades.

The replacement costs of the following wastewater assets were estimated to be \$34.9 million (as of the June 2020 valuation). This includes \$3.2 million of wastewater treatment plants and facility assets and \$31.7 million on all other assets (e.g. reticulation, pump stations and manholes).

**Table 25 Wastewater overview**

System	Population (UR)	Length of Reticulation (km)	Manholes	Pump Stations	Treatment Facility
Fairlie	693	12.9	104	1	Oxidation ponds
Takapō/Tekapo	369	27.8	362	3	Oxidation ponds
Twizel	1,137	64.8	554	2	Oxidation ponds
Burkes Pass	30	1.6	17	-	Oxidation pond
<b>Total</b>	<b>2,229</b>	<b>107.1</b>	<b>1,037</b>	<b>6</b>	<b>4</b>

#### 7.1.1. Resource Consents

All of these resource consents will require renewal during the life of this strategy.

**Table 26 Resource Consents - Wastewater**

System	Consent #	Description	Expiry Date
Fairlie	CRC992647	Discharge odour to air	17 December 2038
	CRC992608.1	Discharge to land	17 December 2038
Lake Tekapo	CRC042914	Discharge to land	17 December 2038
Twizel	CRC172311	Discharge to land & air	11 April 2053
Burkes Pass	CRC992607	Discharge to land	7 June 2040

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Discharge permits are required for the discharge of treated effluent to land or water, and the discharge of odours associated with wastewater treatment plants. There are no resource consents which will expire within the next 10 years.

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#### 7.1.2. Current Performance

The four sewer networks are performing well with limited blockages. These are generally tied to tree root intrusion. Specific condition for each asset is not currently measured but internal inspections of representative sections of the network are carried out and the results extrapolated across the network. There is good condition information for Wastewater assets with the majority of assets graded at 2 or better (88%). Only 1% of the network is graded as having a rating of 4 and no asset is graded as 5 (unserviceable).

Whilst the sewer network is in relatively good condition, there are a number of issues with the wastewater treatment process and the monitoring system which need to be addressed. These are summarised in Table 27 which outlines the issue and a basic resolution.

**Table 27 Key wastewater issues**

Issues	Resolution
<b>All Systems</b>	
3 Waters Reform	Collaborate with the Government and other local authorities in the region to consider future 3Waters service delivery arrangements
Sludge levels	Monitor, and desludge (Fairlie, Tekapo, Twizel programmed for 2021)
System capacities	Develop hydraulic model for each system to help identify problem areas through simulation and to evaluate the benefits of specific solutions.
<b>Fairlie</b>	
Dumping of septage	Surveillance cameras at treatment plant
Consent compliance	Reduce high faecal count through improved treatment efficiency. Increased monitoring of DO, COD, BOD
Sludge levels	Milliscreen at intake to improve treatment
<b>Lake Tekapo</b>	
Disposal of effluent (consent limits)	Investigate, consider resolution options and implement.
Capacity of Lakeside Drive Pump Station	Station Bay subdivision triggered the need for an upgrade and has extra storage added and pumps replaced
<b>Twizel</b>	
Dumping of septage	Review Wastewater Bylaw to provide mechanism to prosecute offenders
Condition of the AC pipe	Review with surveillance cameras and determine remaining useful life of the asset with a view to developing a replacement programme
Mackenzie Park Pump Station	Connect Mackenzie Park PS to the treatment plant through new rising main
<b>Burkes Pass</b>	
<b>Consent compliance</b>	High faecal count at discharge – investigate and consider options (aeration/additional pond)

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#### 7.1.3. Critical Assets

Council engineers have not performed a documented formal criticality assessment of the infrastructure assets, but Council engineers use practical experience and skilled application of staff and service providers in consideration of critical assets. Development of a formal documented criticality assessment is included as an improvement item (IP 1).

In the absence of a formal criticality assessment Council's approach in the wastewater activity is based on the following methodology:

**Table 28 Critical asset assessment approach**

Criticality Category	Condition Assessments	Renewal
<b>Critical Assets</b> trunk mains, rising mains and large diameter mains supplying significant areas or key industries or businesses/customers	Condition assessments performed during connections and pipe repairs. Detailed analysis obtained as deemed necessary	Renewal timing based on conservative base live and actual condition assessments of asset and estimated future deterioration.
<b>Non-Critical Assets</b> – distribution network of smaller diameter mains and property laterals	Sample inspections of material types and age bands during connections and pipe repairs. Greater proportion for assets nearing end of base life. Inspections of assets associated with major roading asset renewals to confirm condition.	Generally "run to failure" with renewals on a reactive basis.

A number of aspects could be considered in identifying those assets that are critical including but not limited to:

- Location of asset, e.g. State Highway
- Asset type, e.g. treatment plant and pump stations
- Network configuration, e.g. single main servicing large area
- Customer type, e.g. Central Business District, Medical facilities, Rest Homes.

#### 7.2. Wastewater Infrastructure Strategy

In order to achieve the above goal the Council plans to:

- Continue to collect, treat, and dispose of wastewater
- Upgrade treatment facilities where required to comply with resource consent conditions
- Plan for future development and needs
- Consult with the community on issues such as health and legislative compliance issues

This vision is supported by a detailed Wastewater AMP.



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#### 7.2.1. Key Capital and Renewal Projects

There are some significant wastewater capital and renewal projects which are planned over the next 30 years. These projects are driven by the need to improve the level of service for effluent quality, to renew aging infrastructure and to meet a growing population.

**Table 29 Significant Infrastructure project - Wastewater**

Issue – Potential for increased effluent flows coming from the Takapō/Tekapo wastewater treatment plant and issues associated with growth.	
Main Options	Implication of Options
Option 1 -	Identify a new permanent disposal site, and design and install the system to dispose of the effluent for the next 50 years. Council is presently constructing a new disposal field adjacent to the existing site. This will address the problem in the short term and is an interim measure only. Council's strategic planning work is programmed to start in Year 1 of the LTP (2020/21), with design, construction and implementation programmed to commence in 2022/23. The total cost of this work is estimated to be \$18.1 million (see table below)
Option 2 -	Do nothing: This is unlikely to address the longer term issues associated with growth.
Time period	Between 2021/22 and 2025/26
What is the benefit	Growth/LoS/Renewal
Assumption	Option 1 assumes that an appropriate site can be identified, that infiltration testing confirms that and that Council is able to obtain a discharge consent on that site.

Key wastewater projects being implemented over the next 10 years are listed below, and costed in Table 30.

- **Takapō/Tekapo upgrades – Wastewater treatment plant: between 2021/22 and 2025/26:** Installation of additional pond aerators and the establishment of a new discharge site
- **Takapō/Tekapo upgrades – Lakeside Drive: 2021/22:** renewal of the lakeside pump station including installation of additional monitoring equipment.
- **Twizel AC pipe replacement 2021/22:** acceleration of asbestos cement line previously planned for 2026/27 due to 3 waters stimulus funding.
- **Twizel – Mackenzie Park: 2021/22:** A new rising main is also programmed from Mackenzie Park to the Twizel oxidation ponds in order to improve the treatment and manage growth. All other significant projects are summarised in the following table and chart below.

To ensure on-going affordability of the wastewater service Council will continue to consider options in delivering the service, including collaboration with other local authorities as we did with the SCADA and Timaru District Council.



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Table 30 Wastewater Projects – Capital Costs

Project Description	Priority Type	Amount (uninflated)	Amount (Inflated)	Year	Description of work
Sewer Reticulation - new	LOS	\$4,160,000	\$4,788,569	2021/29	Renewals – refurbishment, replacement of pipes and facilities equipment for wastewater systems is estimated to be \$4.8m over the next 10 years. This includes the replacement of AC pipeline in Twizel.
Pump Station Renewal	LOS	\$300,000	\$300,000	2021/22	Lakeside drive pump station upgrade to improve performance. Will also deliver additional capacity
Treatment	Growth	\$17,450,000	\$19,232,125	2021/26	Disposal of effluent for the Tekapo treatment plant - Investigate, consider resolution options, updating resource consents and implement and construct option. Station Bay subdivision triggered the need for an upgrade and requires extra storage added and pumps replaced
Upsize foul sewer - Fairlie Golf Course <sup>1</sup>	LOS	\$35,000	\$35,000	2021/22	Upsize foul sewer - Fairlie Golf Course <sup>1</sup>
Rising Main Mackenzie Park to Twizel WWTP – Design <sup>1</sup>	Growth	\$14,690	\$14,690	2021/22	Connect Mackenzie Park PS to the treatment plant through new rising main
Rising Main Mackenzie Park to Twizel WWTP – Construct <sup>1</sup>	Growth	\$990,000	\$990,000	2021/22	
Lakeside WW pump station - Design/Construct <sup>1</sup>	Growth	\$48,598	\$48,598	2021/22	Station Bay subdivision triggered the need for an upgrade and has extra storage added and pumps replaced
Deer Fence ponds - Tekapo, Fairlie <sup>1</sup>	LOS	\$15,000	\$15,000	2021/22	Deer Fence around ponds in Tekapo and Fairlie
Burkes Pass WWTP upgrade - install outlet flowmeter <sup>1</sup>	LOS	\$25,540	\$25,540	2021/22	Investigate and consider options (aeration/additional pond)
Burkes Pass WWTP upgrade – baffles <sup>1</sup>	Growth	\$50,000	\$50,000	2021/22	Burkes Pass WWTP baffles installation
WWTP monitoring equip - design & install <sup>1</sup>	LOS	\$210,000	\$210,000	2021/22	Upgrade / relocate equipment so that Council can get real time updates of the condition of the oxidation ponds.
WWTP Influent Screens Design - 3 Sites <sup>1</sup>	LOS	\$22,525	\$22,525	2021/22	Milliscreen at intake to improve treatment
Connect Allandale Rd WW to Fairlie WW Network <sup>1</sup>	LOS	\$45,000	\$45,000	2021/22	Connect Allandale Rd WW to Fairlie WW Network
Stimulus Package - Delivery	LOS	\$62,722	\$62,722	2021/22	Programme delivery of the three waters stimulus package projects
<b>Total</b>		<b>\$23,429,075</b>	<b>\$25,839,769</b>		

<sup>1</sup>Projects funded by the three waters stimulus package (refer to section 10.3.1)

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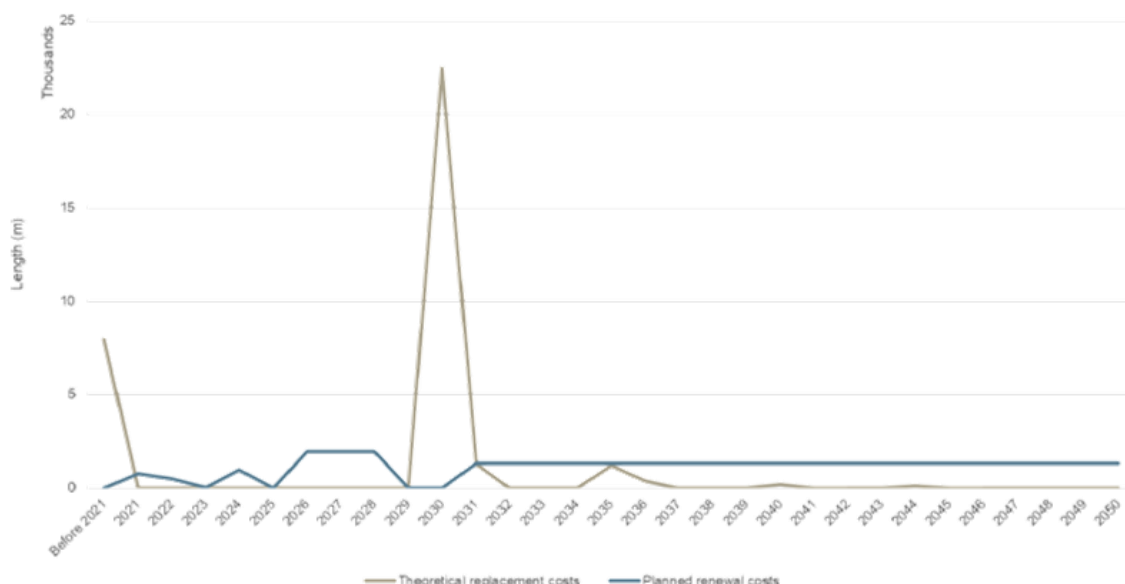
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Figure 16 provides the cost spend cashflow over the next 30 years. Beyond 2031, the Council has budgeted an annual average expenditure of approximately \$856,000 for wastewater renewals and improvements to levels of service. This will include the renewal of pump stations and switch boards, etc. and the likely increase or change in government standards. Other considerations which were used to estimate costs beyond 2031 include:

- Average expenditure over the first ten years which was then extrapolated out to inform our base estimates
- Increase in vested assets which will require additional operational and maintenance expenditures overtime
- The renewal of resource consents – 4 of the 5 resource consents listed above will need to be renewed between 2038 and 2040.
- The renewals of wastewater mains which has been spread across the next 20 year period.

It should be noted that the Stimulus package altered the renewal programme by pushing forward the Twizel reticulation renewal programme. This was originally planned out over a 20-year period but is now occurring within this LTP period. The council is still assessing the impact of this change on their water asset renewals profile and therefore expenditure beyond 2031. An estimated renewal expenditure has been determined based on the existing theoretical renewals profile of wastewater mains. This is reflected in Figure 15 below which shows a gradual replacement of pipes over the next 30 years in order to avoid large spikes in rates. CCTV is currently being upgraded to better assess the condition of these pipes which may alter the future cost profiles.

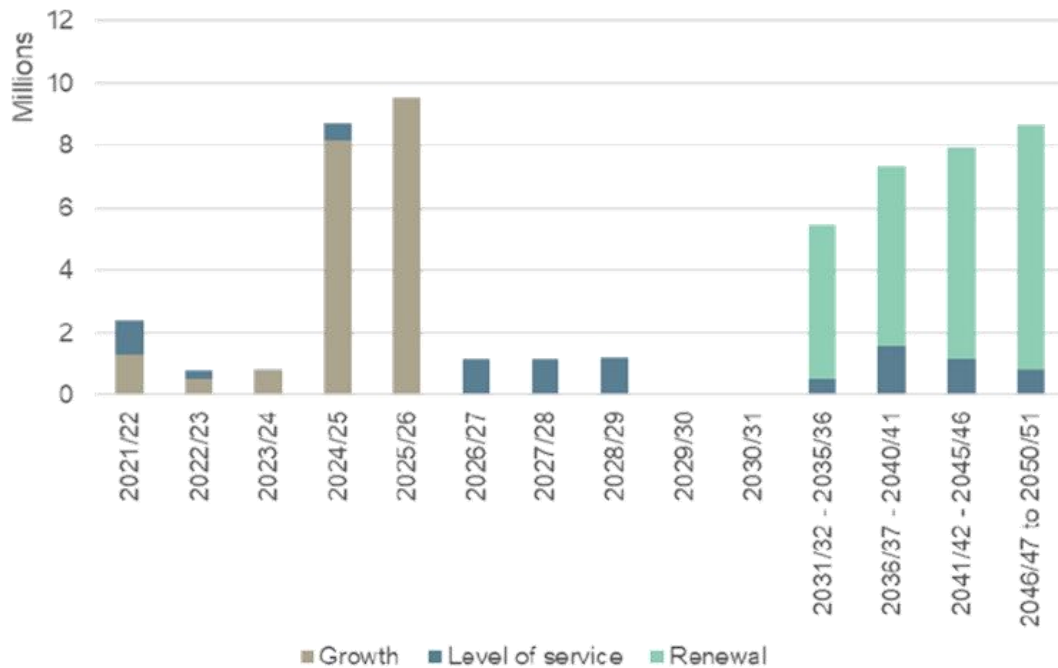
**Figure 15 Theoretical vs planned wastewater reticulation programme**



Future expenditure is represented in the figure below as the total inflated cost over 5-year periods.

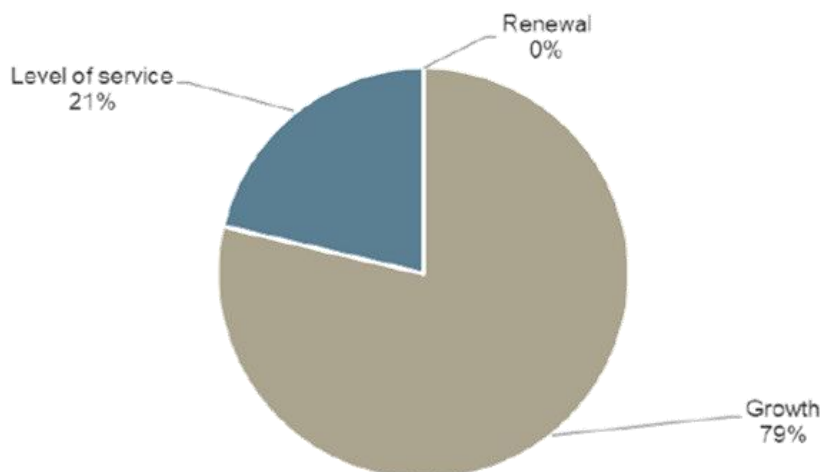
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Figure 16 Wastewater Project Cost Profile (Inflated)



Each of the above infrastructure upgrades responds to one of the of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows the proportion of wastewater projects over the next 10 years which respond to each of these drivers. The majority of wastewater projects respond to growth issues across the district.

Figure 17 Key priority types of wastewater infrastructure projects (Year 1 to 10)



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## 8. STORMWATER

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### 8.1. Existing Infrastructure and performance

The Council manages stormwater networks in Fairlie, Tekapo and Twizel. Each of these schemes are subject to resource consent conditions imposed by Environment Canterbury. The term of these consents is key to forward planning and can often determine the timeframes for treatment upgrades.

Table 31 below summarises the extent of the existing stormwater assets within the Mackenzie region.

The replacement costs of the following wastewater assets were estimated to be \$9.8 million (as of the June 2020 valuation). This includes all the council's drainage assets.

**Table 31 Stormwater Overview**

System	Population (UR)	Length of Pipe Reticulation (km)	Manholes	Sumps	Pump Stations	Retention/ Treatment area
Fairlie	693	5.0	36	9	-	-
Takapō/Tekapo	369	10.2	213	216	-	5
Twizel	1,137	7	93	186	-	-
<b>Total</b>	<b>2,199</b>	<b>22.2</b>	<b>342</b>	<b>411</b>	<b>-</b>	<b>5</b>

Council is currently preparing a Stormwater Management Plan for the district as required by the Regional Plan, and to give effect to Te Mana o te Wai through the requirements of the National Policy Statement for Freshwater Management. It is likely that there will be a need to install improvements on the small non-consented discharges particularly in Fairlie and Takapō/Tekapo.

#### 8.1.1. Resource Consents

All the following resource consents will require renewal during the life of this strategy.

**Table 32 Resource Consents - Stormwater**

Scheme	Consent Number	Expires
Fairlie	CRC203556	In Progress
Takapō/Tekapo - Sealy Street Discharge	CRC042748	18 February 2040
Takapō/Tekapo - Hamilton Drive Discharge	CRC146447 & CRC146445	24 September 2039
Takapō/Tekapo – Domain Discharge	CRC 141077	23 December 2049
Twizel Stormwater Discharge	CRC042742	18 February 2040

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Scheme	Consent Number	Expires
Pukaki Airport Stormwater Discharge	CRC081120	7 December 2042
Takapō/Tekapo – Simpson Lane	CRC157319	3 August 2050

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**8.1.2. Current Performance**

Performance issues for drainage control assets relate to:

- coverage (i.e. are there open water tables or ponding areas that could be serviced by pipe drains or formed channels?)
- improving drainage where storm events cause flooding problems
- stormwater capacity to culverts
- conformity with provision standards (e.g. kerb and channel in all urban streets)

Overall, the performance of drainage assets is adequate. The main concern is coverage. A number of urban streets are without any kerb and channel. Most existing drainage assets are performing well and have been adequately designed. Some swale drains are still being developed.

**Upcoming issues during the next ten years**

The Canterbury Land and Water Regional Plan (LWRP) became operative in January 2014 and is a key driver for the stormwater activity, as it impose increased environmental requirements for stormwater discharges.

Discharges to land or water require resource consent. Council has obtained resource consent for Lake Tekapo and Twizel and the global resource consent for stormwater discharge from the Fairlie stormwater system is being processed at the time of writing this Plan.

The Regent Street stormwater line (in Fairlie) takes water from an open ditch off School Road and conveys it to the river. The pipeline is the old steel penstock pipe from an obsolete power generation plant. In one location it is poor condition but in the balance of the pipe it is okay. A number of camera access ports have been cut into this pipe to monitor its condition by CCTV. It is planned to internally inspect the Regent Street storm water pipe to assess its condition. Depending on the results of that inspection it may be necessary to programme a replacement sometime in the next 10 years. The Sloane Street timber main is being replaced as part of the three waters stimulus package in 2021/22

For compliance with Environment Canterbury's Land and Water Regional Plan, it is likely that there will be a need to install improvements on the other non-consented discharges in 2027 - 29. Estimated cost of \$15,000 each at Denmark Street and Regent Street. This will necessitate an operational increase in maintenance and compliance monitoring costs.

The Stormwater Management Plan for Fairlie is under development at the time of writing this Plan.

Both the Lochinver subdivision and stages 1 to 3 of the west Tekapo subdivision known as The Cairns, have dedicated stormwater disposal systems using a dry pond, detention areas and wetlands that require specific maintenance requirements to operate as designed. Every five years, depending on the results of soil tests, any bare areas will be re-vegetated and contaminated soils replaced at a cost of \$10,000 each



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time. The Lochinver system is expected to require revegetation in 2022/23. Lake Tekapo Enterprises Ltd (CRC094183 and CRC184387) and Bluewater Resort Ltd (CRC094181.1) hold the stormwater discharge consents for their catchment areas respectively. This resource consent will stay private until such time as assets are vested to Council. Although Council has no control over the consent compliance it is important for Council to ensure at such time the stormwater system performed to specification and complied with resource consent conditions.

Other key issues relating to compliance, aging infrastructure and general improvements for all stormwater assets are outline in Table 33 below. This identifies key issues, their main drivers for change (level of service, renewal or growth) and potential resolutions.

**Table 33 Key stormwater issues**

Issues	Resolution
<b>All Stormwater Systems</b>	
Environmental compliance	Comply with the requirements of the Canterbury Land and Water Regional Plan including but not limited to Stormwater Management Plans etc.
Monitoring (first flush)	Develop and implement monitoring plan
<b>Fairlie</b>	
Old timber stormwater systems	Programmed for replacement
Condition of steel pipe at the top end of Regent Street	Investigate issues, resolution options and implement
<b>Lake Tekapo</b>	
Increased environmental conditions and compliance parameters	Consideration of options and resolution. Application for resource consent lodged
Old discharge points and retention basins	
<b>Twizel</b>	
No specific issues	

#### 8.1.3. Critical Assets

There has been no formal criticality assessment performed on the stormwater system assets. This is included as an Improvement Item (IP 1).

In the absence of a formal criticality assessment Council's approach in the stormwater activity is based on the following methodology:



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Table 34 Critical asset assessment approach

Criticality Category	Condition Assessments	Renewal
<b>Critical Assets</b> The flow treatment of stormwater in Tekapo and its discharges into significant water bodies	Condition assessments performed during connections and pipe repairs. Detailed analysis obtained as deemed necessary	Renewal timing based on conservative base live and actual condition assessments of asset and estimated future deterioration.
<b>Non-Critical Assets</b> – distribution network of smaller culverts and drainage and property laterals	Sample inspections of material types and age bands during connections and pipe repairs. Greater proportion for assets nearing end of base life. Inspections of assets associated with major roading asset renewals to confirm condition.	Generally “run to failure” with renewals on a reactive basis.

