



# **Mackenzie**

## **DISTRICT COUNCIL**

*114TH MEETING*

**Date: Tuesday, 3 August 2021**

**Time: 9.30am**

**Location: Council Chambers**

**Fairlie**

# **Supplementary AGENDA**

## **Ordinary Council Meeting**

**3 August 2021**

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

## Order Of Business

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## 1 REPORTS

### 1.1 ECONOMIC DEVELOPMENT STRATEGY

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

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

**Attachments:** 1. Mackenzie District Council Economic Development Strategy [↓](#) 

**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 present the Mackenzie District Council Economic Development Strategy for adoption. The strategy document outlines the Mackenzie District Council's vision that the District has a sustainable economic development with shared access to prosperity, resilient communities and a proud identity.

#### STAFF RECOMMENDATIONS

1. That the report be received.
2. That the Economic Development Strategy be adopted by Council.

### BACKGROUND

The Economic Development Strategy sets out the criteria the Council uses to guide decision making involving the Districts economic and business sector development. The strategy ensures the reasons behind the Council's decisions are consistent, predictable, equitable, and available to the public.

The Economic Development Strategy is a non-statutory enabling mechanism for Council to deliver wide spectrum access to prosperity in conjunction with Council's other strategic planning instruments such as Te Manahuna Ki Uta | Destination Mackenzie, Spatial Plan, Long Term Plan and the Te Manahuna Land Strategy. As such, the Economic Development Strategy is a key tool to enable optimal access to prosperity by the Mackenzie District community.

**POLICY STATUS**

The Economic Development Strategy is now submitted to Council for approval.

**SIGNIFICANCE OF DECISION**

In accordance with the Council's Significance and Engagement Policy, adoption of this Strategy has been assessed as having low significance and will not require community consultation.

**OPTIONS**

N/A

**CONSIDERATIONS****Legal**

N/A

**Financial**

N/A

**Other**

N/A

**CONCLUSION**

It is recommended that the Council adopt the attached Economic Development Strategy.

# ***Economic Development Strategy 2021 – 2025***

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**July 2021**

<b>STATUS:</b>	Final for Council adoption
<b>VERSION:</b>	20210727
<b>POLICY OWNER:</b>	General Manager Corporate Services
<b>POLICY APPROVER / S:</b>	Chief Executive Officer
<b>DATE:</b>	2021-08-03

“Fostering Our Community”

ECONOMIC DEVELOPMENT STRATEGY	
<b>Purpose</b>	<p>This Economic Development Strategy document sets out the criteria that Council used to guide decision making relating to the District's economic and business sector development. The strategy ensures the reasons behind Council's decisions are consistent, predictable, equitable and available to the public.</p> <p>As such, the Economic Development Strategy is a key tool to enable optimal access to prosperity by the Mackenzie District community.</p> <p>The Economic Development Strategy is a non-statutory enabling mechanism for Council to deliver wide spectrum access to prosperity in conjunction with Council's other strategic planning instruments such as Te Manahuna Ki Uta   Destination Mackenzie, Spatial Plan, Long Term Plan and the Land Strategy.</p>
<b>Date of Issue</b>	DRAFT for Adoption
<b>File Retention</b>	The Mackenzie District Council Laserfiche Document Store
<b>Review</b>	Annually and every five years at the anniversary date

#### List of Abbreviations used in this document

CNZ	ChristchurchNZ
DOC	Department of Conservation
DP	District Plan (Mackenzie District Council)
ED	Economic Development
EDNZ	Economic Development New Zealand
FDI	Foreign Direct Investment
GIS	Graphic Information System
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IoT	Internet of Things
JV	Joint Venture
LINZ	Land Information New Zealand
LTP	Long Term Plan (10 years)
MBIE	Ministry of Business, Innovation & Employment
MDC	Mackenzie District Council
MD	Mackenzie District
MD ED	Mackenzie District Economic Development Strategy 2021-2025
NZTA	New Zealand Transport Agency   Waka Kotahi
PPP	Public Private Partnership
R&D	Research and Development
UFB	Ultra-fast Broadband (Chorus)

## 1. Overview

### Lead theme for The Mackenzie District Economic Development (MD|ED) Strategy

‘A key to our District’s future prosperity is a collective ability to successfully build on our current economic strengths, address challenges including health pandemics and natural disasters; and fully realize any new future economic potential, while protecting Mackenzie District precious environment, community’s wellbeing and future access to our individual and collective prosperity.’

### Introduction

The Mackenzie District is truly a main South Island ‘connector’ between east and west - the untamed natural wilderness of the West Coast Districts and a buzzing, thriving East Coast District of Timaru as well as North and South – greater metropolitan Christchurch and Central Otago.

In particular, Aoraki / Mount Cook National Park is a special place that is a natural ‘seat’ as well as the true geographic centre of the South Island landmass.

The District’s economic performance has traditionally relied on its people, natural resources and spectacular landscape.

MDC is ready to tackle its economic future challenges head-on. Therefore, this strategy will focus on the following identified challenges:

- Provide suitable conditions for thriving primary production sector in face of climate change and an increasingly complex regulatory framework
- Limited modern industries with a global comparative advantage such as the digital economy;
- Persistent economic disparities between individual communities could scupper or slow development;
- Fairness to those community members prevented from full economic participation, especially considering compounding, longer-term Covid19 effects on the hospitality and tourism sector.