Many of the critical stormwater assets are already covered through roading asset management. For example, culverts and kerbs are both considered a roading asset. One of the key critical assets is the stormwater treatment facility at Tekapo.

## 8.2. Stormwater Infrastructure Strategy

Council plans to maintain current levels of service for the life of this plan, unless legislation, consent conditions, or community expectations change. Over the next ten years Council plans to:

- Continue to collect, treat, and dispose of stormwater in a manner that protect public health, property, and the environment.
- Develop and implement Catchment Management Plans
- Plan for future development and needs
- Consult with the community on issues such as health and legislative compliance issues.

This vision is supported by a detailed Stormwater Activity Management Plan (AMP).

### 8.2.1. Key Capital and Renewal Projects

There are a number of stormwater capital and renewal projects which are planned over the next 30 years. These projects are largely driven by the need to improve the level of service to meet new legislative standards in stormwater.

Table 35 Significant Infrastructure projects - Stormwater

Issue – Canterbury Land and Water Regional Plan - Compliance	
Main Options	Implication of Options
Option 1 -	The Council is preparing a Management Plan prior to lodging a discharge permit application in order to comply with Rule 5.93 of the plan. It is anticipated that this

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Issue – Canterbury Land and Water Regional Plan - Compliance	
	will lead to improved treatment at some of the more significant discharges from the various stormwater networks in Fairlie, Takapō/Tekapo and Twizel. Those improvements will arise out of the plan, but budget has been allowed to install cyclonic separation devices on four outfalls.
Option 2 -	Do nothing. Whilst this an option it is not deemed realistic due to the strategic direction central government is taking on protection of water quality.
Time period	2021-23
What is the benefit	Increase in Levels of Service
Assumption	It is anticipated that most but not all outfalls will require treatment and the installation of a "Humeceptor" or similar will be the appropriate level of treatment due to the confined nature of each of the outfalls.

Significant projects and their funding sources are summarised in the following table and chart:

**Table 36 Stormwater Projects – Capital Costs**

Project	Primary Type	Year	Amount (uninflated)	Amount (Inflated)	Project Description
Reticulation - new	LOS	2021/23	\$750,000	\$764,000	Refurbishment, replacement of stormwater assets estimated to be \$0.750m over the next 10 years. All stormwater system renewal work will be funded either by stimulus package funding or by the annual depreciation provision where funds are available
Stormwater Management Control (Flooding) <sup>1</sup>	LOS	2021/22	\$25,000	\$25,000	Comply with the requirements of the Canterbury Land and Water Regional Plan including but not limited to Stormwater Management Plans etc.
Sloane St Box Culvert Replacement <sup>1</sup>	LOS	2021/22	\$34,670	\$34,670	Sloane St Box Culvert Replacement
<b>Total</b>			<b>\$809,670</b>	<b>\$823,670</b>	

<sup>1</sup>Projects funded by the three waters stimulus package (refer to section 10.3.1)

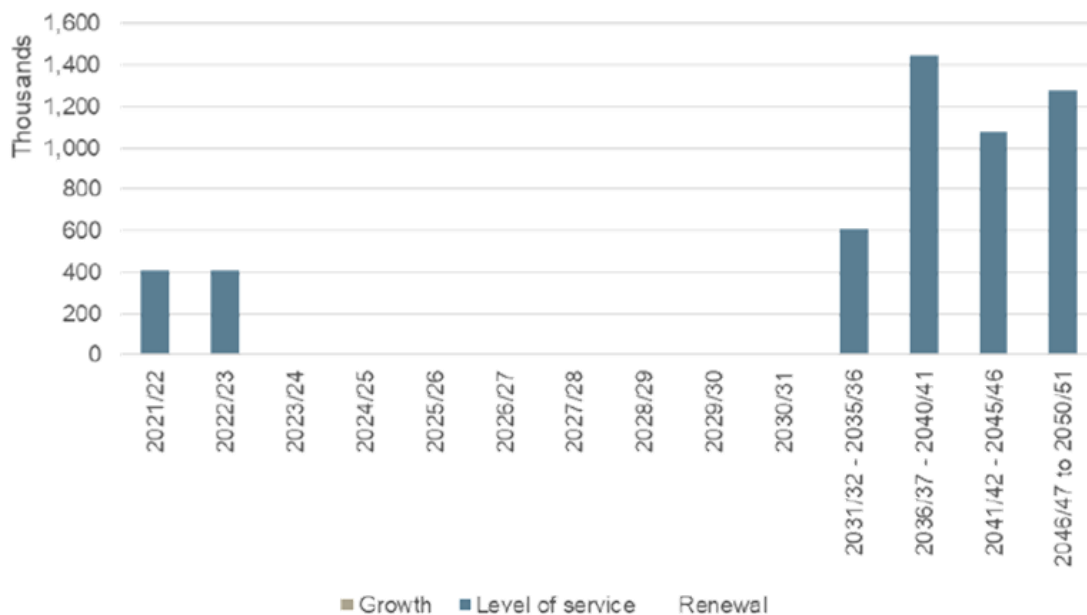
The figure below provides the cost spend cashflow over the next 30 years. Beyond 2031, the Council has budgeted between \$80,000 and \$161,000 per year for improvements to Level of Service. These future costs were estimated based on:

- Average expenditure over the first ten years which was then extrapolated out to inform our base estimates
- The renewal of all six consents which are estimated to cost the council approximately \$100,000 each
- The increase in operations and maintenance related to the increase in vested assets overtime
- Currently no renewals are planned for stormwater assets. This may change depending on the outcomes of inspections and assessments of stormwater assets.

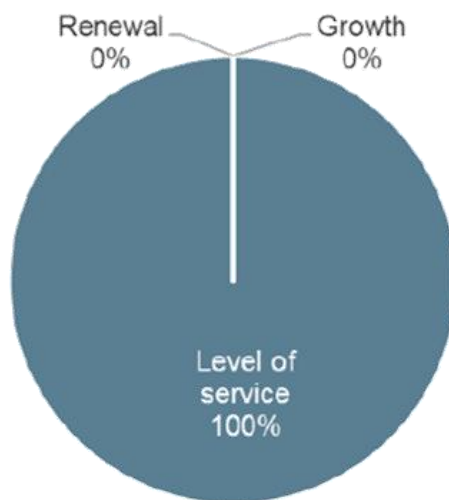
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Future expenditure is represented as the total inflated cost over 5-year periods.

**Figure 18: Stormwater Projects Cost Profile (Inflated)**



Each of the above infrastructure upgrades responds to one of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows the proportion of stormwater projects over the next 10 years which respond to each of these drivers. One hundred percent of stormwater projects seek to improve the level of service.

*30 Year Infrastructure Strategy 2021-2051 – Draft***Figure 19 Key priority types of Stormwater infrastructure projects**

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## 9. TRANSPORTATION

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### 9.1. Existing Infrastructure and Performance

The backbone of the roading network in the district is provided by the following State Highways which are the responsibility of Waka Kotahi New Zealand Transport Agency (NZTA).

- State Highway 8: Timaru - Fairlie - Lake Takapō/ Tekapo Twizel - Omarama
- State Highway 79: Fairlie - Geraldine
- State Highway 80: Twizel - Mt Cook Village

The Mackenzie District roading consists of a network of Secondary Collector, Access and Access (Low Volume) "Principal" and "Local" roads leading from the state highways to many remote localities and providing convenient access in and around the three main urban centres of Twizel, Lake Takapō/ Tekapo and Fairlie (Mt Cook Village is administered by the Department of Conservation). The network is predominantly rural (93%), unsealed (71%) and with light average daily traffic volumes (less than 500 vehicles per day).

The transport asset includes all Council owned & managed road reserve, roads, streets, bridges, footpaths and related infrastructure within the District as shown in Table 37. The June 2020 valuation estimated the costs of the Council's transportation assets at \$170.6 million.

**Table 37 Existing transport assets**

Asset Description	Sub-Asset Description	Quantity	Quantity	Unit
Land		1,395Ha		
Roads	All roads	732.19km		
	Urban - Sealed	50.07km	1,486,074	m
	Urban - Unsealed	5.12km	2,357,730	m <sup>2</sup>
	Rural - Sealed	163.3km		
	Rural - Unsealed	513.65km		
Footpaths		59km	163,743	m <sup>2</sup>
Drainage	Culverts	18.07km	18,040	
	Catch Pits	309	309	
	Side Drains	16.1km	16,102	
	Soak Pits	40	61	
	Earth Surface Water Channel	739.97	632,269	m
	Kerb and Channel	63.8km		
Bridges	Bridges - Timber	7	8,377	m <sup>2</sup>
	Bridges – Other (Including 7 large Box Culverts)	88		
	Cattle stops	58	56	each
	Concrete Fords	20	45	each

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Asset Description	Sub-Asset Description	Quantity	Quantity	Unit
Signage	Signs	3342	5,984	each
	Posts	1145		
Lighting	Lanterns (include brackets)	791	1,008	each
	Columns	696		
Features (gates, Intersections, Monuments, stockpile sites)			164	

Unformed and paper roads are not included.

#### 9.1.1. Resource Consents

There are a number of activities within the roading activity that require resource consents from Environment Canterbury. These all relate to the use and maintenance of structures, bridges or ford structures on, in or under the bed of a lake or river. These are detailed below:

**Table 38 Resource Consents – Transportation**

Scheme	Consent Number	Expires
ROADING	CRC971431	15-Jan-32
ROADING - Lochaber Road	CRC980696	04-Feb-33
ROADING - Clayton Road Bridge	CRC980697	04-Feb-33
ROADING- Clayton Settlement Road	CRC980698	04-Feb-33
ROADING - Clayton Road Bridge	CRC980699	04-Feb-33
ROADING- Lochaber Road Bridge	CRC980700	04-Feb-33
ROADING- Lillybank Road Bridge	CRC980701	04-Feb-33
ROADING -Haldon Road Bridge	CRC980702	04-Feb-33
ROADING - Tengawai River	CRC980703	04-Feb-33
ROADING - Orari River, Lochaber Road Bridge	CRC980704	04-Feb-33
ROADING - Macauley River Ford	CRC980705	04-Feb-33
ROADING - Snow River Bridge	CRC980706	04-Feb-33
ROADING- Glen Lyon Road	CRC001191	09-Mar-35
ROADING- Cass River Ford Maintenance	CRC054668	16-Dec-40
ROADING- Pareora River	CRC062058	18-Oct-41
ROADING –Stoneleigh Road	CRC064164	14-Dec-41

All these current resource consents will require renewal during the life of this strategy unless Environment Canterbury changes its rules to allow any of these activities to be permitted. This is unlikely and allowance has been made to re-apply for them prior to their expiry date.



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#### 9.1.2. Current Performance

The basis of lifecycle management planning is the current condition and performance of the asset. These allow assessment of the delivery of services in comparison with the prescribed level of service. From this, a gap analysis was completed to determine the current performance of the assets compared to the level of service requirements (this is further detailed in Appendix A). Table 39 below provides a high-level summary of the current performance of transportation assets, focusing specifically on some of the key issues.

**Table 39 Key transport asset issues**

Asset	Issues
Sealed Pavements	Many of the District's sealed roads evolved from tracks to unsealed roads that were constructed to absolute minimum standards in terms of pavement strength, width and drainage facilities. Only since the 1970's has pavements been designed to carry an expected traffic loading over a projected 25-year design life, and the 1970's design loads were significantly less than the current design loads given recent increases in heavy commercial vehicles (HCV). The cost of construction has also been considered in the past and it is often that the pavement design comes in at a significant cost which are outside of budget allowances meaning a risk assessment is undertaken and pavement reduced or a shorter length of construction is completed.
Unsealed Pavements	High use routes (Godley Peaks Road, Braemar Road, Lilybank Road and Haldon Road) remain a challenge. Ideally, these would be upgraded and sealed - with adequate strength to withstand the freeze-thaw conditions. The cost is considerable, and this is problematic for funding by Council and Waka Kotahi. A separate business case would be appropriate for this programme. Other roads are performing well following the application of blended materials.
Bridges	Seven bridges will reach their end of remaining useful life in this period, however, approximately only five have been identified for replacement with the remaining two potentially to be handed over to the adjacent landowner or replaced with a box culvert/concrete ford. This would come to a total replacement cost of \$3.25 million. Unfortunately, due to funding constraints the Council are unable to do any of the bridge replacement works within this LTP period. Instead, the Council will conduct regular inspections to ensure the bridges are safe to use. Each bridge only services a single owner and is therefore not deemed an immediate priority for Council. It should be noted that if funding does become available, the Council will prioritise the Otama Road Bridge (as this bridge services three properties and has only 3 to 10 years of remaining useful life) and Cass River Bridge (due to the weight restrictions and increased number of heavy vehicles accessing the site).
Footpaths	Footpath resurfacing has been delayed until the high speed fibre network is installed. New footpath linkages are being investigated as part of the spatial planning work. Footpath work focuses on supporting mode shift and particular safety benefits.

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Asset	Issues
Drainage	<p>Performance issues for drainage control assets relate to:</p> <ul style="list-style-type: none"> <li>• Coverage (i.e. are there open water channels or areas where water accumulates that should be serviced by pipe drains or formed channels?)</li> <li>• Pavement damage due to drainage problems</li> <li>• Improving drainage where storm events cause recurring scour problems</li> <li>• Entrance capacity of culverts</li> <li>• A large quantity of wash over culverts/fords</li> <li>• River fords may require closing four to five times per year</li> <li>• Conformity with standards (kerb and channel in all urban streets)</li> </ul>
Streetlights	<p>Streetlight capacity and performance issues relate to light intensity, reliability and safety.</p> <p>The District street lighting other than on the state highways has evolved from perceived need rather than being based on standard performance design requirements. Older fluorescent and mercury vapour lanterns had been upgraded over the last ten years to low pressure sodium. The change out to LED fittings will provide improved performance, resilience and energy savings.</p>
Traffic Services	<p>Performance issues for signs and road marking relate to legibility, ease of comprehension, absence of too many signs, accuracy of placement, visibility and conformity with standards.</p> <p>Overall, the condition of traffic services assets is considered to be good. But with traffic increases and as the district moves away from its historic rural nature it is important that improve delineation and signage quality and quantity is implemented as well as traffic calming measures. The level provided is dependent on the ONRC classification which is transitioning to the One Network Framework (ONF).</p>

**9.1.3. Critical Assets**

Criticality is based on ONRC and redundancy. Much of the network is a 'fishbone pattern' running off the State Highway and is very important to users. Traffic volumes can be used as a proxy for criticality, but this ignores the level of access the assets provide:

- As lifelines for people (evacuation routes)
- As corridors for reaching critical infrastructure and utilities

These additional factors are considered when council are assessing criticality.

Formal asset criticality assessments are yet to be undertaken. These have been identified as an action item in the Activity Management Plan. Once complete these assessments will be used to guide operations and renewal planning.

The table below outlines a high level methodology the council currently use to identify, assess and renew critical and non-critical assets.

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Table 40 Critical asset assessment approach

Criticality Category	Condition Assessments	Renewal
<b>Critical Assets</b> Critical assets include; main feeder roads, secondary connectors, roads servicing critical utilities, Bridges/ all structures servicing more than one landowner, Culverts >400mm diameter, roads with only one access point, failures which impact access (i.e. there are no alternative route or it's an interconnecting route), footpaths (when the failure destroys all other available and safe walkways)	The council currently undertake <ul style="list-style-type: none"> <li>- Roughness and rating of sealed road network</li> <li>- Random pavement testing samples and collection across the network</li> <li>- Footpath ratings</li> <li>- Continual condition rating of unsealed network (assessing potholes, scours etc.)</li> <li>- Three yearly bridge inspections (Annual inspection for at risk structures or as required)</li> </ul>	At the moment, Council have been maintaining its assets in perpetuity due to budgetary constraints. The Council optimize their assets with innovating and exploring new maintenance techniques to reduce future maintenance costs, extending their design life and undertake inspections to prevent any critical failures.  This approach is expected to change moving forward. Renewals will in future be aligned with their design life, assuming budgetary constraints allow for it.
<b>Non-Critical Assets</b> Non-critical assets include; roadside furniture, bridges accessing one property, fords which can be crossed even when a failure occurs, roads servicing one land owner, roads which have alternative access, smaller culverts <400 mm diameter	Non-critical assets are assessed slightly differently: <ul style="list-style-type: none"> <li>- Bridges are inspected default as a 3 yearly programme where a third are inspected each year.</li> <li>- Any structure which has changed from the previous inspection is put on annual cycle of inspections until fixed</li> <li>- Timber and/or posted structure are inspected annually</li> <li>- Road classification will determine the frequency of inspection</li> <li>- All other non-critical assets are inspected over a greater time period than critical assets. For overall network condition assessments, they are typically inspected as per the above for efficiency</li> </ul>	Design lives for non-critical assets are typically extended further by seeking alternative methods of treatment and/ or risk profiling if there is a LoS drop or access is disturbed (e.g. gravel materials and two coat seals).

Whilst there is no formal criticality assessment, the Council are able to physically inspect their roads on a regular basis. This is due to the fact that the network is relatively small with easy access. Roading assets are also all above ground and visible, making it easier to assess their condition.

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#### 9.2. Transportation Infrastructure Strategy

Changes in practice such as unsealed road management align with the shift to delivering sustainable infrastructure outcomes. Incremental changes are intended to progress the network to being fit for purpose in the future.

Funding will continue to be a challenge in maintaining a satisfactory level of service for the users of Mackenzie's roading network. The major portion of cost to maintain the network is associated with resealing of the sealed portion of the network and re-metaling of the unsealed roads. This strategy sets a conservative approach. This means keeping a tight rein on maintenance budgets, while still ensuring we include enough to avoid backlogs and to maintain appropriate levels of service and operating conditions for vehicles.

There are currently a number of options available for council to fund the appropriate transport improvements across the network. These are discussed in Table 41 below.

**Table 41 Significant Infrastructure decisions – Transportation**

Issue – Pressures on our Transport network due to growth, land use intensification and tourism growth.	
Main Options	Implication of Options
Option 1	At the moment there are issues across the district both within the urban and rural areas that may drive increased levels of service to address maintenance and safety issues. Proposed projects to address these issues come under the NZTA work category "Low Cost Low Risk" for isolated roading improvements. These are being worked through as part of our Transportation Strategy where specific improvements will be identified. Option 1 is for Council to budget \$443,000 in year 1 (\$217,000 being our share) for "Low Cost Low Risk" roading improvement projects. This increases to 1.6 million by year 10 (\$789,000 being our share) <sup>4</sup> . This gradually increases rates over the period of the LTP, and gives ratepayers certainty regarding the level of funding of these projects. However it means that projects will have to be prioritised and some delayed. In terms of maintenance, the Council will match what NZTA will co-fund to undertake required maintenance to maintain current levels of service. The maintenance budget will be unaffected.
Option 2	That Council borrows to co-fund/match NZTA funding for all "Low Cost Low Risk" roading improvement projects as they are proposed. This would more quickly address issues of pressure on parts of the road network from increased use and growth in the district. However, it would result in larger rates rises across the ten years of the LTP. Council sees value in the improvements but due to the impact on rates, for reasons of fiscal responsibility and prudence and following consultation with ratepayers, it decided against this option. In terms of maintenance, the Council will match what NZTA will co-fund to undertake required maintenance to maintain current levels of service. The maintenance budget will be unaffected.

<sup>4</sup> Inflated figures



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Issue – Pressures on our Transport network due to growth, land use intensification and tourism growth.	
Time period	2021 - 2031
What is the benefit	Growth/LoS/Renewal
Assumption	That the land use intensification and tourism growth continues at similar levels to current.

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**9.2.1. Key capital and renewal projects**

The significant transportation improvements for the next 10 years include:

- **Low-Cost Low Risk Projects: 2021/31:** This includes safety focused projects like site benching, seal widening, traction seals, speed management, travel management demand measures, kerb and channel improvements and intersection improvements.
- **Unseal road metalling: 2021/31:** Road metalling will continue particularly on high risk and high trafficked road like Lilybank and Braemar Road. An investigation will be undertaken in 2021/22 to assess the viability of seal extensions along these roads.
- **Alps to Ocean upgrades: 2021/22:** The council has planned to take the Alps to Ocean great ride fully off-road to improve safety and increase the attractiveness of the trail
- **Upgrading of footpaths in the major urban centres: 2021/31:** Footpaths will be upgraded in all major towns in response to the increasing focus on active modes of travel and reducing carbon emissions
- **Ongoing sealed road resurfacing upgrades: 2021/31:** Resurfacing of sealed roads is programmed to respond to the need to improve the condition of sealed roads across the district

The transportation programme includes works that will assist with meeting the current and future demands on the network. The majority of the infrastructure projects identified within the AMP are either responding to an increase in the Level of Service or are the replacement or renewal of an aging asset.

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Table 42 Transportation projects - Capital costs (inflated)

ROADING	Primary Type	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		(thousands)									
Plant and Equipment	Renewal	20	12	13	3	13	3	3	4	4	4
Rural Seal Extensions	LOS	12	0	0	0	0	0	0	0	0	0
Unsealed Road Metalling	Renewal	760	791	822	898	924	951	979	1,007	1,036	1,066
Sealed Road Resurfacing	Renewal	515	536	557	579	596	613	631	772	794	817
Drainage Renewal	Renewal	100	104	108	120	124	127	131	135	139	143
Sealed Road Pavement Rehabilitation	Renewal	169	176	183	229	236	243	250	257	265	272
Structures Component replacements bridges	Renewal	51	53	55	74	64	79	81	70	86	88
Structures Component replacements cattle stops	Renewal	0	0	0	0	18	0	0	20	0	0
Bridge & Structures Renewals	Renewal	52	63	57	58	78	61	63	85	67	69
Environmental Renewals	Renewal	25	25	26	0	0	0	0	0	0	0
Cycle Path Renewal	Renewal	466	0	0	0	0	0	0	0	0	0
Footpath Renewal	Renewal	32	103	166	229	236	243	250	257	265	272
Streetlight LED Upgrade	LOS	12	12	13	13	13	14	14	15	15	16
Low Cost Low Risk Improvements	LOS	443	464	462	948	947	976	1,484	1,509	1,523	1,610
Car Parking Renewal	LOS	0	0	0	219	225	231	238	245	252	259
Urban Seals	LOS	0	0	0	0	0	0	0	0	0	0
Walking & Cycling Projects	LOS	0	0	0	82	84	87	89	92	95	97
Traffic Services Renewal	Renewal	89	93	96	98	101	104	107	110	113	117
<b>Total Roading Capital Expenditure</b>		<b>2,745</b>	<b>2,432</b>	<b>2,557</b>	<b>3,552</b>	<b>3,659</b>	<b>3,733</b>	<b>4,321</b>	<b>4,576</b>	<b>4,653</b>	<b>4,831</b>

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Future costs, beyond 2031 were estimated based on the first 10 years costs. Additional deferred renewals were also considered. This included the following bridge renewals which have been deferred over this LTP period.

- Otama Road
- Coal Pit Rd No 2
- Clayton Settlement
- Single Hill
- Cass River
- Black Birch Stream

Council has decided to take a prudent approach with regards to its bridge replacement strategy. Of the bridges listed above most only serve a single owner or have alternative access by an adjacent ford. These low access, low volume bridges are therefore not an immediate priority for Council and will not be replaced.

Council has also commenced a process to determine which bridges can potentially be divested back to the owner or alternatively which bridges can be replaced with a ford, or culvert. At this stage Goodman's Bridge fits into this category. Otama Road and Mowbray Road could also be replaced with a box culvert, which current funding can facilitate, if necessary.

A significant portion of the renewals budget from year 11 to year 30 is dedicated to the renewal, replacement and divestment of bridges (an average budget of \$738,000 has been allocated to bridge replacements for years 2031 to 2051)<sup>5</sup>.

There are other projects which were also deferred within this LTP period. One of the key projects includes the seal extensions of Lilybank Road, Braemar Road, Hayman Road and Haldon Road. The Council are budgeting an average cost of \$805,000 pa for unsealed road metalling for the next 10 years. It's anticipated that this budget will continue beyond 2031. It is also anticipated that metalling costs are likely to increase with increasing difficulty obtaining materials and increasing number of vehicles and heavy vehicles putting greater pressure on the network<sup>6</sup>.

The seal extension work has been deferred to 2031. Between 2031 and 2041 an average annual spend of \$300,000 is budgeted for these seal extensions. Beyond 2041 this budget has been reduced to \$100,000 per year. A business case is to be undertaken in year 1 of this LTP period to determine the financial feasibility of the seal extensions and the most appropriate location. In addition to this, alternative longer lasting materials are being investigated in order to increase the lifespan of the existing unsealed roads. This will allow the Council to minimise bow waves in the future as design lifespans are improved<sup>7</sup>.

High level theoretical renewal profiles were developed for other transportation assets. It is assumed that the current expenditure profiles will be adequate for funding future renewals beyond 2031. However as noted in section 5.1, the council are seeking to improve their data capture processes, which will allow Council to better understand the age and condition of its assets in order to better forecast for its replacement or upgrade.

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<sup>6</sup> Ibid

<sup>7</sup> Ibid

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The table below provides high level indicate theoretical renewal costs (based on assets age) and compares this against the planned spend profile.

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**Table 43 Theoretical vs planned renewal profiles (uninflated values)**

Road Asset	Theoretical Renewal Average cost per year (2021-2030)	Planned Average cost per year (2021-2030)	Theoretical Renewal Average cost per year (2031-2050)	Planned Average cost per year (2031-2050)
Unsealed Road Metalling	Unknown - insufficient data	\$805,000	Unknown - insufficient data	\$805,000
Sealed Road Resurfacing	\$435,500	\$557,000	\$1,174,000	\$557,000
Drainage Renewal	\$176,000	\$107,000	\$176,000	\$107,000
Sealed Road Pavement rehabilitation	Unknown - insufficient data	\$198,000	Unknown - insufficient data	\$198,000
Structures Component replacement bridges	See bridges below	\$61,000	See bridges below	See bridges below
Structures Component replacement cattlestops	\$7,900	\$3,200	\$7,900	\$3,200
Bridge & structures renewals <sup>8</sup>	\$15,000	\$57,000	\$15,000	\$57,000
Traffic services renewals	\$110,000	\$90,000	\$188,000	\$90,000
Footpath Renewal	\$114,000	\$176,000	\$95,000	\$176,000
Bridge renewal (Typically this is part of the low cost low risk line item)	\$207,000	\$0	\$665,000	\$738,000

The theoretical values shown in the table above are based on data sourced from RAMM. The following assumptions were made:

- Cattlestops, fords (i.e. bridges and structures) and drainage structures did not have age or construction date data. The theoretical renewal cost is therefore the total cost of all the assets divided by the theoretical design life
- In the case where there were only some missing data points (with regards to the material, size and cost of the asset) an assumed value was given based on the average of all other assets
- All unit costs were sourced from the 2019 Valuation report.

In most cases the average renewal cost proposed for this LTP period has been carried through to all future costs, except for bridges which sees a substantial increase in costs over the 2031-2051 period. It is noted

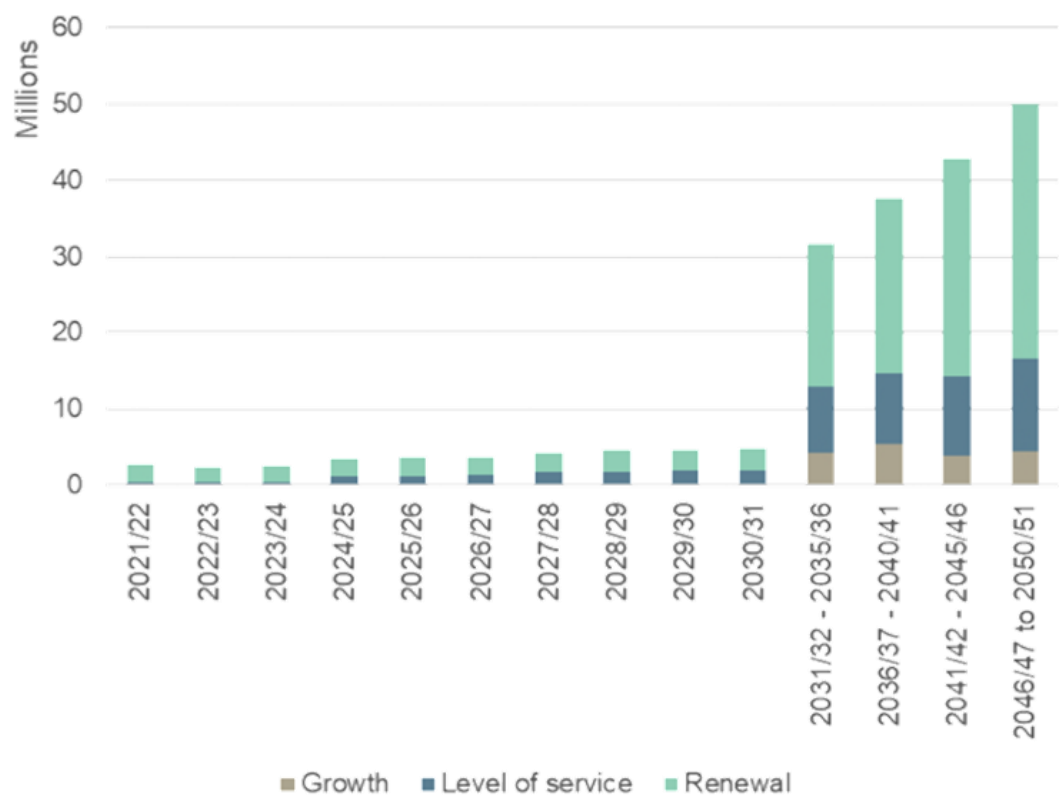
<sup>8</sup> This refers to Minor structures and includes Fords Only. The bridge renewal profile is are outlined in the bottom row

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that both traffic services and footpath renewals may need to be reinvestigated. Council wish to improve its asset data and data management systems before any reallocations are made to the above renewals.

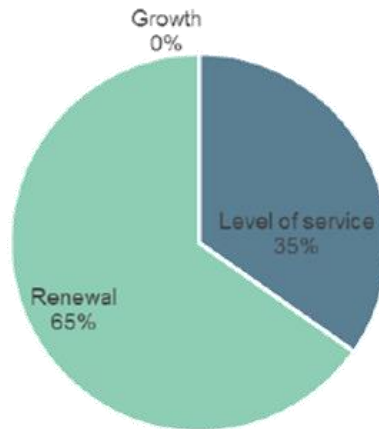
Future costs also consider the expected growth in Twizel and Tekapo over the next 30 years. Growth projections show that the residential population of both Tekapo and Twizel will more than double over the next 30 years. This doesn't include the expected increase in visitor numbers (once international borders are reopened). The Council has budgeted between \$300,000 and 370,000 per year between 2031 and 2041 to cater for this additional growth<sup>9</sup>.

Figure 20 Transportation Project Cost Profile (Inflated)



Each of the above infrastructure upgrades responds to one of the of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows the proportion of transportation projects over the next 10 years which respond to each of these drivers. The majority of transportation projects respond to the renewal of aging assets and improvements to the level of service.

<sup>9</sup> The above values are uninflated

*30 Year Infrastructure Strategy 2021-2051 – Draft***Figure 21 Key priority types of transportation infrastructure projects**

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## 10. FINANCIAL SUMMARY

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## 10.1. Total Capital Expenditure

The projected capital expenditure associated with the significant infrastructure assets are outlined in Table 44 and Table 45.

Table 44 Total expenditure summary (Uninflated Costs)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32 - 2035/36	2036/37 - 2040/41	2041/42 - 2045/46	2046/47 - 2050/51
Thousands														
<b>Stormwater</b>														
Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LoS	410	400	0	0	0	0	0	0	0	0	405	805	505	505
Renewal	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transport</b>														
Growth	0	0	0	0	0	0	0	0	0	0	3,007	3,347	2,049	2,049
LoS	467	462	447	1,155	1,129	1,131	1,533	1,518	1,495	1,528	6,083	5,583	5,433	5,433
Renewal	2,278	1,897	1,961	2,096	2,126	2,096	2,096	2,217	2,196	2,196	13,101	13,868	14,984	15,125
<b>Wastewater</b>														
Growth	1,303	500	750	7,500	8,500	0	0	0	0	0	0	0	0	0
LoS	1,116	250	10	500	0	1,000	1,000	1,000	0	0	358	958	608	358
Renewal	0	0	0	0	0	0	0	0	0	0	3,422	3,422	3,422	3,422
<b>Water</b>														
Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LoS	11,295	5,353	600	1,000	500	515	500	500	500	525	3,500	2,600	2,800	2,800
Renewal	100	100	353	353	353	353	353	353	353	353	1,512	1,512	1,512	1,512

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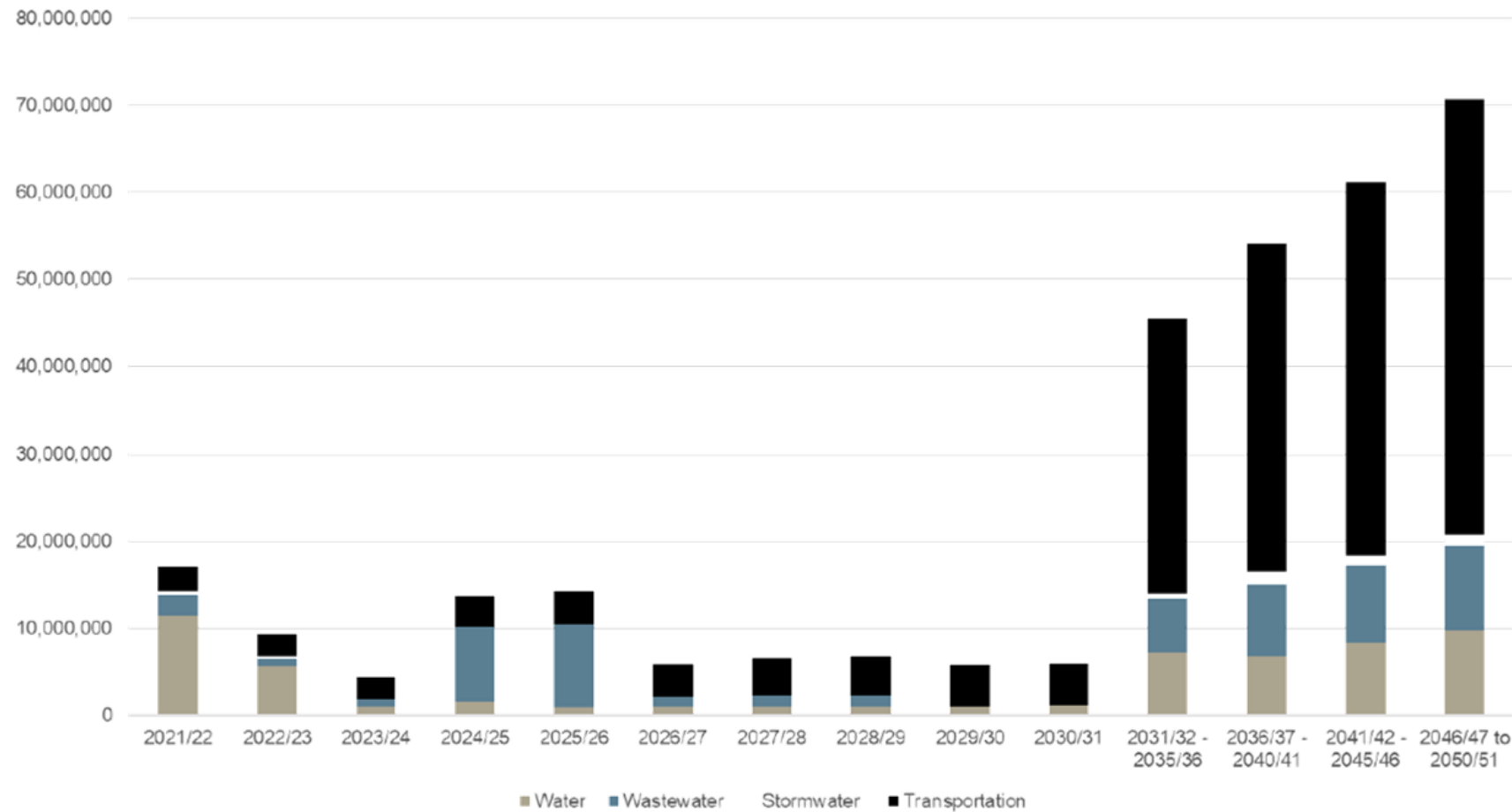
Table 45 Total expenditure summary (Inflated Costs)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2035/36	2031/32	2040/41	2036/37	2045/46	2041/42	2050/51	2046/47
Thousands																		
<b>Stormwater</b>																		
Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LoS	410	414	0	0	0	0	0	0	0	0	612	1,446	1,077	1,280				
Renewal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transport</b>																		
Growth	0	0	0	0	0	0	0	0	0	0	4,283	5,521	3,915	4,535				
LoS	467	476	475	1,262	1,269	1,308	1,825	1,860	1,885	1,982	8,663	9,209	10,380	12,024				
Renewal	2,278	1,955	2,082	2,290	2,390	2,425	2,495	2,716	2,768	2,848	18,653	22,869	28,618	33,458				
<b>Wastewater</b>																		
Growth	1,303	518	796	8,180	9,539	0	0	0	0	0	0	0	0	0	0	0	0	0
LoS	1,116	259	11	545	0	1,154	1,191	1,230	0	0	517	1,611	1,191	817				
Renewal	0	0	0	0	0	0	0	0	0	0	4,942	5,757	6,707	7,814				
<b>Water</b>																		
Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LoS	11,295	5,540	637	1,091	561	594	595	615	636	688	5,018	4,329	5,415	6,290				
Renewal	100	104	375	385	396	407	420	434	449	463	2,168	2,518	2,924	3,397				



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Figure 22: Projected Capital Expenditure - Infrastructure Assets (Inflated)



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## 10.2. Total Operational and Maintenance Expenditure

The projected operational and maintenance expenditure associated with the significant infrastructure assets are outlined in Table 46 and Table 47 and are also graphically represented below.

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Table 46 Total expenditure summary (Uninflated Costs)

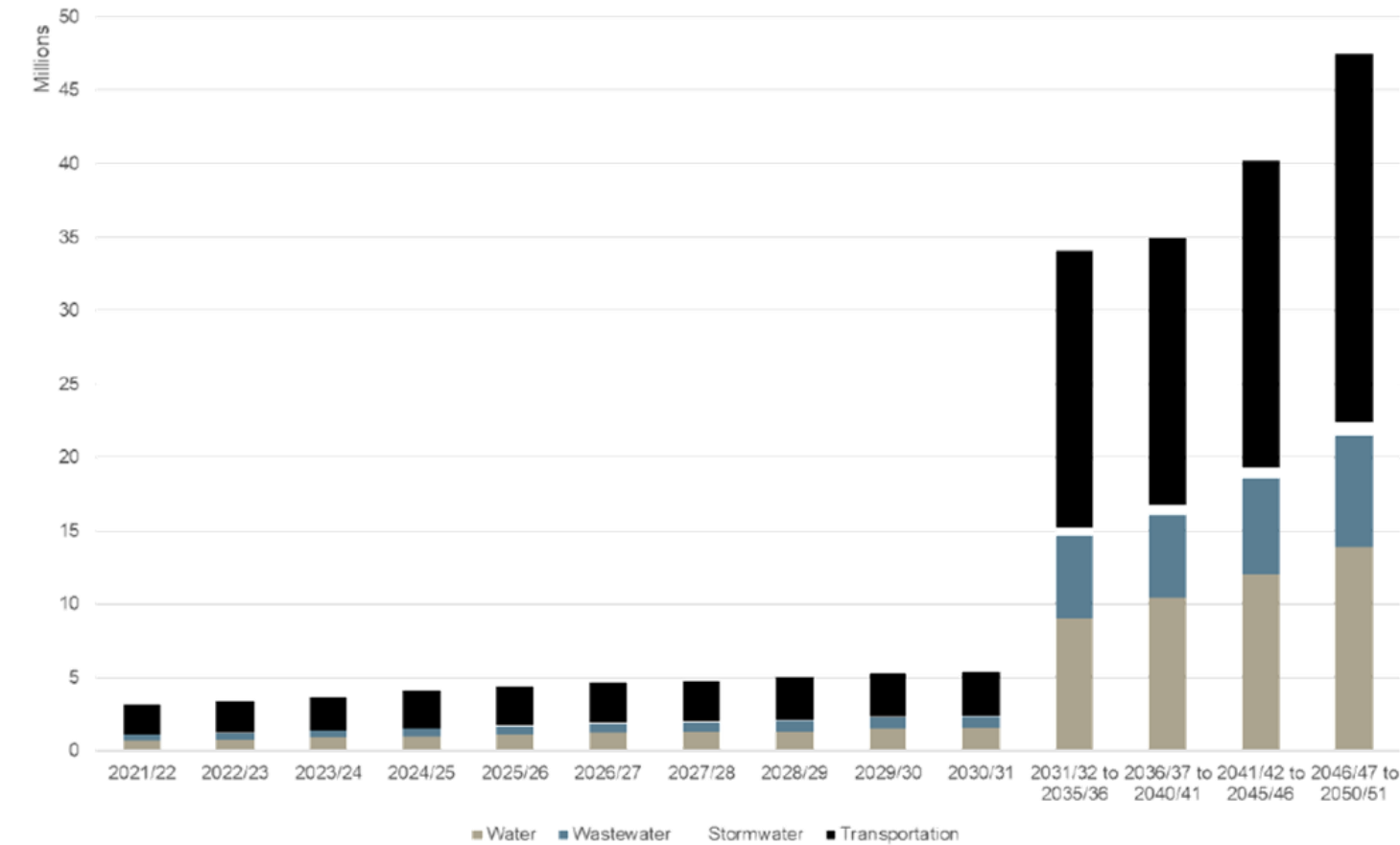
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32 - 2035/36	2036/37 - 2040/41	2041/42 - 2045/46	2046/47 - 2050/51
Thousands														
Water	732	760	846	905	995	1,067	1,085	1,099	1,195	1,196	6,375	6,374	6,374	6,374
Wastewater	348	395	430	470	488	530	537	585	592	583	3,929	3,400	3,400	3,400
Stormwater	40	43	44	48	48	52	52	57	57	58	400	400	400	400
Transportation	2,037	2,034	2,103	2,340	2,378	2,406	2,381	2,408	2,428	2,383	13,938	11,900	12,019	12,738

Table 47 Total expenditure summary (Inflated Costs)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32 - 2035/36	2036/37 - 2040/41	2041/42 - 2045/46	2046/47 - 2050/51
Thousands														
Water	732	785	896	983	1,111	1,224	1,284	1,341	1,507	1,554	9,010	10,402	12,010	13,868
Wastewater	348	408	456	512	547	612	639	719	753	765	5,633	5,662	6,576	7,638
Stormwater	40	45	47	52	53	60	62	70	73	76	573	666	774	899
Transportation	2,037	2,090	2,216	2,522	2,626	2,721	2,759	2,860	2,954	2,973	18,841	18,234	20,876	25,081

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Figure 23: Projected Operational Expenditure –Infrastructure Assets (Inflated)



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#### 10.3. Funding Sources

Typical sources of funding used to fund both the operation and maintenance and capital expenditure for all three waters and transport infrastructure projects include:

- Targeted rates
- Development and financial contributions
- Lump sum contributions
- Borrowing
- User charges
- Grants and subsidies
  - Three Waters stimulus package
  - Waka Kotahi contributions

Some of the above funding sources are further detailed below.

##### 10.3.1. Three Waters Programme stimulus package

The Council has accepted crown stimulus grant funding for projects as part of the Three Waters Services Reform. The crown has committed approximately \$500m nationwide in tranche 1, and the MDC allocation is \$5.11m, of which \$2.56m has already been received by MDC as an advance payment. These stimulus projects are in addition to current LTP projects already underway. There are 33 projects listed in the approved Three Waters Reform Delivery Plan, which the Department of Internal Affairs (DIA) require to be completed by 31 March 2022 as part of the stimulus package. Of these projects, around 24 involve studies or design, with 8 of these resulting in physical works within this tranche 1 funding. There will be additional capital or operational expenditure to follow these designs/studies, with funding from either tranche 2 or in the LTP. Approximately \$455k is forecast to be spent from the stimulus grant this FY20-21, with the balance to be spent FY21-22.

It should be noted that 19 of these projects have been identified as operational activities. A breakdown of the Three Waters Programme activities is outlined in Table 48.

**Table 48 Three Waters Programme**

	Project	Capex/ Opex	2020/21	2021/22 (LTP yr 1)	Total
Water	Water Supply Mains Renewals - scope/design/constrn (Fa/Tek/Twi)	CAPEX	\$573,247	\$0	\$573,247
	Potable Water hydraulic modelling - 2 sites - study	OPEX	\$165	\$49,835	\$50,000
	Water Supply Sources Database (identify sources and quality)	OPEX	\$3,590	\$41,410	\$45,000
	Water Metering Trial - scope Twizel & tender package	OPEX	\$8,267	\$16,734	\$25,000
	Water Metering Trial - Twizel (part) Install	CAPEX	\$0	\$322,753	\$322,753
	Potable Water Demand Study (usage reduction) & Exemplar projects	OPEX	\$5,562	\$284,438	\$290,000
	Potable Water Supply to remote properties - study	OPEX	\$6,270	\$38,730	\$45,000
	Potable Water Supply to remote properties - install new	CAPEX	\$0	\$175,000	\$175,000

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	Project	Capex/ Opex	2020/21	2021/22 (LTP yr 1)	Total
Wastewater	Albury WS Scheme - Compliance incl Protozoa - study	OPEX	\$330	\$29,670	\$30,000
	Allandale WS Scheme - Compliance incl Protozoa - study	OPEX	\$165	\$29,835	\$30,000
	Preparation for Reform - implications for MDC structure/ops/rates	OPEX	\$31,505	\$18,495	\$50,000
	Future Planning for Tekapo WWTP - Study	OPEX	\$9,158	\$290,843	\$300,000
	Upsize Foul Sewer through Fairlie Golf Course - Design only	CAPEX	\$0	\$35,000	\$35,000
	New Rising Main Mackenzie Park to Twizel WWTP - Design	CAPEX	\$20,310	\$14,690	\$35,000
	New Rising Main Mackenzie Park to Twizel WWTP - Construct	CAPEX	\$0	\$990,000	\$990,000
	Lakeside wastewater pump station, Takepo/Tekapo - design /construct	CAPEX	\$1,403	\$48,598	\$50,000
	Iwi - review the wetlands planting (Miscanthus) in the disposal zone at Fairlie.	OPEX	\$0	\$15,000	\$15,000
	Review existing fencing - Deer fence the ponds	CAPEX	\$0	\$15,000	\$15,000
	Removal of non-natives such as wilding pines	OPEX	\$0	\$15,000	\$15,000
	Stock Truck effluent station - Twizel (Study)	OPEX	\$0	\$20,000	\$20,000
	Septic Tank disposal - Twizel (Study)	OPEX	\$0	\$45,000	\$45,000
	Burkes Pass WWTP upgrade - assess/install outlet flowmeter for compliance	CAPEX	\$4,460	\$25,540	\$30,000
	Burkes Pass WWTP upgrade - assess/design baffles to increase residence time	CAPEX	\$0	\$50,000	\$50,000
	CCTV condition assessments networks	OPEX	\$10,000	\$190,000	\$200,000
	Sewerage hydraulic modelling (uncalibrated) - 3 sites - study	OPEX	\$825	\$199,175	\$200,000
	WWTP monitoring equipment all sites - study	OPEX	\$165	\$24,835	\$25,000
	WWTP monitoring equipment all sites - design & install	CAPEX	\$0	\$210,000	\$210,000
	Desludge Ponds - 3 sites - design incl tender prep	OPEX	\$30,000	\$0	\$30,000
	Desludge Ponds - 3 sites - contract	OPEX	\$0	\$850,000	\$850,000
	WWTP Influent Screens - 3 sites - Study/Concept Design	CAPEX	\$2,475	\$22,525	\$25,000
	Connect Allandale Rd Industrial WW to Fairlie WW network - study/design	CAPEX	\$0	\$45,000	\$45,000
	Twizel WWTP - Groundwater monitoring sites (compliance testing)	OPEX	\$908	\$14,093	\$15,000
	Stimulus Package - Programme Delivery*	CAPEX	\$53,678	\$62,722	\$116,400
	Stimulus Package - Programme Delivery*	OPEX	\$41,785	\$41,815	\$83,600
SW	Stormwater Management Control (Flooding) - Alloway area, Fairlie - study/des	CAPEX	\$0	\$25,000	\$25,000
	Realign or replace Sloane Street SW timber box culvert - design only	CAPEX	\$330	\$34,670	\$35,000
	Review stormwater discharges in Fairlie and Takepo/Tekapo	OPEX	\$0	\$15,000	\$15,000
	<b>TOTAL COSTS</b>		<b>\$804,596</b>	<b>\$4,306,404</b>	<b>\$5,111,000</b>

\*Stimulus package - programme delivery is categorised under Wastewater, however it applies to the wider programme. This cost has also been split between capital and operational activities.

Table 49 below provides a timeline of *all* three waters capital projects (including those funding from other sources). Whilst the table illustrates the large portion of projects which are being funded by the stimulus

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package, the figure shows that the stimulus package funds only 4% of the total capital cost for three waters projects for the Council over the next 10 years.

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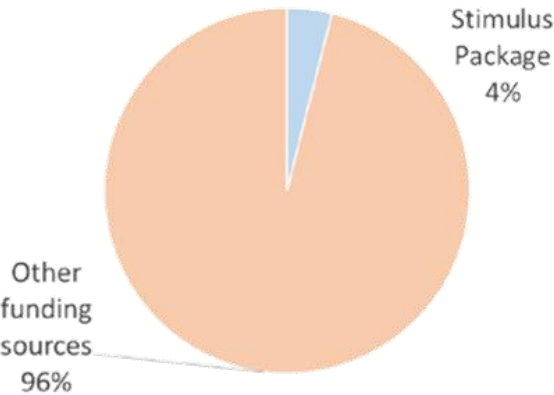
Table 49 Three Waters CAPEX project timeline

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
		1	2	3	4	5	6	7	8	9	10
Three waters stimulus funding	Wastewater	Upsize foul sewer - Fairlie Golf Course									
		Rising Main Mackenzie Park to Twizel WWTP – Design									
		Rising Main Mackenzie Park to Twizel WWTP – Construct									
		Lakeside WW pump station – D&C									
		Deer Fence ponds - Tekapo, Fairlie									
		Burkes Pass WWTP upgrade - install outlet flowmeter									
		Burkes Pass WWTP upgrade – baffles									
		WWTP monitoring equipment all sites - design & install									
		WWTP Influent Screens Design - 3 Sites									
		Connect Allandale Rd WW to Fairlie WW Network									
	Water	Water Supply Renewals									
		Water Metering Trial - Twizel Install									
		Potable Water Supply Remote Properties - install									
		Stimulus Package - Programme Delivery									
	SW	Stormwater Mgmt Control (Flooding)									
		Sloane St SW box culvert									
Oth	Wa	Sewer Reticulation - new									

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Figure 24 Proportion of funding from Three Waters Stimulus vs Other Funding sources



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#### 10.3.2. Waka Kotahi Financial Assistance

To fund roading maintenance, operating, and renewals (capital) expenditure, Council receives a percentage of the cost as a subsidy from Waka Kotahi (New Zealand Transport Agency). The level of subsidy, or co-investment, is the Financial Assistance Rate (FAR), the level of which is reviewed tri-annually by Waka Kotahi. Council's FAR rate is 51%. In association with this, through the National Land Transport Plan (NLTP), Waka Kotahi requests from Council a three-year work program and supports, or otherwise, the requested investment level by funding 51% of the costs.

A recent funding announcement from Waka Kotahi lowered their level of investment into the Council's submitted roading programme for the next 3 years. This has seen Council receive 51% funding for a substantially smaller program (in 21/22 the roading programme applied for totalled 5.3m – NZTA only approved a programme totalling \$3.4 m) that it deems is required to manage the roading asset appropriately. The funding Assistance rate is still 51% for most categories (except LED which attracts a funding assistance rate of 85%).

Council is supporting continuing the increased local funding share in 21/22 the total roading programme notwithstanding Waka Kotahi's reduced support meaning that ratepayers now fund a higher portion of the overall roading programme. This brings the total roading programme to \$4.2 m. We deem this necessary to ensure we maintain our roading network to meet expected levels of service. This trend is likely to continue in 22/23 and 23/24.

Staff are working with Waka Kotahi to understand the reduction in funds in the Asset Management area, where Council earlier signalled and increased investment was required and which was formally endorsed (increase in 2.5 FTE's).

#### 10.4. Affordability and prioritisation

Investment into both three waters and transportation infrastructure was prioritised by using the following high-level principles:

- Improvements to the Level of Service was generally prioritised first, specifically around improved safety and compliance.
- The renewal of aging infrastructure was prioritised next. Specifically, infrastructure which is high use and/or showing signs of failure. Assets which are at the end of their theoretical design life but are still structurally sound (no signs of failure) and are also used very infrequently are not targeted for replacement, but are instead regularly inspected.
- Projects which address growth were prioritised last. Currently the Mackenzie district are seeing a fall in visitor numbers giving Council breathing space to prioritise other aspects of infrastructure improvement first and get in place appropriate planning and delivery tools. Additionally, developers are, in the first instance, responsible for providing the infrastructure for new developments.

The following sections provide further details regarding the prioritisation and affordability of its infrastructure projects.

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**Three Waters Infrastructure**

As noted above, levels of service was prioritised first, particularly when related to community safety. The Health (Drinking Water) Amendment Act 2007 requires water suppliers to take all practical steps to comply with the (previously voluntary) NZ Drinking Water Standards. To comply with the Act, Council must have in place a water safety plan which is approved by the Ministry of Health for each urban water supply. Dates for compliance with the Act are staggered depending on the size of the community.

For Fairlie, Tekapo and Twizel, the compliance date was 1 July 2014. The Tekapo and Twizel supply both meet the drinking water standards for bacteriological compliance. Further technical work is needed to demonstrate compliance with Protozoological standards. This work will be partly funded through the Three Waters Tranche One project process. In Fairlie, the expected capital outlay to enable compliance is approximately \$7.4 million. This is programmed for 2021/26.

Upgrades to sewerage and stormwater systems are also required in the Long Term Plan (LTP) period. While no significant change to the operation of most of the Council's stormwater assets is proposed, the Council is required to develop 'stormwater management plans' under the Land and Water Regional Plan, and stormwater discharges will be required to be progressively upgraded to improve discharge quality.

For wastewater treatment, the Takapo wastewater Plant is flagged for renewal in 2021-26 with funding allocated within the LTP. Fairlie and Twizel are both pond based systems and minor improvements being undertaken in the first year through the Three Waters Program (desludging and instrumentation as examples) will set the plants up for continued compliant operation over the foreseeable future. CCTV'ing of the entire wastewater network will allow Council to better understand pipe condition and plan for renewals when and where necessary.

The district's urban water supply schemes vary in age and condition and there are some large renewal costs over the next decade. This, combined with an increase in costs to meet new drinking-water standards and other requirements, leads to a large financial burden of providing these water supplies.

The Council will fund large capital spends associated with the upgrades either through internal borrowing from its own cash reserves, or external borrowing. The Three Waters Stimulus Package will also assist with the funding of several capital and operational projects. Depreciation and repayment of debt is charged as part of the targeted water rate.

The general approach to funding of the annual costs of the Three Waters schemes starts from the premise that those who benefit (either directly or indirectly) should pay. – termed targeted rating.

**Transportation**

Recent funding constraints has limited the Council's ability to renew or improve some of its roading assets. The council have had to mitigate these issues by prioritising their renewals based on the overall condition of the asset, the frequency of use and it's criticality with regards to access. Furthermore, the Council is investigating ways of improving the lifespan of its current assets. The following provides a brief summary of some of the key affordability issues and how these are being addressed:

- **Bridges:** The following bridge renewals have been deferred over this LTP period:



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- Otama Road
- Coal Pit Rd No 2
- Clayton Settlement
- Single Hill
- Cass River
- Black Birch Stream

In Lieu of replacing these bridges, Council will instead conduct regular inspections to ensure the bridges are safe to use. Each bridge only services a single owner or have an alternative ford adjacent and is therefore not seen as an immediate priority for Council. Currently an average annual budget of approximately \$200,000 (uninflated) is dedicated to the replacement of bridge structural components, bridges and structures and operational and maintenance activities.

- **Seal extensions:** One of the key projects includes the seal extensions of Lilybank Road, Braemar Road, Hayman Road and Haldon Road. The Council are budgeting an average of \$805,000 pa (uninflated) for unsealed road metalling for the next 10 years. It's anticipated that this budget will continue beyond 2031. It is also anticipated that metalling costs are likely to increase with increasing difficulty obtaining materials and increasing number of vehicles and heavy vehicles putting greater pressure on the network. The seal extension work has been deferred indefinitely and has not been included in any future cost estimates. A business case is to be undertaken in year 1 of this LTP period to determine the financial feasibility of the seal extensions. In addition to this, alternative longer lasting materials are being investigated in order to increase the lifespan of the existing unsealed roads. This will allow the Council to minimise bow waves in the future as design lifespans are improved.
- **Sealed road renewals:** The theoretical renewal profile estimated an average expenditure of \$435,000 pa over 2021-2031 and then increases to \$1,174,020 from 2031-51. Currently the LTP budget has a stepped up approach to sealed road resurfacing starting at approximately \$515,000 in year 1 and \$630,000 by year 10. The theoretical renewals profile is based on an expected design life between 10 and 18 years (depending on whether a second coat has been applied). However, in reality it is likely that the surface will be able to see a design life of between 20 and 25 years. This reduces the risk of a bow wave occurring in the future.
- **Footpath renewals:** Currently the council are able to budget up to \$210,000 pa (uninflated) by year 4 of this LTP period. Based on the theoretical renewals profile, this budget will likely be able to deliver the appropriate level of service without the risk of bow waves in the future.
- **Traffic services renewals:** Traffic services include both lights and signage. A high-level estimation has been undertaken to determine a theoretical renewal profile which was then compared against the planned investment. It showed that the average theoretical cost of replacing these assets was slightly higher than planned costs over the next 10 years. However, it should be noted that the actual life span of these assets is expected to be longer than it's theoretical design life.
- **Drainage renewals:** The current LTP budgets approximately \$100,000 pa (uninflated) on its drainage assets. The theoretical average annual renewal cost was estimated to be \$176,000 pa (uninflated). However, this makes a conservative assumption that the average lifespan of the existing drainage assets is between 50 and 75 years when in reality drainage assets can last to up to

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100 years. It is assumed that this budget will be adequate to provide the appropriate level of service without causing a bow wave in the future.

- **Pavement renewals:** The majority of council roads and assets have evolved over time meaning; the pavement was never 'properly' constructed in the first instance and also that data wasn't sufficiently recorded. Because of the general lack of information regarding the pavement condition, it has been assumed that the pavement acts like dirt or subgrade rather than a pavement. Some pavement testing has been undertaken this financial year and some work is still to be completed on the analysis of this data. This will help Council understand the relative condition of the pavement. Until there is enough data to understand the condition of pavements, a provisional cost of \$169,200 per year (uninflated) has been budgeted for the pavement renewal of 1km of pavement.

#### 10.5. Impacts of recent flooding event

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

Damage to our roading network includes 282km of roads, 46 bridges and 705 culverts. The impact on three waters infrastructure from the flooding event was relatively minor.<sup>10</sup>

Preliminary assessments estimate repair costs between \$2.3 and \$3.075 million. Waka Kotahi has confirmed it will co-fund a total of \$2.04m of flood damage. The flood damage assistance rates is capped at 51% for the first 10% of the Council's maintenance budget and then the FAR rate will be increased by a maximum of 20%. This means that Council's maximum funding rate would be 71%. Over the past few weeks Council staff have developed a priority programme. This program reflects that some of the initial works were undertaken in the first days of the event and therefore are reflected in the previous financial year. The priority programme outlines a total of \$553,000 of works that need to be addressed as soon as possible. The balance of the works will need to wait to be completed when local funds can be allocated or an alternative source of funds can be identified. The value of works will attract the enhanced funding assistance rate but will be limited to \$200,000. It is not possible to increase the local share any further given the sizeable rates increases. Discussion are being held with the agency to understand the process for applying for a higher levels of funding assistance.

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

<sup>10</sup> Council ordered in a tanker of water to supplement the water supply, whilst the boil water notice was in place. They council also undertook extra testing, rediverted a stream, and pumped out a pump station overnight with sucker trucks. The cost of these activities was not significant and covered within the operational cost budget.



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## APPENDIX A LEVEL OF SERVICE PERFORMANCE MEASURES

## A1 Water Performance Measures and Targets

Council has suite of performance measures agreed with the community and reported on annually by the Annual Reports. This performance is measured as per contractual requirements and changes in indicators such as increased flooding or maintenance. However Central Government introduced a suite of mandatory performance measures covering Transportation, Three Waters and Flood Control that came into force on 1 July 2014.

These mandatory performance measures have been adopted by Council for inclusion in the 2021-31 Long Term Plan and no other measures will be used.

Table 50 Water performance measures and targets

What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
Water supply						
Provide safe drinking water.	Compliance with Drinking Water Standards (part 4) – Bacterial Compliance*	75%	≥ 95%	≥ 95%	≥ 95%	≥ 95%
	Compliance with Drinking Water Standards (part 5) – Protozoal Compliance <sup>11*</sup>	0%	2 of 5 suppliers compliant	2 of 5 suppliers compliant	3 of 5 suppliers compliant	3 of 5 suppliers compliant
Maintain excellent water supply network services.	The percentage of real water loss from the networked reticulation system*	21%	≤ 25%	≤ 25%	≤ 25%	≤ 25%
Maintain excellent customer services	The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system:*					
	a) attendance for urgent call- outs	1hr 21m	≤ 2h	≤ 2h	≤ 2h	≤ 2h
	b) resolution of urgent call-outs	1h 21m	≤ 12h	≤ 12h	≤ 12h	≤ 12h
	c) attendance for non-urgent call-outs	25h	≤ 72h	≤ 72h	≤ 72h	≤ 72h

<sup>11</sup> This measures the water quality of Tekapo, Twizel, Fairlie, Allendale and Albury water supplies. It is expected that Twizel and Tekapo will be compliant by 2021/22 and Fairlie will be compliant by 2023/24. There is the potential for Allendale to be compliant within this LTP period if it is found that it is feasible to connect it to Fairlie. Albury will not be compliant. Council is currently working on understanding the status of the Albury Rural water supply.

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What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
	d) resolution of non-urgent call- outs	26h	≤ 120h	≤ 120h	≤ 120h	≤ 120h
	The total number of complaints received about any of the following:*					
	a) drinking water clarity	1.4 per 1,000 connected properties	≤ 5 per 1,000 connected properties	≤ 5 per 1,000 connected properties	≤ 5 per 1,000 connected properties	≤ 5 per 1,000 connected properties
	b) drinking water taste					
	c) drinking water odour					
	d) drinking water pressure or flow					
	e) continuity of supply					
	f) MDC response to any of the above					
	The percentage of ratepayers satisfied with the water supply service	80%	≥ 80%	≥ 80%	≥ 80%	≥ 80%
Provide demand management of water supply services	Average consumption of drinking water per day per resident with the district*	1.6m <sup>3</sup>	≤ 1.2m <sup>3</sup>	≤ 1.2m <sup>3</sup>	≤ 1.2m <sup>3</sup>	≤ 1.2m <sup>3</sup>

\* Mandatory Performance Measure

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**A2 Wastewater Performance Measures and Targets**

Council has suite of performance measures agreed with the community and reported on annually by the Annual Reports. This performance is measured as per contractual requirements and changes in indicators such as increased flooding or maintenance. However Central Government introduced a suite of mandatory performance measures covering Transportation, Three Waters and Flood Control that came into force on 1 July 2014.

These mandatory performance measures have been adopted by Council for inclusion in the 2021-31 Long Term Plan and no other measures will be used.

**Table 51 Wastewater performance measures and targets**

What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
Wastewater						
Maintain excellent sewer network services	The number of dry weather sewerage overflows from Council’s sewerage system, expressed per 1,000 sewerage connections to that sewerage system*	3.11 per 1,000 connected properties	≤ 2 per 1,000 connected properties	≤ 2 per 1,000 connected properties	≤ 2 per 1,000 connected properties	≤ 2 per 1,000 connected properties
Wastewater is discharged in a safe manner	Compliance with the Council’s resource consents for discharge from its sewerage system measured by the number of:					
	a) attendance for urgent call- outs	Nil	Nil	Nil	Nil	Nil
	b) resolution of urgent call-outs	Nil	Nil	Nil	Nil	Nil
	c) attendance for non-urgent call-outs	Nil	Nil	Nil	Nil	Nil
	d) resolution of non-urgent call- outs	Nil	Nil	Nil	Nil	Nil
	received by the Council in relation those resource consents*					
Maintain excellent customer services	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council’s sewerage system, the following median response times measured:*					
	a) attendance time	2.75h	≤ 1h	≤ 1h	≤ 1h	≤ 1h
	b) resolution time	2.5h	≤ 4h	≤ 4h	≤ 4h	≤ 4h

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What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
	The total number of complaints received about any of the following:*	9.4 per 1,000 connected properties	≤ 50 per 1,000 connected properties	≤ 50 per 1,000 connected properties	≤ 50 per 1,000 connected properties	≤ 50 per 1,000 connected properties
	a) sewage odour					
	b) sewerage system faults					
	c) sewerage system blockages, and					
	d) MDC response to issues with its wastewater system.					
	Satisfaction with wastewater treatment and disposal service.	94%	≥ 85%	≥ 85%	≥ 85%	≥ 85%

\* Mandatory Performance Measure

Attendance time: from the time that the Council receives notification to the time that the service personnel reach the site.

Resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption

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**A3 Stormwater Performance Measures and Targets**

Council has suite of performance measures agreed with the community and reported on annually by the Annual Reports. This performance is measured as per contractual requirements and changes in indicators such as increased flooding or maintenance. However Central Government introduced a suite of mandatory performance measures covering Transportation, Three Waters and Flood Control that came into force on 1 July 2014.

These mandatory performance measures have been adopted by Council for inclusion in the 2021-31 Long Term Plan and no other measures will be used.

**Table 52 Stormwater performance measures and targets**

What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
Stormwater						
Maintain excellent network services	The number of flooding events in the Mackenzie district*	0	≤ 2	≤ 2	≤ 2	≤ 2
	For each flooding event, the number of habitable floors affected (per 1,000 properties connected to the Council's stormwater system)*	0	≤ 2	≤ 2	≤ 2	≤ 2
Stormwater services managed according to required environmental standards	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:*					
	a) abatement notices	Nil	Nil	Nil	Nil	Nil
	b) infringement notices	Nil	Nil	Nil	Nil	Nil
	c) enforcement orders	Nil	Nil	Nil	Nil	Nil
	d) convictions	Nil	Nil	Nil	Nil	Nil
Maintain excellent customer services	The median response time to attend a flooding event*	0	≤ 2h	≤ 2h	≤ 2h	≤ 2h
	The total number of complaints received about the performance of the stormwater system* <i>expressed per 1,000 connected properties</i>	1.4	≤ 5	≤ 5	≤ 5	≤ 5
	The percentage of ratepayers satisfied with the stormwater service	80%	≥ 80%	≥ 80%	≥ 80%	≥ 80%

\* Mandatory Performance Measure

Response time: from the time that the Council receives notification to the time that service personnel reach the site

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## A4 Transportation Performance Measures and Targets

Council's key levels of service and performance measures as defined in the 2021-2031 LTP are summarised in the table below. These show how levels of service contribute to the community outcomes and provides a technical measure that enables Council to monitor current levels of service against target levels of service.

Table 53 Transportation performance measures and targets

What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	The average quality of ride on a sealed local road network, measured by smooth travel exposure. *	98.0% for rural and 94.0% for urban roads.	90% for rural and 75% for urban roads.	90% for rural and 75% for urban roads.	90% for rural and 75% for urban roads.	90% for rural and 75% for urban roads.
	The percentage of the sealed local road network that is resurfaced. *	5.84%	≥4%	≥4%	≥4%	≥4%
	The percentage of the unsealed road network renewed using wearing course and stabilisation techniques	5.70%	≥2%	≥2%	≥2%	≥2%
	The percentage of road users are satisfied with the roading network.	78.50%	≥85%	≥85%	≥85%	≥85%
Council provides a safe and efficient roading network	The change from the previous year in number of fatalities and serious crashes on the local road network, expressed as a number.	-2	Change from each previous financial year= 0.(Equates to a total target of ≤2 fatality and serious injury crashes)	Change from each previous financial year= 0.(Equates to a total target of ≤2 fatality and serious injury crashes)	Change from each previous financial year= 0.(Equates to a total target of ≤2 fatality and serious injury crashes)	Change from each previous financial year= 0.(Equates to a total target of ≤2 fatality and serious injury crashes)
	The number of death and serious injuries recorded for the financial year on local roads under control of the Mackenzie District Council.	N/A (wasn't recorded)	<1	<1	<1	<1



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What you can expect from us	What we will measure	Latest result (2019/20)	Targets:			
			2021/22	2022/23	2023/24	By 2030/31
			(In line with the road to zero vision)	(In line with the road to zero vision)	(In line with the road to zero vision)	(In line with the road to zero vision)
	The number of reported crashes on local roads under control of the Mackenzie District Council.	N/A (wasn't recorded)	≤10	≤10	≤10	≤10
	The percentage of customer service requests relating to roads and footpaths to which	86%	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.
Footpaths are maintained in good condition and are fit for purpose	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP. *	95%	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.

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## APPENDIX B KEY ASSUMPTIONS

Table 54 Detailed list of LTP assumptions

GROWTH ASSUMPTIONS						
Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<p><b>Population Growth</b></p> <p>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.</p>		✓		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.
<p><b>Demographic Changes</b></p> <p>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 population employed in the tourism market.</p>		✓		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.

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<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.

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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 travelers 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.

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## ECONOMIC AND FINANCIAL ASSUMPTIONS

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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 (e.g. 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 plan

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
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	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	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.



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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
				<p>assumes Council will maintain or expand its spend through additional unsubsidised work.</p> <p>2. the NZTA subsidisable programme may differ from what has been assumed, which may impact the Council's spend in future years..</p>	<p>any year from that forecast.</p> <p>If Council wanted to continue its roading programme, other funding sources such as rates would need to be utilised.</p>	
<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	Sufficient explanation to the community about the costs and benefits

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
					That funding of programmes will not be available for waste minimisation education and initiatives in Mackenzie district.	
<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	✓			There is a risk that capital projects may not occur as planned, or actual costs	If projects do not occur as planned, capital expenditure may differ	The Council will consider the impact of any change as part of the annual budget

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
associated operating costs are as determined through the Council's activity management planning process.				<p>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>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 programme due to a limited number of resources Council has available to deploy in any one year.</p>	<p>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> <p>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</p> <p>Regular market assessments undertaken including critical supply chains to ensure programme is realistic and deliverable</p> <p>Council have the ability to value engineer the project if it exceeds estimates.</p> <p>In addition, the Council has contracted external project managers to oversee the programme and project management and delivery of key 3 Water projects.</p>
<p><b>Asset Revaluations</b></p> <p>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</p>			✓	<p>Inflationary costs in some areas may be different from that forecast.</p> <p>The condition of the assets may be different to that</p>	<p>There may be a higher or lower asset value and a lower or higher depreciation charge.</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>

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
as at the revaluation dates will be increased by inflation rates as per the inflation assumption.				assumed and the value of the asset may differ accordingly.		
<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
<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.

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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
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

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
Street signs	Straight line	13
Street lighting	Straight line	20-40
α 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

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## GOVERNMENT, LEGISLATION AND REGULATION ASSUMPTIONS

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Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Legislative Change and Regulatory Reform</b> 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		✓		The impact of government legislation is more or less than expected.  New legislation is enacted that alters the activities Council undertakes or provides.	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.  Where legislative changes require Council to provide additional services or increased levels of services, this may impact fees and charges for cost-recovery activities.	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.  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.



## 30 Year Infrastructure Strategy 2021-2051 – Draft

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
local government during the next 10 years.						
<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).				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
The replacement value of all Three Waters assets total \$90.7 million (as of 30 June 2020). Planned capital projects will be valued at \$52.6 m 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						

## 30 Year Infrastructure Strategy 2021-2051 – Draft

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
water treatment projects underway (20/21 and 21/22). <sup>12</sup>						
<b>Resource Consents</b>				Resource consents are		
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.				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.

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## ENVIRONMENT ASSUMPTIONS

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
<b>Climate Change</b>						
Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time.	✓			There is a risk that climate change effects are not understood and appropriate action taken.	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.	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
Impacts include increases to mean temperature, with corresponding reductions in snow				There is a risk that Council actions will not be consistent with community opinion.	Council's business units may not recognise climate change in the delivery of their services. Decisions made now without this	

<sup>12</sup> All values are inflated values

## 30 Year Infrastructure Strategy 2021-2051 – Draft

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
and frost days. We anticipate an increase in the frequency and severity of extreme weather events.					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.	reserve fund and Council's risk management work through the Canterbury Emergency Management Group. Council will continue to monitor climate change science and the response of central government and adapt its response where required.
<b>Natural Hazards / Local Natural Disasters</b> The district is at risk from natural hazards such as flooding, earthquake, and storms. These events can occur at any time, without warning. 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. While events may occur at any time, Council's planning will focus on operational resilience and Emergency Management.				A major adverse event occurs resulting in a significant impact on the district and Council's services.	A disaster has the potential to cause significant, unbudgeted impact on the Council and the community. In the event of a major disaster, Council has assumed additional central government support will be forthcoming. Council would need to borrow additional funds to make repairs and meet the costs of restoration	Council seeks to mitigate this risk through its Civil Defence, Risk Management and Insurance Policies. 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. Central government has a role in disaster recovery after a natural disaster. Council will progressively build a reserve to fund the local share of Emergency Works applications to NZTA
<b>Civil Defence and Emergency Management</b> CDEM functions will continue to be provided across the district,				CDEM structures and planning are not appropriate for application to Mackenzie	The response to an event would not be suitable	Ongoing involvement in CDEM planning and governance

## 30 Year Infrastructure Strategy 2021-2051 – Draft

Assumption	Level of Uncertainty (High/Medium/Low)			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
via the Canterbury Regional Group						
<b>Insurance</b> Council will hold a reserve fund of at least \$3 million to respond to emergencies and that this will be adequate for immediate requirements			✓	A major event will have significant financial implications that are beyond Council's ability to fund	It is assumed this will be adequate to meet the portion Council needs to fund – this is highly variable	A review is proposed on the insurance of assets and the suitability of a reserve fund as 'self-insurance'
<b>Earthquake prone buildings</b> There are no earthquake prone buildings affecting strategic transport routes. 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			✓	Actions required by Council have not been allowed for	Processes are required, that would put additional workload on staff	Actions assigned to staff

## 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			

*30 Year Infrastructure Strategy 2021-2051 – Draft*

<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.	

## 30 Year Infrastructure Strategy 2021-2051 – Draft

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## 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





**Mackenzie**  
DISTRICT COUNCIL

# **Our Financial Strategy 2021-2031**

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**2021**

# Our Financial Strategy 2021-2031

## REVISION HISTORY

<b>Status:</b>	Draft
<b>Policy Owner:</b>	GM Corporate Services
<b>Approved by:</b>	Acting Chief Executive Officer
<b>Date:</b>	August 2021

*Our Financial Strategy 2021-2031*

## 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 \$466 million (2020/21: \$275 million).
- Total equity is forecast to be \$455 million (2020/21: \$260 million).
- Liabilities are forecast to be \$11.5 million (2020/21: \$14.1 million) & 2.5% of total assets (2020/21: 5.1%).
- Cash investments are budgeted to be \$3.8 million, (2021/21: \$7.2 million)
- Rates revenue is budgeted to contribute 60.1% 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

### *Our Financial Strategy 2021-2031*

thereafter 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.

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#### **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.

## Our Financial Strategy 2021-2031

### 3. EXTERNAL FACTORS

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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.

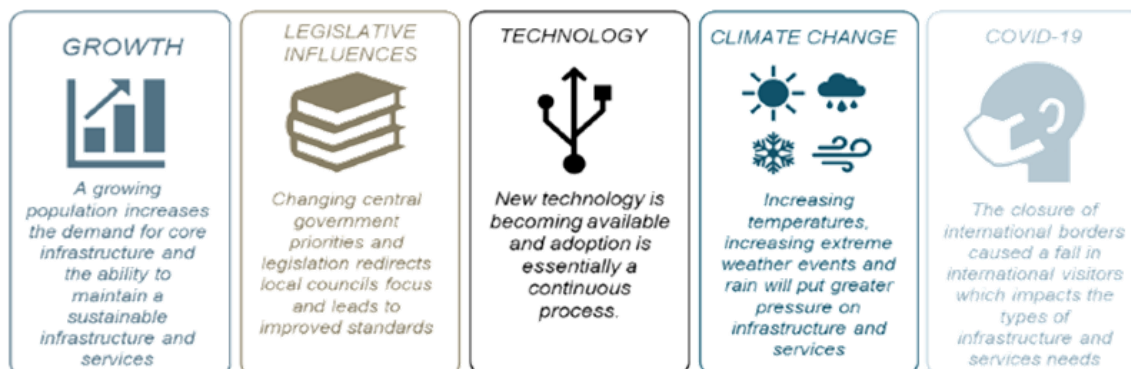


Figure 1: Summary of the Mackenzie Context and Strategic Issues – abbreviated from the Environmental Scan

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 its 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.

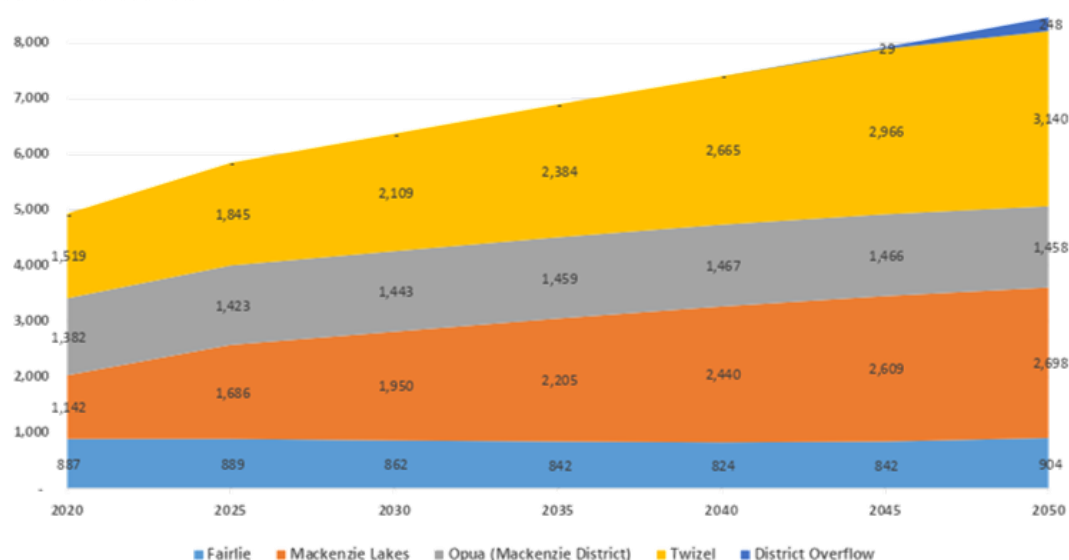


Figure 2 MDC Usually Resident Population

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.



### Our Financial Strategy 2021-2031

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.

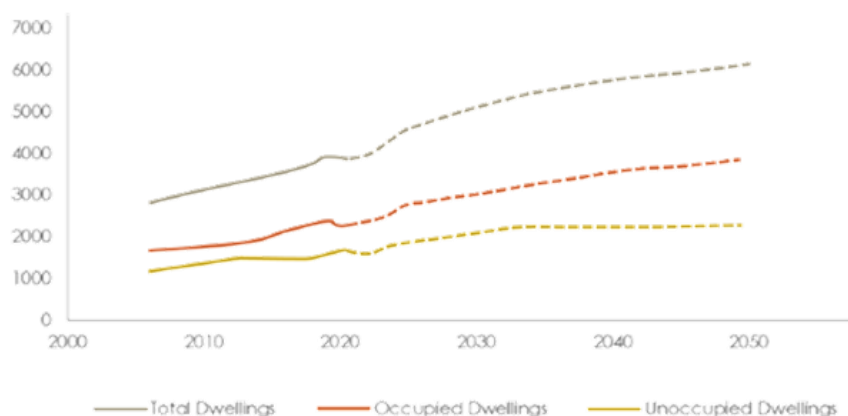


Figure 3: Mackenzie District Occupied and Unoccupied Dwellings

#### 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](http://www.dia.govt.nz/three-waters-reform-programme).

## *Our Financial Strategy 2021-2031*

### **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 has developed 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.



## Our Financial Strategy 2021-2031

### 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 \$30.3m in 2021/22 to \$37.0m in 2030/31. Inflation (using the BERL mid scenario) will add a cumulative effect of 18.33% over the ten years.

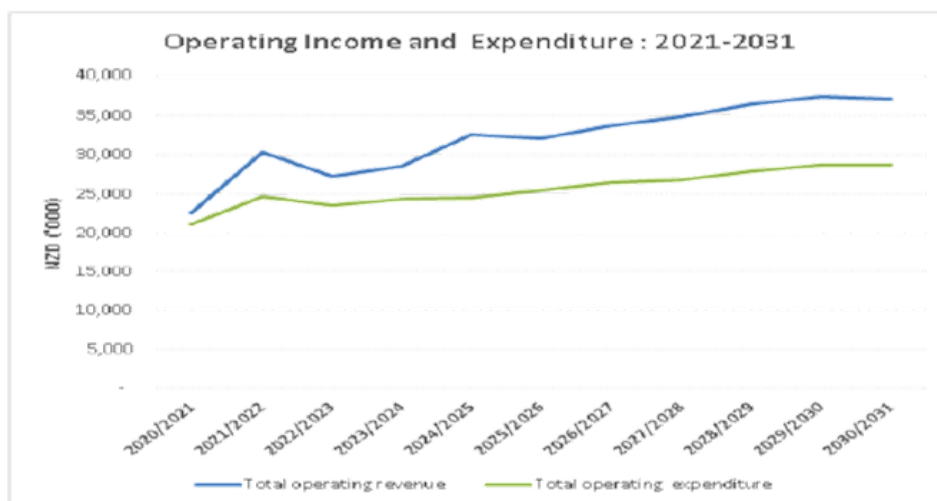


Figure 4: Operating Income and Expenditure 2021-2031. Operating income peaks in 2021/2022 due to grants for water reform and stimulus funding. Thereafter income increases in line with the operating expenditure.

*Our Financial Strategy 2021-2031***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.



*Our Financial Strategy 2021-2031***5 OUR FUNDING APPROACH**

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

**5.1 Inflation**

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

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.

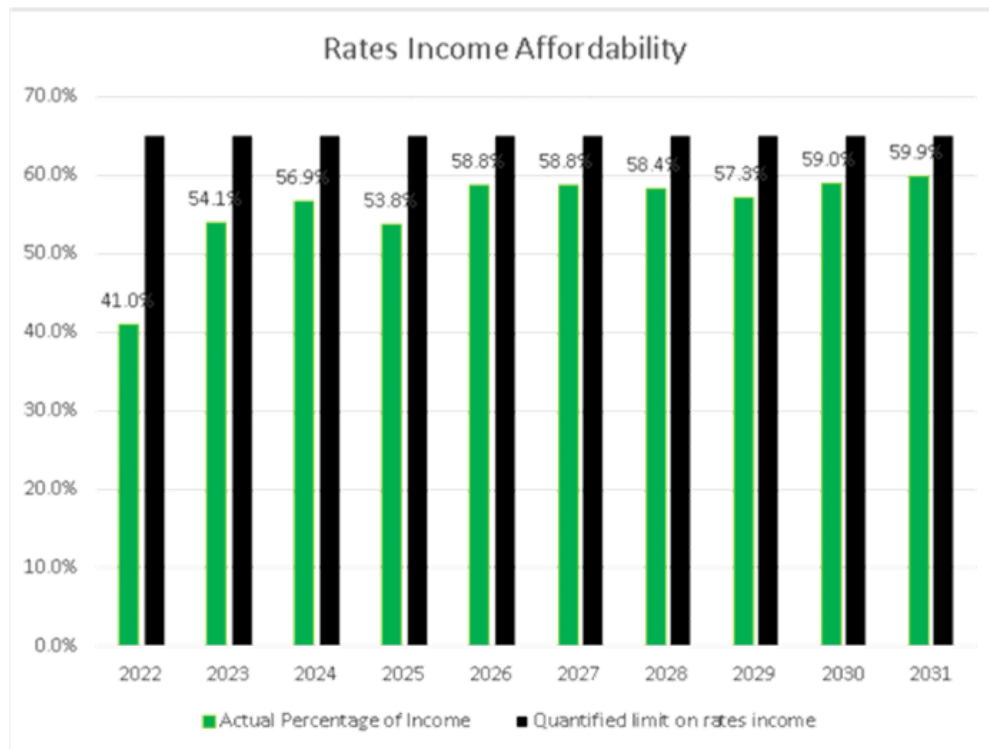
Even though we are having to face large rates rises in the next few years, we're starting from a very low base - the third lowest in the country. The rates increases being proposed, will still keep our rates in the bottom five nationally.

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:

### Our Financial Strategy 2021-2031

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



#### What does this graph show?

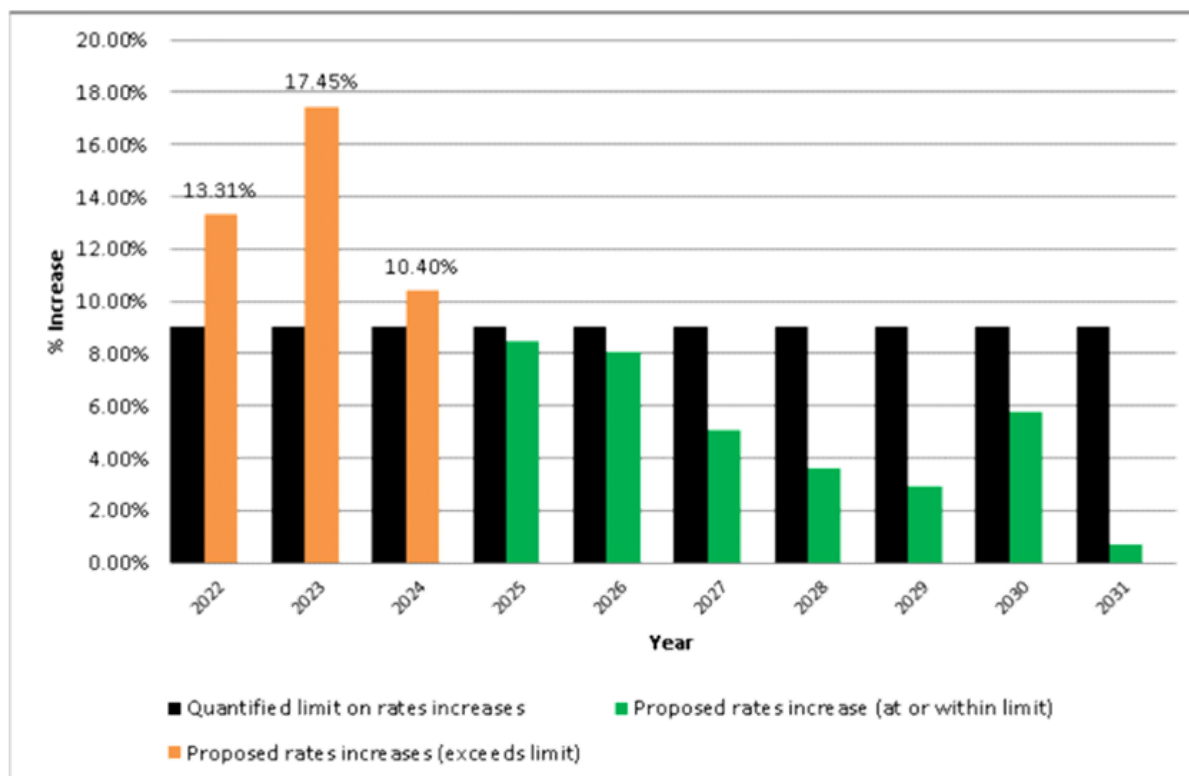
Our rates affordability graph shows our rates limits are not exceeding 60% of our total income. This means that each year we will find at least 40% of everything we do from sources other than your rates (fees and charges, government subsidies, investment returns and spreading costs through borrowing).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



### Our Financial Strategy 2021-2031

## 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 7.6% 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.

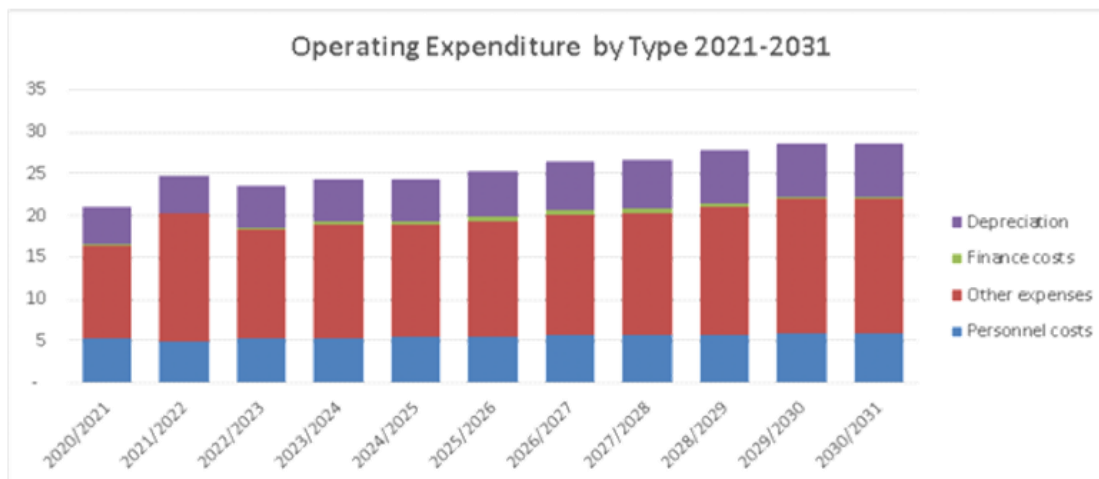
Rates are used to fund the balance of operating expenditure after all other revenue streams are accounted for. We have budgeted for operating expenditure to increase from \$21.1 million to \$28.7 million between July 2021 and June 2031.

The increase is the result of:

### Our Financial Strategy 2021-2031

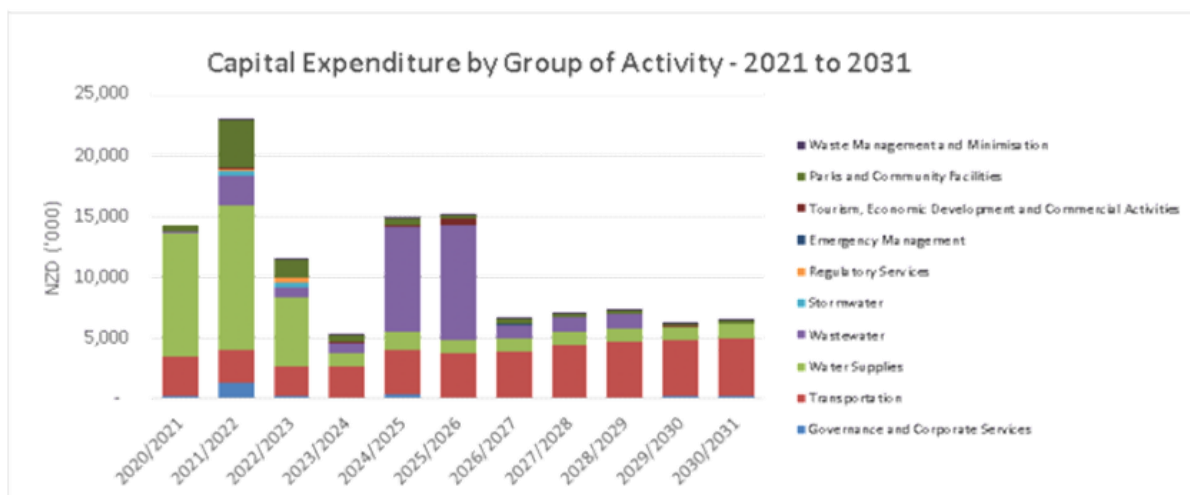
- price increases (inflation);
- improvements to the level of service we provide; and
- to a lesser extent - population growth.

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.**

## *Our Financial Strategy 2021-2031*

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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.**

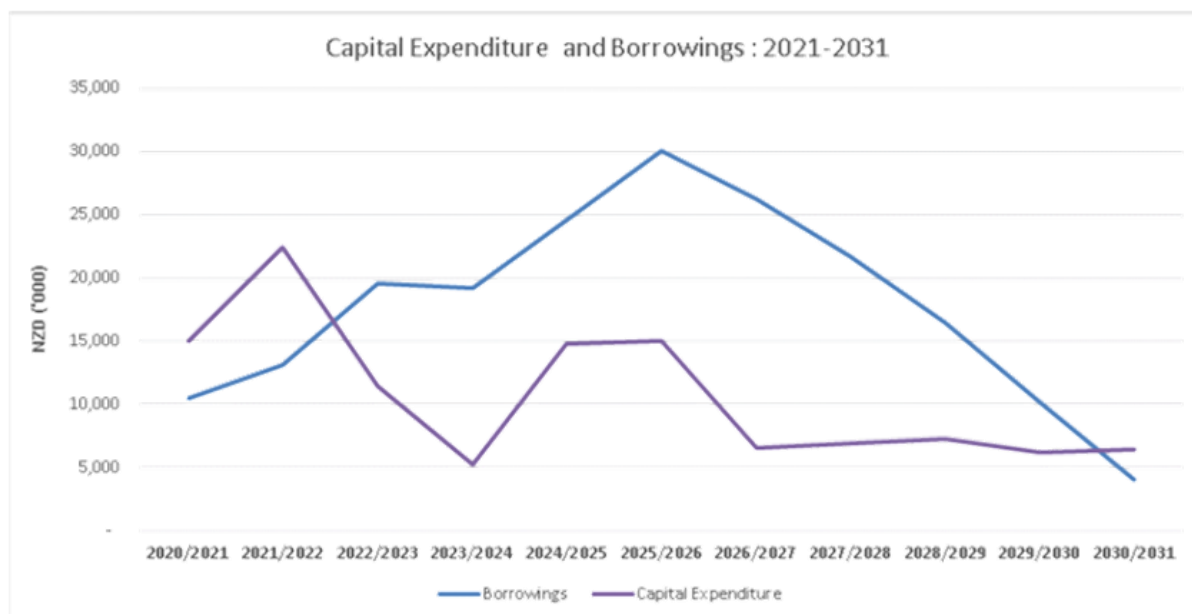
While Council has not previously had external debt, our ten-year capital expenditure programme requires external borrowing. If these works did not use external borrowing, the impacts on rates would be significantly higher. The

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

### Our Financial Strategy 2021-2031

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.

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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.

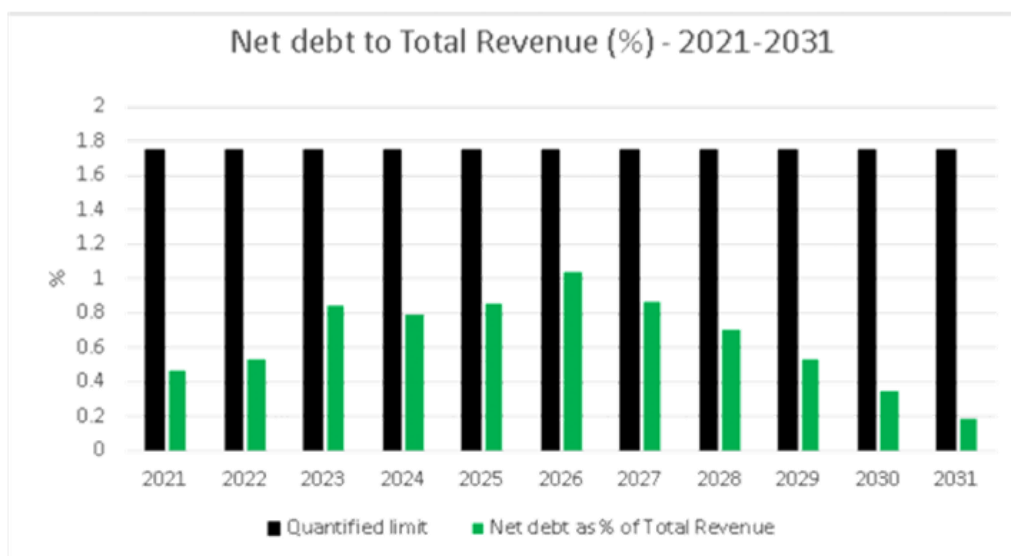
The Long-Term Plan 2021-2031 will see more external borrowings utilised, increasing from \$15.8 million at the end of June 2022 to a peak of \$32.7 million in 25/26. Thereafter debt levels are projected to reduce to \$6.7 million by the end of 2031.

21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
\$15.8 m	\$22.3 m	\$21.9 m	\$27.2 m	\$32.7 m	\$28.9 m	\$24.4 m	\$19.2 m	\$12.8 m	\$6.7 m

To ensure that our debt remains within affordable levels, we have set the following limits:

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

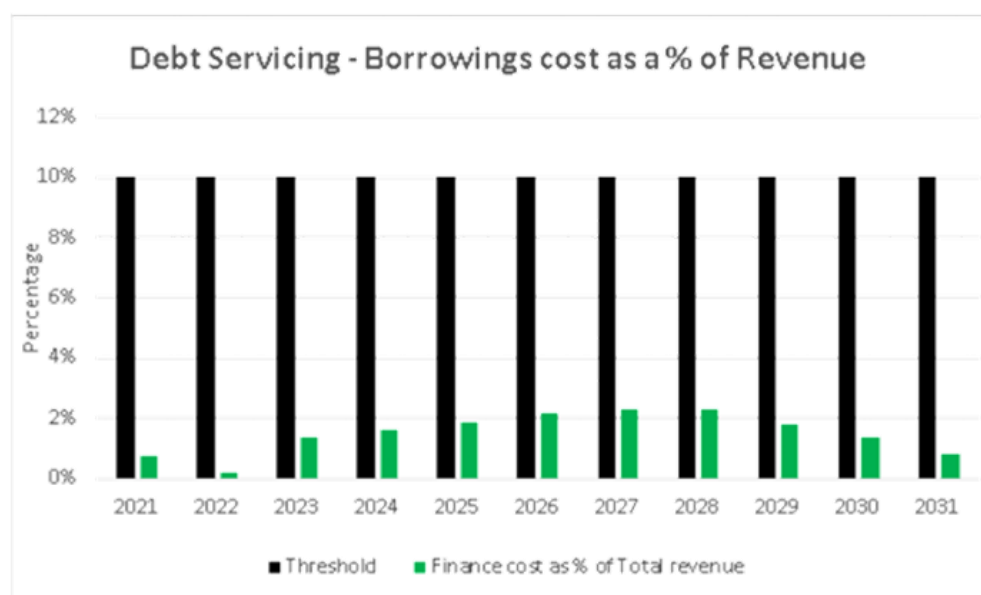
Council must not take on too much debt so has set a limit that the maximum debt on the balance sheet will not be greater than 175% of total revenue. Across the 10 years of this LTP debt is not expected to exceed 94% of total revenue. This provides Council with capacity to increase debt should this become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

*Our Financial Strategy 2021-2031*

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**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.



## Our Financial Strategy 2021-2031

### 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 Term investments will remain stable at \$17.143m 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:



*Our Financial Strategy 2021-2031*

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

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During this Long-Term Plan, Council 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**

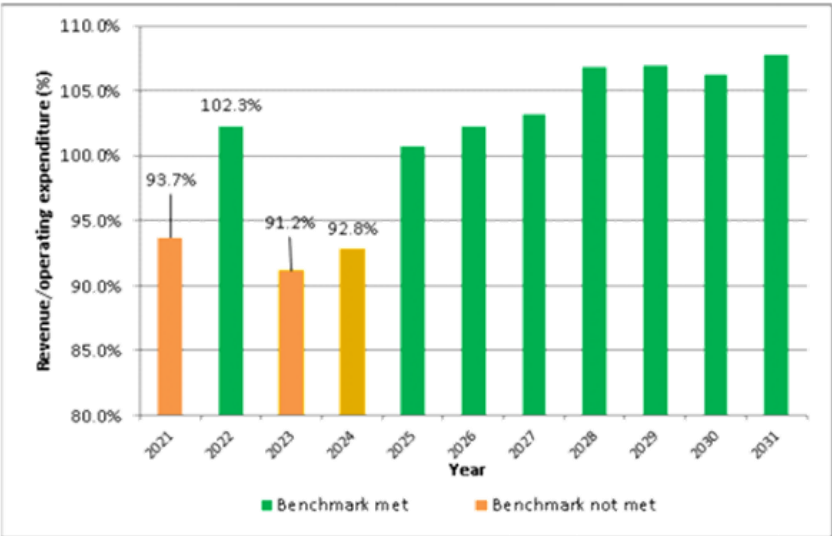
The overall objective is to own property that is necessary to achieve Council's strategic plan objectives. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the 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.

Our Financial Strategy 2021-2031

5.8    **Balanced Budget**

**We’re working towards balancing our budget.**

We are going to utilise debt to fund renewals in the short term rather than increasing rates any further as it would be unaffordable for our community. To manage this, we are proposing to use operating deficits in years two and three, before returning to a balanced budget from 2024/25. While we believe that this is financially prudent in the short term, it is important that we return to a balanced budget.



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.

*Our Financial Strategy 2021-2031***What does this graph show?**

Simply put, we are running a balanced budget if we are bringing in at least the same amount 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.

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**Mackenzie**  
DISTRICT COUNCIL

# Revenue and Financing Policy

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**August 2021**

# Revenue and Financing Policy

## REVISION HISTORY

<b>Status:</b>	Draft
<b>Policy Owner:</b>	GM Corporate Services
<b>Approved by:</b>	Acting Chief Executive Officer
<b>Date:</b>	August 2021



*Revenue and Financing Policy***REVENUE AND FINANCING POLICY**

<b>Purpose</b>	The Local Government Act 2002 (LGA) requires the Council to adopt a range of policies in order to provide predictability and certainty about sources and levels of funding. These policies include a revenue and financing policy, which includes consideration of the principles in this policy. When making funding policy the Council must work through the process and matters set out in section 101(3) of the LGA and have regard to the section 101(1) obligation to act prudently and in the interests of the community.
<b>Key Points</b>	The Policy outlines the revenue and funding sources available to Council and details how and when the Council will use these sources. This gives the community some certainty as to how Council activities will be funded.
<b>Date of Issue</b>	August 2021
<b>File Retention</b>	Mackenzie District Council Laserfiche – Policies section
<b>Review</b>	Every three years at the anniversary date

**1. Introduction and Purpose**

The Revenue and Financing Policy (RFP) outlines the Council's policies on funding sources to be used to fund the operational and capital expenditure of Council's activities and the rationale for their use.

The policy is required by Section 102 and 103 of the Local Government Act 2002 (the Act). The full policy must be included in the Long-Term Plan (LTP). Where a change to the policy is made outside of the LTP process, only a significant amendment is required to be audited.

Section 103(2) of the Act allows the following mechanisms to be used for funding the operating or capital expenditure of Council's activities:

1. general rates, including
  - a) choice of valuation system; and
  - b) ii) differential rating; and
  - c) iii) uniform annual general charges
2. targeted rates;
3. lump sum contributions
4. fees and charges:

*Revenue and Financing Policy*

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5. interest and dividends from investments:
6. borrowing
7. proceeds from asset sales:
8. development contributions:
9. financial contributions under the Resource Management Act 1991:
10. grants and subsidies:

In addition to identifying the sources of funding, the policy must outline why the Council has determined they should be used.

A two-step process is required under Section 101 (3) of the Act. Firstly, for each activity, the Council must consider the following matters:

- The community outcomes to which the activity primarily contributes
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- The period of time over which benefits occur (intergenerational equity). For example, the benefits of some activities will occur over the entire life of the asset. This will benefit not only existing generations but future generations who should also contribute towards paying for the cost.
- The extent to which actions or inactions of particular individuals or groups contribute to a need to undertake the activity. Also called the 'exacerbator pays' principle, this suggests that exacerbators should meet at least part of the cost of an activity.
- The costs and benefits from funding the activity distinctly from other activities. This particularly relates to transparency and accountability, but may also relate to factors like the financial scale of the activity (e.g. a small activity may not warrant separate funding due to the cost of establishing systems to support cost recovery).

Secondly, following consideration of these elements, the Council must consider the overall impact of this allocation of liability for revenue needs on the community. This may lead to some changes to the policy where there are particularly negative effects. These are noted under each individual activity.

**Major changes to previous Revenue and Financing Policy**

The following changes are proposed to the previous policy the Council – a rewrite of the policy has been undertaken since the last LTP. Significant changes are:

- Funding of District promotion and Tourism from a capital value targeted rate to a flat rate with a 10% contribution from General rates.
- Allowing borrowing for operating expenditure to smooth lumpy costs for the ratepayers e.g., District Plan review

## Revenue and Financing Policy

- Introducing percentage ranges for various funding sources for the various activities



The Council reviews the RFP every three years, in line with its preparation of the LTP. Changes to the RFP can be made between reviews but must go through the appropriate consultation processes. The Act requires the Council to produce a Funding Impact Statement (FIS) annually that illustrates how the RFP is being implemented, provides details on the funding mechanisms to be used and how these rates will be applied. The policy covers all of the Council's activities.

## 2. Funding Principles

The Council provides a wide range of activities to district residents, ratepayers and visitors. Council aims to provide a fair and equitable rating system for all ratepayers. A mixture of rating and other funding mechanisms are used to achieve this.

Some constraints exist, such as the ability of Council to only receive 30% of Council revenue from rates set on a uniform basis. This requires Council to use other mechanisms, such as rates set on the capital value of properties. Rates provide the budgeted net funding requirements of the Council work programmes through the LTP.

Rates are set on each rating unit under the provisions of the Local Government (Rating) Act 2002. The following principles will help guide the assessment and design of the Council's funding approach:

- **Benefits** – those who benefit from a Council service or facility should pay for the service, where equitable and administratively efficient. This involves selecting funding sources that are appropriate to the distribution of benefits;
- **Exacerbators** – those who contribute to the need for a Council facility or service should contribute to the cost of that facility or service;
- **Equity and fairness** – Council will seek to ensure the most equitable and fair funding approach;
- **Affordability** – Council will consider the impact of funding mechanisms on people's ability to pay and seek to ensure that Council facilities, services and rates remain affordable;
- **Intergenerational equity** - each generation of ratepayers should contribute towards the services they receive;
- **Minimise effects of change** - where reviews result in significant funding changes, transitional approaches will be used where possible to ease the financial impact;
- **Legal compliance** – the policy will comply with legal requirements under the Local Government Act 2002 and Local Government (Rating) Act 2002 User charges are preferred when a private benefit can be identified, and it is efficient to collect the revenue;
- **Other funding sources** : Subsidies, grants and other income options are fully explored prior to rates being used as a funding mechanism;

### *Revenue and Financing Policy*

The application of these principles requires Council to apply judgement and to balance often competing principles. The most equitable solution will be sought for funding each activity using these and the Section 101 analysis required for each activity under the Local Government Act.

Three main types of rates are used:

- General Rates, which are capital value based rates and can be adjusted through differentials. The Council is able to rate properties based on capital. Mackenzie District Council uses the capital value system.
- Uniform Annual General Charge (UAGC).
- Targeted Rates.

Complying with these principles can at times be challenging. The Council must apply judgment in assessing many options to determine appropriateness in its development of budgets or acquisition of assets and the choice of funding sources to implement these.

The Council has also been guided by the following:

- Costs for each activity are collected unless the Council believes to do so would not be fair or not be in the interest of residents and ratepayers or was in conflict with Council policy. As an elected representative body, the Council has the responsibility to make the final decision.
- Given there are four distinct communities of interest in the Mackenzie rates for township and rural activities are targeted geographically into four works and service rates.
- The Council has assessed long-term sustainable needs in relation to roading, and this activity is funded through a district wide targeted rate offset by the subsidies received from Waka Kotahi.
- The use of a uniform annual general charge for general rate and fixed amounts for targeted rates (including works and services rates) is based upon a judgment on how regressive or progressive the incidence of rates should be.
- Water, stormwater and wastewater are provided directly to rating units in defined areas of benefit and are funded through targeted rates for each activity. The charges are further differentiated into treatment and infrastructure costs to target those rating units receiving the service and those rating units capable of receiving the service. Apart from extraordinary usage the services are provided equally to each property (defined as a separately used and inhabited part of a rating unit) making a fixed amount charge most appropriate.
- The use of the general rate is reserved for activities of a district wide nature or for activities where the Council has judged that the service is better funded by way of a form of local taxation rather than a type of targeted rating.
- In some certain instances ratepayer sector groups may fund more of the costs of an activity that they may directly benefit from. Council has taken into account the overall impact of any allocation of liability for revenue needs on the community in its considerations.
- In general, operating expenditure is for the current year and will be funded over the current year. In some exceptional cases reserve funding may be used to ease and spread rate burden.



*Revenue and Financing Policy*

- All capital expenditure is funded from capital reserves. These capital reserves are built up from funded depreciation, capital subsidies and financial contributions with any shortfalls in funding capital expenditure being treated as internal loans. Where there are insufficient internal funds extremal borrowings will be used.

### 3. Funding Sources Available

Council has a range of funding sources available which are often suited to a particular type of funding requirement. While rates are often the most appropriate source of funding for a particular requirement, Council's preference is to use other sources of funding, if appropriate.

#### 3.1 Non-rate revenue sources

##### **Grants, sponsorship, and subsidies**

Council expects to continue to receive substantial subsidies from Waka Kotahi for road maintenance and renewal and other expenditure related to transportation. Council can receive grants and sponsorship for projects which are eligible for particular grant or sponsorship schemes.

##### **Investment income, dividends, and interest**

Interest earned on special funds and separate reserves is used only for the purpose of the fund or reserve.

##### **Development contributions**

The Council does not have a policy of imposing development contributions under Section 198 of the Local Government Act 2002. However, over the next three years the Council aims to develop a policy. The community will be consulted as this policy is developed.

##### **Financial contributions**

Council collects financial contributions under the Resource Management Act 1991. The purpose of these contributions is outlined in the Mackenzie District Plan. Contributions are not used to fund operating costs. Council's approach is to deposit receipts into a relevant reserve fund and to draw funds from that account for specific projects that meet the purpose for which the funds were collected.

##### **Proceeds from asset sales**

Council may sell assets that are deemed to be surplus to requirements or that are not providing satisfactory returns. Proceeds may be invested, used to fund capital expenditure or operating expenditure associated with the activity which held the original asset. Proceeds can only be used to fund capital or operating expenditure of another activity with express approval of Council.

##### **Reserve Funds**

Council maintains various reserve funds for capital projects and will approve the use of them when a project meets the specific criteria of the reserve. These reserve funds may include bequests and depreciation or asset renewal reserves. Council usually funds capital expenditure from capital reserves.

## Revenue and Financing Policy

These capital reserves are built up from funded depreciation and any shortfalls in funding capital expenditure are treated as internal loans.

### User charges

Council charges for some services it provides and this revenue funds all or part of the costs of service delivery for these activities. Examples include consent fees, dog registration fees and some administrative services. Some activities show a range of fees and charges. Council will aim to maximise fees and charges where possible to ensure a fair system, however demand and market affordability will also be considered when determining the appropriate fee level.

### Bequests

Council occasionally receives bequests that can be used, normally for a specified purpose.

### Borrowing

Council may borrow to fund capital expenditure as a way of promoting intergenerational equity and as a way to make the significant cost of some capital projects affordable. Borrowing may be internal (Council borrowing from itself) or external. Council has approved borrowing for operating expenditure projects in order to smooth lumpy operational expenditure for ratepayers.

### Lump sum contribution

Council has the option when undertaking a major project to seek lump sum contributions to the capital cost of the project from those who benefit. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have stringent requirements placed on how they are used. Where a lump sum payment option is proposed ratepayers can choose to participate or not. Council has previously used these provisions and may do so in the future. Except in respect of Eversley reserve sewerage rate Council does not accept lump sum contributions for any targeted rates.

## 3.2 Rating Framework

There are a variety of approaches which may be used to apply rates. Council applies the following:

### Valuation system

When applying rates based on property value, councils can rate according to land value, capital value or annual value. Council uses the capital value rating system.

Council believes that capital value rating best reflects a property owner's stake in the district and is fairer for property owners whose property value is comprised mostly of the value of the land.

### Unit of rating - separately used or inhabited parts of a rating unit

Under the Local Government (Rating) Act 2002 charging separately used or inhabited parts of a rating unit is an option for a uniform annual general charge and for targeted rates.

A separately used or inhabited part of a property or building includes any part of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license, or other agreement. Any part or parts of a rating unit that is/are used or occupied by the ratepayer for more than one single use.



## *Revenue and Financing Policy*

### **Rates**

Having been prudent and appropriately exhausting all other funding sources Council funds its remaining operating expenses from rates. For many activities this is the main funding source.

Council must determine whether the portion of activity to be funded from rates is to be funded from the general rate or a targeted rate.

In doing this while considering all the matters of section 101(3) Council places emphasis on the “area of benefit”. By this Council means that it reviewed each activity and determined where the benefits from the provision of the service is received and chooses a rating option that most closely charges that group.

### **General rates**

A general rate is set based on a rate per dollar of rateable capital value and differentiated on the use to which the land is put. This is set on all rateable land in the Mackenzie District. It is used to fund those services where there is a community benefit across the whole district and where a fixed charge per Rating Unit is not considered appropriate. The objective of differential rating is to ensure a fair and equitable proportion of rates are paid by the various differential categories. District properties have been revalued with shifts in the overall value of property categories. As a result, this will affect how much each property category will pay overall towards the general rate. The Council believes that the existing proportions represent a fair split of the overall payment of the General Rate.

### **Differentials**

Council's main differential is the one set for the three main hydro dams owned by Genesis Energy Limited and Meridian Energy Limited and is based on land use and location which is described in detail in the Funding Impact Statement in the LTP. The only other differentials relate to funding of the Council's tourism and economic development activities.

### **Uniform Annual General Charge**

A Uniform Annual General Charge (UAGC) is a fixed charge set per rating unit in the District. The charge enables all ratepayers to make a minimum contribution to the Council's costs, and ensures that higher value properties do not carry a disproportionate amount. This rate also applies to fund those services where community benefits apply across the district. The Council has increased the UAGC compared to prior years for equitability purposes.

### **Targeted Rates**

The Council applies Targeted Rates to a number of services where the benefits are clearly received by a particular community or group of ratepayers. These apply to properties who receive certain services or are located in specific areas.

*Revenue and Financing Policy***4. Funding Operating Expenditure**

Operating expenditure is the day-to-day costs Council incurs to provide services including the maintenance of existing assets.

In general, the funding hierarchy for operating costs is:

1. User charges;
2. Grants, sponsorship, subsidies and other income;
3. Reserve funds;
4. Targeted rates;
5. General Rates.
6. External borrowing. Council has approved borrowing for operating expenditure projects in order to smooth lumpy operational expenditure for ratepayers.

Council's ability to impose user charges is limited by the powers conferred to it by statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service or as per statute. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. Waste Minimization Act 2008). Council may set fees at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges in the determination of the cost of providing a service.

Council may choose to not fully fund operating expenditure in any activity in any particular year if the deficit can be funded from operating surpluses in the immediately preceding, or subsequent years. An operating deficit will only be budgeted when considered prudent to avoid significant fluctuations in rates, fees, or charges. Council will need to consider the requirements of s.100 (Balanced budget requirement) of the Local Government Act 2002.

Where Council is charging for the sale of goods or services not required by statute Council's preference is to charge a market price having regard to the powers conferred by section 12. This includes leases rents and licenses for land and buildings.

Actual fees and charges may be set by council at any time and are reviewed by Council annually. A list of regular fees and charges is maintained on Council's website.

User charges revenue is allocated to the activity which generates the revenue.

*Revenue and Financing Policy***5. Funding Capital Expenditure****9**

Capital expenditure is the costs Council incurs to provide new assets or the portion of replacement assets that increases the level of service or provides additional capacity to cater for growth in demand for that asset.

In general, the funding hierarchy for capital costs is:

1. User charges;
2. Grants, sponsorship, subsidies and other income;
3. Investment income;
4. Financial contributions;
5. Reserve funds;
6. Proceeds from the sale of assets and lump sum contributions;
7. Internal and External Borrowing;
8. Rates

Council uses the following guidelines when considering funding of capital projects:

- All projects are first funded from grants subsidy or other income.
- Renewal projects that maintain service levels are then funded from reserves set aside for this purpose.
- Lump sum rating options are considered
- Capital projects that have exhausted previous funding sources or are, for new increased service levels, or, for growth in non-network infrastructure, are then funded from borrowing

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity. Whenever Council resolves to consider a separate funding policy it will consider the sources of funds above, the Revenue and Financing Policy and complete a section 101(3) assessment to determine appropriate funding policy of the project. Generally, Council will resolve the funding policy at the time the project is proposed in an Annual Plan or Long-Term Plan.

*Revenue and Financing Policy***6. Funding Depreciation**

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Depreciation is the process of recognising that an asset is progressively used up over its useful life. By funding the cost of depreciation Council is able to provide funding to replace assets at the end of their useful life, or reduce the amount borrowed against the assets. Depreciation is funded within each activity from part of the operating revenue each year.

In general, Council will fully fund depreciation unless this is not considered to be in the best interests of the community, in which case it will decide on the appropriate level of depreciation to be funded (which may include not funding any depreciation). If Council decides to not fully fund depreciation of an asset it will provide the community with information on why it has decided not to fully fund depreciation and the likely impact of this decision.

**7. Overall Funding Consideration**

Council is required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows Council, as a final measure, to modify the overall mix of funding and response to these considerations.

Council is required to adjust the total amount collected from the 'uniform annual general charge' portion of the general rate to be within the 30% rule. If the sum of the activities to be funded from the uniform annual general charge is more than the 30% cap Council will adjust the rate down to the cap and the balance will be funded from the general rate.

Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.

Council may waive or discount fees and charges where it considers it appropriate to do so as allowed for in the Delegation Manual. Some matters Council may consider when deciding whether it is appropriate to waive fees are:

- a) for social reasons
- b) for the promotion of events and facilities
- c) for commercial reasons
- d) due to poor or interrupted service provision

## Revenue and Financing Policy

## 8. Activity Summary

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A summary of all Council activities under this Revenue and Financing Policy is shown in the table below.

OPERATING	User Charges	Grants Subsidies & Others	Investment Income	Financial Contributions/ Development Contributions	Reserve Funds	Borrowing	Targeted Rates	General Rates
Governance								
3 waters								
Transportation								
Regulatory Services								
Parks and Open Spaces								
Tourism & Economic Development								
Commercial Activities								
Emergency Management								
Waste Management and Minimisation								
CAPITAL	User Charges	Grants Subsidies & Others	Investment Income	Financial Contributions / Development Contributions	Reserve Funds	Borrowing	Targeted Rates	General Rates
Governance								
3 waters								
Transportation								
Regulatory Services								
Parks and Open spaces								
Tourism & Economic Development and Commercial activities								
Emergency Management								
Waste Management and Minimisation								



## Revenue and Financing Policy

## 9. Activity Analysis Tables

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The following tables summarise each activity area and outline the relevant funding sources.

Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
<b>Governance and Decision Making – Democracy (Council - General)</b>	Council meetings, decision-making, research, monitoring, and community engagement provides the community with the opportunity to participate in Council's decision-making processes.	Council contributes to all the community outcomes: A democracy which upholds the rights of the individual.	Benefits from the activity are for the community generally as the leadership, strategic direction and decision making for all residents of the district. Vehicle for making decisions affecting the whole district.	Ongoing benefits to the community	Living in a democratic society contributes to the need for this activity.	Benefits from this activity occur districtwide and there is no benefit perceived from separate funding.	<b>Operating</b> 85-95% General rates 5-15 % User charges, subsidies and grants Nil Capital
<b>Governance - Community Boards</b>	Council has 3 community boards being Fairlie, Tekapo and Twizel. Community Boards provide a co-ordinated voice that represents the community's interests in Council decision-making.	Council contributes to all the community outcomes: A democracy which upholds the rights of the individual environment	Governance benefits from the activity are for the specific community. Vehicle for making decisions affecting the whole district.	The activity provides ongoing benefits to the community.	Living in a democratic society contributes to the need for this activity.	Areas that have a community board benefit so separate funding through a targeted rate is considered appropriate.	<b>Operating</b> 100% targeted rates Nil Capital
<b>Potable Water supplies</b>	Council provides community water supplies in the townships of Twizel, Tekapo, Fairlie, and Burkes Pass, a small stand-alone water supply at Pukaki Airport, and rural schemes at Allandale, Kimbell and Albury. The Council manages the four urban schemes, the	All community outcomes supported.	There are significant direct benefits to consumers connected to a Council piped water scheme including access to potable drinking water for domestic, business, industrial and stockwater uses. Provision of water supplies provides	Immediate and ongoing benefits to users. Intergenerational benefits to the community.	High users can place extra burden on the supply necessitating greater storage capacity etc. Such users should pay for their supply on a volumetric basis. Vacant sections and unconnected rating units benefit from the provision of	The benefits of this activity are primarily private therefore separate funding through a targeted rate is considered appropriate. Non-residential and extra-ordinary residential connections are considered 'high users' therefore are	<b>Operating</b> Targeted rates 90-95% 5-10% Water meter charges Compliance is not achieved in the first year due to subsidies and grants (28%) <b>Capital</b>



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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
	Pukaki Airport supply, and the rural scheme at Allandale. There are two public stock water race systems in the District called Ashwick Opuha and School Road.		public benefits including community access to potable water, maintenance of public health and availability of water for key public services and amenities (e.g. firefighting, swimming pools).		firefighting capacity and should be charged an availability charge.	charged for any excess of their allocation.	Subsidies and grants  Reserves Financial Contributions Borrowings
<b>Wastewater</b>	Council provides wastewater schemes in the townships of Fairlie, Burkes Pass, Tekapo and Twizel. In each case, effluent is collected and treated by way of an oxidation pond system and then discharged to ground.	All community outcomes supported.	A Wastewater system is essential infrastructure and provides public benefits, such as the maintenance of public health standards, economic development and environmental protection. All properties, both domestic and industrial can be readily identified and directly benefit	Immediate and ongoing benefits to users. Intergenerational benefits to the community through maintaining and developing sewer infrastructure.	The community benefits widely from having a wastewater system available. Additional costs may be caused through overloading of systems, disposal of hazardous material and illegal connections.	Benefits of this activity are predominantly private, so appropriate to fund the activity through a targeted rate and fees and charges.	<b>Operating</b> 95-99% Targeted rates 1-5% User Fees Compliance is not achieved in year 1 due to Subsidies and grants from central government <b>Capital</b> Subsidies and grants Financial Contributions Reserves Borrowings

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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
<b>Stormwater</b>	Council manages stormwater networks in Fairlie, Tekapo and Twizel. Each of these schemes are subject to resource consent conditions imposed by Environment Canterbury Regional Council. Our networks discharge to ground or to water after flowing through some form of treatment facility such as a swale or larger vegetated treatment area.	All community outcomes supported.	Private benefits accrue to property owners connected to a scheme via safe and efficient management of stormwater away from their properties. The wider community benefits from protection from flooding and environmental protection from contaminants entering the waterways, including rivers and beaches.	Immediate and ongoing benefits to users.	The community benefits widely from having a stormwater treatment and management system available.	The major benefits of Stormwater are experienced specific to location therefore separate funding through a targeted rate is considered appropriate. As some of the benefits of this activity occur districtwide, a portion of funding through general rates may be considered appropriate.	<b>Operating</b> 100% Targeted rates Subsidies and grants in the first year due to central government funding for 3 waters projects <b>Capital</b> Subsidies and grants Financial Contributions Reserves Borrowings
<b>Roading</b>	Council provides and maintains the district's road network and associated infrastructure (excluding the state highways).	<ul style="list-style-type: none"> <li>A thriving economy</li> <li>A fit and healthy community</li> <li>Safe, efficient and sustainable infrastructure</li> </ul>	Private benefits accrue to individuals, groups and businesses using the roading and footpaths network to carry out their day-to-day business and activities. All benefit from a roading network that connects them to the wider district and enables goods and services to be delivered	Immediate and ongoing benefits to users.	Residents and those travelling through the district, create a need for a reliable roading network.	Benefits are primarily district-wide therefore applying separate funding to different ratepayer groups, or charging visitors to the district, is not appropriate.	<b>Operating</b> 15- 35% User charges, Subsidies, and grants 65%– 85 % Targeted Rates <b>Capital</b> Financial Contributions  Reserves  Subsidies and grants Borrowings
<b>Regulatory – Health and Liquor Guidelines</b>	Council manages the sale and supply of alcohol and gambling licensing by way of processing applications, monitoring	<ul style="list-style-type: none"> <li>A thriving economy</li> <li>A fit and healthy community</li> </ul>	Specific benefits to the users of this activity, who apply for a license to sell alcohol. Public good	Ongoing	Driven by statutory obligations and applicants who generate the need for licenses to be	Council attempts to recover the private good aspect of this activity through fees and charges.	<b>Operating</b> 75%-80% User charges, subsidies, and grants

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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
	and enforcement requirements.		by having rules and policies in place that protect the public.		processed. Need to recover bulk of costs from exacerbators.		20-25% General Rates
<b>Regulatory – Animal Control</b>	Council provides dog and stock control services to ensure the community is not endangered by uncontrolled dogs or stock.	<ul style="list-style-type: none"> <li>An attractive and highly valued natural environment</li> <li>A thriving economy</li> <li>A fit and healthy community</li> </ul>	Benefits from the animal control service accrue mainly to animal owners for lost or stray animals. The community generally benefits through the enforcement of regulations against aggressive and straying animals.	Ongoing.	Actions or inactions of the owners of animals	Council attempts to recover the private good aspect of this activity through fees and charges. A small amount is funded through the general rate to reflect those costs that are a public good.	<b>Operating</b> 80-99% User charges, subsidies and grants 1-20% General Rates <b>Capital</b> Reserves Borrowing Subsidies
<b>Regulatory – Building Control</b>	Council is an accredited building control authority, responsible for enforcing the requirements of the Building Act 2004 and NZ Building Code to ensure all buildings are structurally sound and safe for occupancy.	All community outcomes supported.	Benefits users through compliance with legislation. Maintaining safe and sanitary buildings. Enforcement of regulations that ensure safe, sanitary and accessible buildings.	Ongoing	The community create a need through requiring safety and health protection of buildings over time. There is a strong private benefit evident in individuals or organisations requiring building consents.	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate. Costs associated with accreditation and general advice that have a public good aspect are funded from general rates.	<b>Operating</b> 70-90% User charges, subsidies and grants 10-30% General Rates In year 1 of the LTP Council is internally borrowing to fund significant compliance costs to ensure increases are not lumpy. Council has approved this change.
<b>District Planning</b>	Council plans for the future growth of the district and aims to control the actual and potential adverse effects of land use. Council maintains records of all	All community outcomes supported.	Benefits accrue to users as there are direct economic benefit received by the applicants (e.g. developers). Community	Ongoing	There is a strong private good aspect in that individuals create a direct need for District Planning and Land Information services. There is also	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate	<b>Operating</b> 100% general rate Borrowings are being used to fund the District Plan review and spread

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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
	properties in the district. Information on any property is available to the public through a Land Information Memorandum (LIM).		benefits through protection from adverse environmental, social and cultural impacts, control over inappropriate development that is not in compliance with the District Plan.		a public good aspect in that the monitoring and review of the District Plan is required.	funding is appropriate	the costs to the ratepayers.
<b>Resource Consent Planning</b>	Council plans for the future growth of the district and aims to control the actual and potential adverse effects of land use. These activities are carried out primarily through the District Plan. The policy and development activity includes the District Plan and advocacy.	All community outcomes supported.	Wider community benefit provided through the environmental protection provided by the District Planning activity. Applicants are required to comply with District Plan regulations so there is general community benefit that developments are appropriately consented under the RMA	Ongoing	All ratepayers create the need for this activity	This activity is funded separately to the District Planning activity as there is a strong public good aspect to policy and development function. It is appropriate to charge users of the service and ratepayers given this community-wide benefit	<b>Operating</b> 30-35% User charges, subsidies and grants 65-70% General Rates
<b>Responsible camping</b>	Managing the impacts of responsible camping such as refuse collection, environmental clean-ups and enforcement.	All community outcomes supported	Wider community will benefit from environmental clean-ups and economic development from tourism	Ongoing	Tourists who visit the district create the refuse and environmental pollutants.	Fines are collected from enforcement as a separate funding mechanism	<b>Operating</b> External grant 90-100% General Rates 0-10%
<b>Civil Defence</b>	Council undertakes contingency planning and readiness for natural disasters and provides	All community outcomes supported.	The entire community benefits from having appropriate planning	A natural disaster could occur at any time in the future, and the Council has a	This activity is required under the Civil Defence and Emergency	As the benefits are entirely for the public good, it is not	<b>Operating</b> 100% General Rates <b>Capital</b>

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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
	emergency response and recovery services in the event of a natural disaster.		and resources in place to deal with natural disasters and civil emergencies.	statutory obligation to provide Emergency Management services	Management Act 2002. The whole community could be affected by a natural disaster, and there is a need to ensure the effects are managed.	appropriate to apply separate charges.	Reserves  Borrowings
<b>Community and Township Services – Waste Management</b>	Council has a contract for delivery of the solid waste services, including kerbside collections and the operation of the Resource Recovery Parks.	All community outcomes supported.	Users of the transfer station and the Council's kerbside waste and recycling service directly benefit. The whole community benefits from the safe and efficient disposal of solid waste.	Immediate and ongoing benefits to users, intergenerational benefits to the community through protection of the environment from adverse impacts.	Individuals using this service create a need through the requirement to manage solid waste. The entire community create a need through requiring protection of the environment from adverse impacts.	It is appropriate to recover the private benefit through applying separate user charges and targeted rates and the public benefit from general rates.	<b>Operating</b> 10-20% User charges, subsidies and grants 20-25% General Rates 60-65% Targeted Rates <b>Capital</b> Reserves Borrowings
<b>Community and Township Services – Pensioner Housing</b>	Council has ten pensioner units: seven in Fairlie and three in Twizel and maintains the buildings and grounds, selects tenants, reviews tenancy agreements and rentals, and monitors long term demand for housing and maintenance.	All community outcomes supported.	Community housing benefits occupants of the housing units, usually older adults, who are often the most vulnerable and in need within our community.	Immediate to ongoing.	Not applicable	User charges for the cost of pensioner housing, however, Council has agreed not to charge more than one third of the amount tenants received from national superannuation so a general rate component is also included.	<b>Operating</b> 90 to 95% user charges, subsidies, and grants 5 to 10% General Rates <b>Capital</b> Reserves Borrowings
<b>Community and Township Services – Public Toilets</b>	Council operates public convenience facilities to allow for the health and safety of the community and to protect the environment.	All community outcomes supported.	The whole community benefits from the availability of hygienic and well-maintained public conveniences.	The benefits are ongoing.	All ratepayers create a need through having access to public conveniences. Businesses within proximity of	District wide funding is appropriate as both businesses and the community as a whole experience benefits.	<b>Operating</b> 5-10% User charges, subsidies, and grants 90-95% General Rates <b>Capital</b>



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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
					conveniences receive an additional benefit.		Subsidies and grants Reserves Borrowings
<b>Community and Township Services Community Centres, Swimming Pools</b>	Council provides 2 swimming pools, the Twizel Events Centre, Mackenzie Community Centre and the Tekapo Community Hall. All of these facilities are available for public hire. The rural community halls at Sherwood and Albury are managed by local committees with rates, insurance and electricity paid by the Council and funded through local rates.	All community outcomes supported.	Direct benefits for individuals and groups who choose to use the facilities for functions and events. Wider community benefits from use of the facilities for public events or gatherings.	Immediate and ongoing benefits to users. Intergenerational benefits to the community through maintaining and developing these facilities.	The Council undertakes the activity to allow Mackenzie District residents to enjoy access to a wide range of cultural and social activities.	It is appropriate to apply a number of targeted rates based on the proximity to public halls and community centres as it is these ratepayers who benefit above others.	<b>Operating</b> 15% to 21% User charges, subsidies, and grants 79-85% Targeted Rates <b>Capital</b> Reserves Borrowings
<b>Community and Township Services – Reserves</b>	The Council maintains and owns a host of reserves (urban and rural), domains, parks and walkways throughout the district. Some reserves are leased for grazing purposes while others provide open spaces for recreation, beautification, the enjoyment of visitors and residents and civic pride.	All community outcomes supported.	Users of the parks and reserves directly benefit from the service while the entire community benefits from the availability of parks and reserves to create a pleasant environment in which to live and work. Parks and reserves create opportunities for recreational activities.	Immediate and ongoing benefits to users.	This activity is required under the Reserves Act 1977. A number of user groups and individuals can be seen as having a particular interest in the activity.	A user pays system is not feasible for general users. However, some costs are recovered by lease income and financial contributions with the balance coming from targeted and general rates	<b>Operating</b> 80-90% User charges, subsidies and grants 10—20% Targeted Rates <b>Capital</b> Reserves Borrowings
<b>Community and Township</b>	Cemeteries are important for Council to ensure a	All community outcomes supported.	The estate and family of deceased person's	The benefits of the historical and public	All ratepayers create a need for cemeteries	To enable charges to be correctly	<b>Operating</b>



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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
<b>Services – Cemeteries</b>	safe and healthy community, and to preserve the social history of the district. Council currently operates cemeteries in Albury, Fairlie, Burkes Pass, Tekapo and Twizel. All cemetery services are provided under contract through a single Township Maintenance Contract		benefit. However, the entire community benefits from respect for, and provision for the historical significance of those who have passed away.	health value of cemeteries are ongoing,	through requiring cemetery services and open spaces. There is a strong private benefit which Council attempts to recover through fees and charges.	apportioned separate funding is maintained.	25-50% User charges, subsidies and grants 50-75% General Rates  <b>Capital</b> Reserves Borrowings
<b>Community and Township Services – Medical Facilities</b>	Council owns and maintains the medical centre in Fairlie. Council provided financial support to the recent development of the Twizel Medical Centre, which was built and is operated by the High-Country Medical Trust.	All community outcomes supported.	The wider community benefit through the provision of medical facilities.	Ongoing	Need created by the whole community	To enable charges to be correctly apportioned separate funding is maintained.	<b>Operating</b> 25- 30 % User charges, subsidies and grants 70-75% General rates  <b>Capital</b> Reserves Borrowings
<b>Property and Commercial – Property (Real Estate)</b>	Council holds commercial property as part of its investment portfolio.	All community outcomes supported	The community, as a whole, benefits from the commercial returns received by Council	Immediate and ongoing	All ratepayers create a need for this activity through the offset provided to rates.	This activity is self-funding and for transparency and accountability purposes separate funding is appropriate.	<b>Operating</b> 100% Investment Income  <b>Capital</b> Reserves Borrowings
<b>Tourism and Economic Development</b>	Council provides funding for business and economic development, and visitor management in the district.	All community outcomes supported	Benefits from economic development and district promotions accrue to individual	Immediate and ongoing for users. Some benefits may be longer term to the community.	Individual businesses benefit from having this support available as well as the whole community.	To enable charges to be correctly apportioned separate funding is maintained.	<b>Operating</b> 0-10% General Rates 90-100 % Targeted Rates <b>Capital</b> Reserves

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Activity	Description	Community Outcomes Supported	Who benefits	Period of benefits	Whose actions create a need for the activity	Costs and benefits of separate funding	Funding sources
			businesses, and the district as a whole,				Borrowings
<b>Property and Commercial – Forestry</b>	Council has forestry investments as part of its investment portfolio.	All community outcomes supported	Benefits from forestry accrue to the public through the generation of income to fund Council activities and storage of carbon to reduce the impact of climate change and meet obligations under climate change agreements.	Long term through generation of income for other Council activities	There are no specific contributors to the need for this activity	This activity is self-funding	<b>Operating</b> 100% investment income
<b>Property and Commercial – Leases and Rentals</b>	Council is the owner of commercial properties as a long-term investment	All community outcomes supported	The community as a whole benefit from the commercial returns received by Council	Immediate and ongoing	All ratepayers create a need for this activity through the offset provided to rates.	The activity is self funding	<b>Operating</b> 100% user charges  <b>Capital</b> Reserves Borrowings
<b>Property and Commercial – Pukaki Airport</b>	Council provides the airport at Pukaki Airport	All community outcomes supported	Benefits from the airport accrue mainly to users and visitors who travel or who operate, store and maintain personal aircraft. Community benefits exist in that this facility helps enhance and facilitate economic development for the district	Ongoing benefits to users, visitors and the wider community. Intergenerational benefits to the community through maintaining and developing a facility for air travel.	The community benefits widely from having airport services available	To enable charges to be correctly apportioned separate funding is maintained.	<b>Operating</b> 55-60% income (user charges & rentals) 40 to 45% investment income <b>Capital</b> Reserves Borrowings

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*Revenue and Financing Policy***10. Definitions**

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These definitions are intended to explain terms used in this policy in plain English. For legal definitions see the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Local Government Act 1974.

**Benefit:** refers to the positive effect able to be gained as a result of a Council-provided activity or service, regardless of whether this is taken up or not.

**Capital expenditure:** means expenditure on new assets or on assets that increase the level of service provided or extend the level of service - for example replacement of assets (cyclic renewals).

**Capital Value (CV):** means the assessed value of a property comprising of land plus improvements (if any) at the time of valuation.

**Community-wide benefit:** means a benefit that applies to the whole community, irrespective of property location or value.

**Council:** means Mackenzie District Council.

**Exacerbator:** those who contribute to the need for a Council facility or service should contribute to the cost of the facility or service.

**Existence benefit:** means a benefit that arises through the mere existence of certain facilities, even if the person who values them may never contemplate using them personally.

**General rate:** is a rate levied on all rateables properties within the local authority jurisdiction, based on:

- capital value of a property
- how the property is used
- whether the property's location is urban or rural.

**Intergenerational equity:** is the principle that the cost of an asset or service should be spread over its life, so that both current and future residents who benefit contribute a fair share of the costs, and not just current residents.

**Operating expenditure:** means the costs incurred to provide normal day-to-day services and the maintenance of services and assets.

**Private good:** means goods or services that directly benefit an individual rather than the community as a whole. Private goods are an indicator that users should pay.

**Property benefit:** is a benefit that accrues to a property or to property owners. This may be a service to a property or an activity that benefits property values. Council looks to fund property benefits through CV rates.

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**Public good:** means goods or services that one individual can consume without reducing the availability to another individual. Public goods are usually both non-rival and non-excludable. An example of a public good is a community park.

**User charges:** a Council charge of fees paid by those who use specific services provided by Council. An example is the fee payable for processing a resource consent application.

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## 11. Clarification and Breaches

### 11.1 Clarification

Clarification regarding this policy can be sought from the Mackenzie District Council General Manager Corporate Services.

### 11.2 Breaches

The Mackenzie District Council General Manager Corporate Services is responsible for monitoring compliance with this policy and requesting Council approval for any major deviation from the policy. A Council resolution will need to be approved for each deviation from the policy.

### 11.3 Exceptions

The Mackenzie District Council General Manager Corporate Services (being the policy owner) will need to request Council to authorise any deviations from this policy.



**Mackenzie**  
DISTRICT COUNCIL



# **Significance and Engagement Policy**



**March 2021**

# Significance and Engagement Policy

## REVISION HISTORY

<b>Status:</b>	DRAFT
<b>Sponsor:</b>	GM Corporate Services
<b>Approved by:</b>	Acting Chief Executive Officer
<b>Date:</b>	August 2021

*Significance and Engagement Policy – Draft***SIGNIFICANCE AND ENGAGEMENT POLICY**

<b>Purpose</b>	<p>The purpose of this Significance and Engagement Policy (Policy) is to:</p> <ul style="list-style-type: none"> <li>• enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.</li> <li>• provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters.</li> <li>• inform the Council from the beginning of a decision-making process about the extent of any public engagement that is expected before a particular decision is made, and the form and type of engagement required.</li> </ul>
<b>Key Points</b>	<p>The Council is required by the Local Government Act 2002 (LGA) to adopt a Policy, which must set out:</p> <ul style="list-style-type: none"> <li>• the Council's general approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters,</li> <li>• any criteria or procedures that are to be used by the Council in assessing the extent to which issues, proposals, assets, decisions, or activities are significant or may have significant consequences,</li> <li>• how the Council will respond to community preferences about engagement on decisions relating to specific issues, assets, or other matters, including the form of consultation that may be desirable,</li> <li>• how the Council will engage with communities on other matters.</li> </ul> <p>The Policy must list the assets considered by the Council to be strategic assets.</p>
<b>Date of Issue</b>	DRAFT
<b>File Retention</b>	Mackenzie District Council Laserfiche – Policies section
<b>Review</b>	Every five years at the anniversary date

**RELATED DOCUMENTS / WEBSITES**

Related Council policies and documents include:

- Delegations Manual
- MDC Bylaws
- Revenue and Financing Policy
- Financial Strategy

Relevant legislation and other resources include (but are not limited to):

- Local Government Act 2002 and the Local Government Act Amendment Act 2014

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- Local Government Official Information and Meetings Act 1987

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## 1. Application of the Policy

A significant number of decisions made by the Council will be made under legislation that sets out the consultation and decision-making procedures that are required. Examples include the Resource Management Act 1991, the Biosecurity Act 1993, the Civil Defence Emergency Management Act 2002, and the Land Transport Act 1998.

Even if a decision is clearly a significant one within the meaning of the Local Government Act (LGA), where the procedures for decision-making are set out in other legislation, those procedures will be used instead of those contained in this Policy.

There are also numerous administrative and personnel decisions that are entirely internal to the Council. This Policy will not apply to those processes and decisions.

## 2. General Approach to Determining Significance and Making Decisions

On every issue requiring a policy or strategy decision other than the matters outlined above in Section 1, above, the Council will consider the degree of significance of the issue and the corresponding level of engagement.

The significance of the issue and appropriate forms of engagement will be considered in the earliest possible stages of a proposal or process before decision-making occurs. If necessary, significance and engagement will be reviewed as the proposal develops and as community views, preferences and values become better known.

In making any decision, the Council will comply with sections 76 - 82 (inclusive) of the LGA, regardless of the degree of significance of the decision or issue. These sections prescribe procedural steps to be followed as may be applicable, and ensure that the Council:

- is clear about why it is making the decision and the issues involved,
- has considered and evaluated all reasonably practical options for achieving the objective for which the decision is being made,
- has information about the community's views on the issues and the options, and in particular, has an understanding of the views and preferences of those likely to be affected by the decision or those who have a particular interest in the matter,

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- invests an appropriate amount of time, money, and effort into researching and evaluating the issues and options, commensurate with the significance of the matter, including its importance to the community.



In making any decision, the Council will be satisfied that:

- it has sufficient information on the relevant issues and options,
- it knows enough about and has given adequate consideration to the views and preferences of affected and interested parties.

The significance of the issue or decision will determine how much time, money, and effort the Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties. In some instances, there may be particular requirements to learn about the implications of an issue or decision for Papatipu Rūnanga.

There may also be issues where there are diverse groups within the community with different interests, views, and preferences, where multiple processes will be appropriate to distinguish and recognise the range of positions.

The commitment to invest in exploring options and obtaining the views of communities and affected and interested parties does not mean that the Council will have to fully consult with the public for every decision it makes, nor does it bind the Council to the views of communities and interested or affected parties.

As well as the views of communities and affected and interested parties, there are a wide range of information sources, considerations and perspectives that will inform the Council's decisions, including the requirements of Government policy, technical matters, and the financial implications.

## **3. Criteria and Procedures for Assessing Significance**

### **3.1 Criteria**

In determining the degree of significance of proposals and decisions, the Council will be guided by the following criteria:

- a) Is the issue/project related to a strategic asset.
- b) The degree of impact on levels of service.
- c) The financial impact on the Council and residents-
  - the magnitude of the net costs of the proposal or decision to the Council,
  - the degree of impact on rates or debt,
  - the financial impact on missed opportunities, time delays, and/or cost of not making a decision.

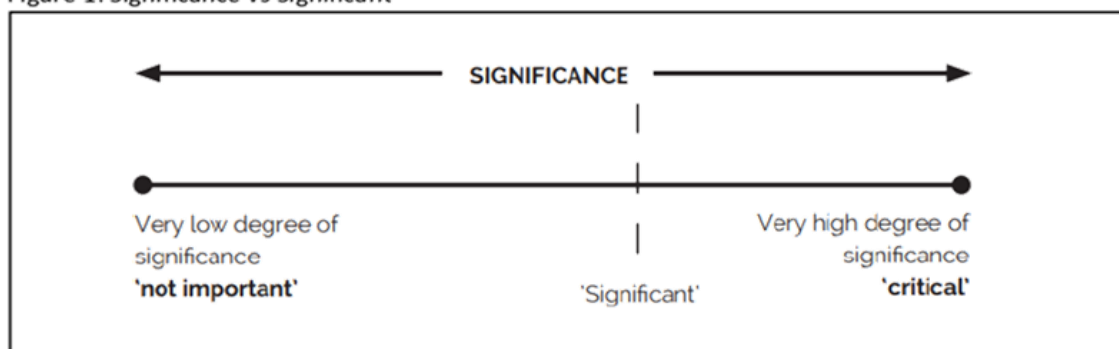


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- d) The level of community interest and impact-
- the level of community interest in the proposal, decision, or issue,
  - the impacts upon community members or groups,
  - the numbers of people or groups affected.
- e) Existing policy, plan, strategy or legislation-
- the extent to which a decision or action is consequential to, or promotes, a decision or action that has already been taken by the Council,
  - the potential effects on delivery of the Council's plans and strategies,
  - any inconsistencies with any existing policy, plan or legislation,
  - any impact on the Council's capacity to undertake its statutory responsibilities.
- f) The impact on Maori-
- are the values and interests of Ngāi Tahu whanau, hapū and rūnanga, as mana whenua for the region affected or impacted,
  - where proposals or decisions relate to land or a body of water, the implications for the relationships of Ngāi Tahu and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga.
  - As shown in Figure 1, significance is a continuum and significant is any matter beyond a point on the continuum defined by Council as being where there is a high degree of significance.

Figure 1: Significance vs Significant



The majority of the criteria are considered to fall on a continuum rather than being an absolute determination. A single criterion in isolation is not necessarily determinative of significance. Where the significance of a proposal or decision is unclear against any of the criterion, then Council will treat that criterion as being more rather than less significant.

The criteria are to be considered collectively to make the determination on significance. The application of the criteria is a matter of judgement for the Council.



*Significance and Engagement Policy – Draft***3.2 Procedures**

Every report to the Council will include a statement indicating that the issue of significance has been considered, which reflects an assessment of the significance of the issue, proposal or decision.

If an issue, proposal or decision is considered to be significant or likely to be significant, the relevant Executive Manager will include a section in their report to Council which will:

- identify how the decision sought fits this Significance and Engagement Policy,
- evaluate it against the criteria contained in this Policy,
- outline what has been done to ensure compliance with sections 77 – 82 (inclusive) of the LGA,
- include a recommendation on how the proposal or decision should be treated,
- include a recommendation that the Council determine the level of significance of the particular issue or decision, and
- include a recommendation addressing whether and how community engagement should occur,

The Policy will apply with appropriate adjustments to decisions made under delegation to Council committees and community boards.

This Policy will not apply to decisions that have been in the Long Term or Annual Plan unless there is a significant change being proposed to the initial decision reflected in the respective plans.

*Significance and Engagement Policy – Draft***Table 1: Determining Levels of Significance – Examples**

<b>Matter / Issue</b>	<b>Low Significance</b>	<b>Medium Significance</b>	<b>High Significance</b>
Strategic Asset -Proposal or decision relate to a 'strategic asset'	e.g. Proposal or decision does not relate to strategic assets	e.g. Proposal or decision involves sale of, or substantial impact on, part of a strategic asset	e.g. Sale of a strategic asset; or activities that affect the performance of the strategic asset as a whole
Change to Levels of Service	e.g. No change or minimal change that does not affect Council's ability to deliver activities to agreed levels of service	e.g. Potentially some real or perceived impact on the Council's ability to deliver its agreed levels of service	e.g. Decision or proposal creates substantial change in the level of service provided by Council
Financial Impact	e.g. No material effect on Council's budget, loans or projected debt. No material effect on rates	e.g. Minor effect on rates for residents, Council debt or the financial figures in any one year or more of the Long Term Plan	e.g. Decision or proposal substantially affects Council debt, rates or the financial figures in any one year or more of the Long Term Plan
Community interest -level of interest in the decision, number of residents who are affected and the effect of impact	e.g. Decision or consequence has little impact and/or is easily reversible	e.g. Minor or moderate level of community interest in a proposal or decision; or there is a moderate impact arising from changes; or one or more settlements or wards of the District are affected disproportionately to another; or duration of an effect may impact detrimentally on people or a community	e.g. A high level of community interest in a proposal or decision; likely to be, or is, controversial in the context of the impact or consequence of the change; involves a specific area affected (e.g. geographic area, or area of a community by interest, age or activity); or there are substantial impacts or consequences arising from the duration of the effect
Consistency with existing policy, plan, strategy, or legislation	e.g. Decision or proposal is consistent with existing policies, plans and strategies	e.g. Decision or proposal does not consistently align with portions of existing policy, plans, strategies or legislation	e.g. Decision or proposal creates high level of inconsistency with existing policy, plans, strategies or legislation
Values and interests of Ngāi Tahu	e.g. There is no obvious or particular impact on Māori, Māori culture and traditions that is different to the impact on the needs to the wider community	The decision will be of interest to Māori and has affects, the impacts of which may need clarification with Māori.	e.g. Māori people will be disproportionately affected and/or their access to and ability to use their traditional land, waterways, cultural sites and carry out traditional practices, and/or is contrary to recognising the Council's relationship with Māori

*Significance and Engagement Policy – Draft***4. Engagement**

Community engagement allows for an exchange of information, points of view and options for decisions between affected and interested people and decision-makers before a decision is made. It does not mean that the decision will be delegated to those involved in the engagement process. It means that the decision made will have been informed and improved by the public's involvement, along with other information such as costs and benefits, legislative requirements and technical advice.

The level of engagement undertaken will reflect the level of significance of a proposal or issue. For example, an issue that has a high degree of significance will require a higher level of engagement with the public. The method of engagement will differ for each issue depending on location, level of significance, and community preferences.

Differing levels and forms of engagement may be required during the varying phases of consideration and decision-making on an issue, and for different community groups or stakeholders. The Council will review the appropriateness and effectiveness of the engagement strategy and methods as the process proceeds.

Engagement may not necessarily result in a win/win situation, complete agreement, or consensus. However, engagement should allow all relevant views and options to be identified and then considered before a decision is made.

**4.1 Levels of Engagement**

Council does not use a homogenous approach to engagement, and utilises engagement tools appropriate to the location, significance of the issue, and community affected. Council uses an engagement scale to determine the most appropriate processes and methods for engagement. This is based on the International Association for Public Participation (IAP2) public participation spectrum and is modified to reflect the unique needs of Council.



*Significance and Engagement Policy – Draft***Table 2: Explanation of Engagement Scale**

Level of Engagement	Level of Participation
Inform	One-way communication to provide the public with balanced objective information to assist them to understanding problems, alternatives, opportunities and/or solutions.
Comment	Informal two-way communication asking the community for ideas, opinions, and information or to obtain selected feedback on alternatives.
Consult	Formal two-way communication to obtain public feedback on analysis, alternatives and/or decisions.
Involve	A participatory process to work with the community to ensure that public concerns and aspirations are understood and considered.
Collaborate	Working together with the community in each aspect of the decision including the development of alternatives and identifying the preferred solution.
Empower	Placing the final decision making in the hands of the public.

When engaging with the community, the Council considers the varied interest groups within society, including but not limited to cultural groups, the whole District, specific communities (both rural and urban), wards, Community Boards, youth, older generations, businesses, and specific interest groups.

Committees of Council and elected bodies are to be used as part of Council's engagement network, to advocate on behalf of their communities to Council on Council issues including policy and decision-making. They are also the first point of call for Council and Council staff to assess the degree of interest and engagement a community may have with an issue, as part of determining the significance of a matter.

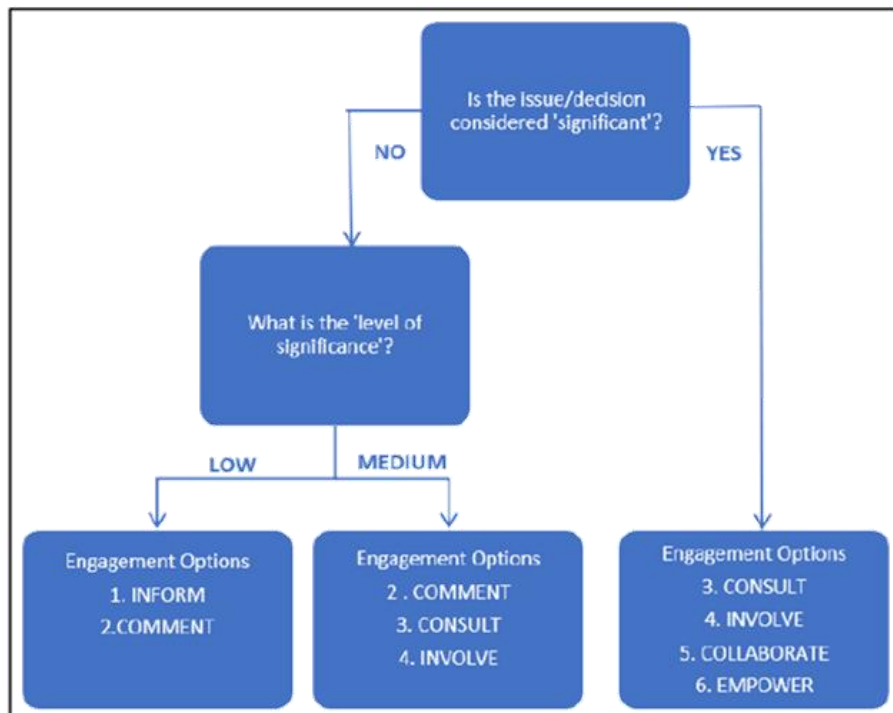
The Council should be informing, requesting comment, consulting with, involving, collaborating and/or empowering residents and ratepayers to be engaged with Council decision-making.

The Council will be open to new and developing methods of engagement through the use of technology and innovation.

*Significance and Engagement Policy – Draft***4.2 Engagement Guide**

Council has developed an engagement selection guide to determine the most appropriate processes and methods of engagement. These are shown in Figure 2 below.

**Figure 2 – Engagement Selection Guide**





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Table 3 provides examples of how the engagement scale is used by Council.

Engagement Level	1. Inform	2. Comment	3. Consult	4. Involve	5. Collaborate	6. Empower
What it involves	One-way communication to provide the public with balanced objective information to assist them to understand problems, alternatives, opportunities and/or solutions.	Informal two-way communication to obtain selected feedback on alternatives. Asking the community for ideas, opinions, and information at the development stage.	Formal two-way communication to obtain public feedback on analysis, alternatives and/or decisions.	A participatory process to work with the community to ensure that public concerns and aspirations are understood and considered.	Working together with the community in each aspect of the decision including the development of alternatives and identifying the preferred solution.	Placing the final decision making in the hands of the public.
Examples	Annual Report	Annual Residents Survey.	Long Term Plan	Development of options for policy change for a significant issue.	Large community focused capital project (eg new community swimming pool)	Delegated Council decision
	Changes to policy and bylaw schedules	Changes to policy and bylaw schedules	Annual Plan (where there are significant changes from the LTP)	Large capital project (eg community facility)		Binding referendum.
	Low significance policies	Low significance policies	New or amended by-laws			
	Decisions to award grants funding.		High significance policies			
			District plan changes			
Tools Council may use	Council newsletters	Informal meetings with affected groups	Formal submissions and hearings	Public or on-site meetings	Talking with communities	Community Boards
	Weekly/daily newspapers	Informal gatherings	Feedback processes	Targeting existing organisations/groups within the community eg service clubs	CWMS Zone Committees	Special Subcommittees



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	Community newsletters	Telephone surveys.	Surveys	Targeted surveys	Key partnerships with existing community organisations	
	Electronic messages (eg, email, online newsletters, social media)	Communications to key stakeholders.	Open days	Interviews	Hall committees	
	Flyers		Focus groups			
	Website					
	Radio					
	Communications to key stakeholders					
<b>When the community can expect to be involved</b>	When a decision is made.	After the development of options but prior to the final decision by Council.	When a draft decision has been made or adopted for consultation by Council.	At the refining stage of options.	At the development stage of the options.	From the development of initial options to final selection.

**4.3 When Council will Engage****4.3.1 When legislation requires that consultation be undertaken**

The Council will consult when it has a legislative requirement to consult (such as when required by the Local Government Act 2002, Resource Management Act 1991, Reserves Act 1977, Land Transport Management Act 2003).

Examples of these areas are: the adoption and amendment/s to the Long Term Plan; adoption and amendment/s to a significant bylaw; transfer of ownership of a significant strategic asset; and changes to financial policies.

In these cases, the Council will undertake these consultation processes in accordance with the legislative requirements guiding them. However, the Council may choose to consult further depending on the degree of significance of the matter being considered and notwithstanding the legislative requirements.

**4.3.2 When a significant proposal or decision is being considered**

Subject to consideration of factors under section 4.4 of this Policy, the Council will give consideration to undertaking what it considers to be an appropriate form of engagement when a 'significant decision' is proposed.

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A 'significant decision' is one which has been identified as such under this Policy. Note: a 'significant decision' will not automatically trigger application of the Special Consultative Procedure (SCP). For more information about the SCP refer to the LGA sections 83, 86, 87 and 93A.

**4.3.3 For some matters that are not considered significant**

In general, where a matter is not considered significant under this Policy, formal consultation will not be undertaken. However, in some situations where the Council considers community involvement or notification is appropriate, informal feedback or notification processes may be followed.

**4.4 When Council will NOT Engage**

Information is always necessary for the decision-making process. However, there are times when it is not necessary, appropriate, or possible to engage the community on a matter or decision. The Council may also choose not to consult on a matter. In doing so it will make this determination in accordance with the criteria below.

The Council will not engage when:

- a. The matter is not of a nature or significance that requires consultation, or
- b. The Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter; or
- c. There is a need for confidentiality or commercial sensitivity, or
- d. The costs of consultation outweigh the benefits of it, or
- e. The matter has already been addressed by the Council's policies or plans, which have previously been consulted on, or
- f. An immediate or quick response or decision is needed, or it is not reasonably practicable to engage, or
- g. Works are required unexpectedly or following further investigations on projects, already approved by the Council, or
- h. Business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place, or
- i. When Council has consulted on the issue in the last 24 months.

Where the above listed circumstances apply and consultation is not to be undertaken, the Council is still required to consider the views and preferences of persons likely to be affected by, or to have an interest in, the matter (LGA section 78 (1)). The LGA requires that this consideration be in proportion to the significance of the matters affected by the decision (section 79 (1)).

*Significance and Engagement Policy – Draft***4.5 Engaging with Communities on Other Matters**

The Local Government Act prescribes particular processes for Councils to follow to consult and engage with communities on particular matters.

**4.5.1 Special Consultative Procedure**

The LGA specifies that a Special Consultative Procedure, as defined by section 83, must be followed for community engagement on certain plans and processes including:

- Long Term Plan
- Annual Plan
- Bylaws of significant interest.

**5. Ngāi Tahu and Papatipu Runanga**

The LGA provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes (for example, sections 81 and 82(2)). This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

While the LGA sets out provisions relating to all Māori, it is recognised that within the Mackenzie District, Ngāi Tahu are the tangata whenua. There are three Papatipu Rūnanga that have an interest in the Mackenzie District: Te Rūnanga o Arowhenua based at Arowhenua, Temuka, Te Rūnanga o Waihao based just north of the Waitaki River, South Canterbury, and Te Runanga O Moeraki based at Moeraki. They have a special status in terms of the Council's resource management activities. In addition to the Local Government Act obligations, the Resource Management Act 1991 (RMA) gives councils specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. In the Canterbury region, the Ngāi Tahu Claims Settlement Act 1998 includes confirmation of the ability for Ngāi Tahu to express its traditional kaitiaki relationship with the environment.

The Council considers it important to better establish relationships with these Rūnanga, as these are seen as key relationships in terms of the contribution of Maori to the decision-making process. Proactively providing for engagement will enable early identification of matters of significance to the Runanga and appropriate engagement in relation to decision-making processes. The Council will endeavour to extend and promote opportunities for involvement as far as practicable, and as available resources allow.

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**6. Strategic Assets**

Section 97 of the LGA requires that decisions to transfer the ownership or control of a strategic asset to or from the Council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for in the Council's Long-Term Plan or through an amendment to the Long Term Plan, either of which requires an engagement process that at least complies with the Special Consultative Procedure.

The Council considers the following assets to be strategic assets in terms of the LGA:

- a. The entire urban and rural roading network of the Mackenzie District.
- b. The urban water supplies as a whole of Burkes Pass, Fairlie, Lake Tekapo and Twizel.
- c. The piped rural water supplies of Albury, Allandale, and Downlands (Albury to Cave section).
- d. The stock water race systems as a whole at Ashwick/Opuha, Punaroa/Eversley and School Road.
- e. The wastewater reticulation and treatment systems as a whole at Burkes Pass, Fairlie, Lake Tekapo and Twizel.
- f. The stormwater reticulation systems as a whole at Fairlie, Lake Tekapo and Twizel.
- g. The Council cemeteries at Albury, Burkes Pass, Fairlie, Tekapo and Twizel.
- h. All Council's parks, recreation reserves, sports fields and facilities held under the Reserves Act 1977 or otherwise.
- i. Council's swimming pools at Fairlie and Twizel.
- j. Council's stock of tenanted pensioner housing.
- k. The Fairlie Medical Centre.
- l. The Twizel Events Centre and the community hall at Lake Tekapo.
- m. The Mackenzie Community Centre at Fairlie.
- n. Council's administration buildings in Fairlie and Twizel.
- o. Council's shareholding in Alpine Energy Limited.
- p. The Pukaki Airport

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## 7. Definitions

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**Consultation:** means the genuine exchange of information and points of view between decision-makers and people affected by or interested in a matter before a decision is made. Consultation is only one form of engagement.

**Council:** means Mackenzie District Council.

**Engagement:** is the process of involving the community in Council decisions. This involves providing and seeking information to inform and assist decision making.

**LGA:** means the Local Government Act 2002.

**Policy:** means this Significance and Engagement Policy.

**Mana whenua:** means the customary authority exercised in an area by iwi or tangata whenua of that locality; their historical, cultural and genealogical heritage are attached to the land and sea.

**Significance:** means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a. the district or region
- b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- c. the capacity of the local authority to perform its role, and the financial and other costs of doing so.

**Significant:** means that the issue, proposal, decision, or other matter has a high degree of significance.

**Strategic asset:** means an asset or group of assets that the Council needs to retain if the Council is to maintain the Council's capacity to achieve or promote any outcome that the Council determines to be important to the current or future well-being of the community, and includes:

- a. any asset or group of assets listed in accordance with section 76AA(3) of the Act by the Council; and
- b. any land or building owned by the local authority and required to maintain the Council's capacity to provide affordable housing as part of its social policy; and
- c. any equity securities held by the local authority in:
  - i. a port company within the meaning of the Port Companies Act 1988
  - ii. an airport company within the meaning of the Airport Authorities Act 1966.



*Significance and Engagement Policy – Draft***8. Clarification and Breaches**

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**8.1 Clarification**

Clarification regarding this policy can be sought from the Mackenzie District Council General Manager Corporate Services.

**8.2 Breaches**

If a decision is made that is in breach of this policy, then a Council resolution should be passed noting the rationale for the decision made.

**8.3 Exceptions**

The Mackenzie District Council will need to approve any deviations from this policy.





**Mackenzie**  
DISTRICT COUNCIL

**5 PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>5.1 - Aquatic-Recreation Facility Operations - CON 1289. Tender Approval</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7