Mackenzie District Council is determined to tackle its District’s economic, social and environmental future challenges head-on. Council has consulted with communities and the agricultural and commercial sectors in the past couple of years and even more intensely since the onset of the Covid-19 in March 2020.

As a result of feedback received, Council has initiated several strategic planning initiatives such as MDC Business Strategy 2018-2022, Te Manahuna Land Strategy 2021; Mackenzie District Spatial Planning Study and Te Manahuna Ki Uta (Destination Mackenzie) long term strategic project.

The Mackenzie District Economic Development (MD|ED) Strategy implementation will be in lockstep with all strategic initiatives mentioned above. The focus will be on new, transformative technologies, such as the innovative use of hydrogen, to effectively deal with accumulated issues facing our



agriculture and tourism sectors. As a matter of priority, Council needs to play its role in the attempt to proactively decarbonise those economic sectors. Complying with carbon abatement national targets will provide much-needed assurance of the District's business and commercial continuity for decades ahead.

MD|ED Strategy tackles the contemporary economic challenges identified to date across the District and beyond in very pragmatic ways. Currently identified key challenges are:

- Covid-19 economic effects - have been uneven, yet very visible across the District. The downturn of the tourism sector, especially operators previously relying on foreign visitors means that jobs and cash flow have been severely impacted;
- Relatively low level of innovation uptake and commercialization of R&D activities;
- The District needs to address the issue of restricted labour market dynamics, with a high reliance on semiskilled migrant/working visa labour in the tourism sector.

The MD|ED Strategy 2021-2025 is intended to be a 'living document' in order to keep up with fast-paced systemic economic and social changes affecting our businesses and communities due to Covid19 induced economic reset.



*Graphics:*

*Non-statutory MD|ED Strategy 2021-2025 and its relationship with other Council's statutory and non-statutory planning instruments for future aligned implementation.*

This strategic approach will ensure that the economic development projects portfolio is regularly reviewed against the Council's vision and mission objectives to reflect the changing nature of desirable community outcomes and activity-specific objectives, with business and economic data being regularly gathered and analysed to enable informed decision-making.

Council recognises that addressing the above mentioned economic development priorities in the 2021-2025 timeline will lead to new ways of achieving a strong, vibrant, diverse and flexible local economy that provides sustainable, stable jobs. It is expected that these projects will enable the District's population to stabilize at a near-optimal level, and the prosperity of the district's residents and ratepayers will significantly improve. Inter-regional collaboration (e.g. Canterbury – Otago) may be of importance to achieve particular positive outcomes, such as a digital innovation uptake.

## 2. Vision and Mission

**Vision:**

- The Mackenzie District has a sustainable economic development with shared access to prosperity, resilient communities and a proud identity.

**Mission:**

- Mackenzie District ratepayers and residents value a diversified, well-performing District economy
- MDC supports all communities; understands ratepayers; appreciates the value of economic and social well-being to all residents; and the need for protection and enhancement of our unique, fragile environment.
- MDC will support collective efforts as we move into a new decade that will require us to tackle the mid and long-term challenges the New Zealand economy is facing due to the Covid-19 economic reset.
- Realise the Mackenzie District's economic aspiration to be productive, innovative, sustainable and entrepreneurial.

The inner strength of our communities will ultimately allow us to achieve our true legendary Mackenzie District prosperity potential.

### 3. MD|ED Strategy :: Principles and Outcomes framework

#### 3.1. Principles and Outcomes

As of July 2021, the Mackenzie District remains deeply affected by the loss of international visitors due to border closure. Post-March 2020 key economic indicators clearly indicate the extent of the District's economic downturn due to Covid-19 effects.

Following are key principles and outcomes to enable Mackenzie District to cope with economically challenging post-Covid-19 times:

##### **Key Principles:**

- Supporting sustainable growth of industries and businesses that create good, accessible jobs with particular focus on growth in the working population (focus on 25 – 45 Year age group);
- Helping the Mackenzie District through a critical COVID-19 juncture; and ongoing risks of natural disasters, such as the recent Canterbury flood event
- Together with creating shared economic prosperity so that all residents/ratepayers can participate.
- Building on our current strengths within the agricultural sector and supporting innovation and education.
- Outward-facing – promoting strategic economic alliances at regional, national and global levels with particular focus on inter-regional Canterbury – Central Otago dynamics;
- Vertical and horizontal alignment: with other statutory and non-statutory strategic planning instruments (such as Spatial Planning, an update of the District Plan, LTP and Te Manahuna Ki Uta|Destination Mackenzie project's economic scenario modelling.

##### **Key Outcomes:**

- Creating career pathways for well paid, meaningful jobs for District youth;
- Contribute towards ongoing access to prosperity for ratepayers and residents
- Facilitating access to incentives for strategic hard and virtual infrastructure development;
- Support the implementation of new Sustainable District tourism model, which is being developed by Te Manahuna Ki Uta project; - incentivization and promotion of 21st Century, technologically advanced tourism infrastructure for visitors to extend their visitor nights/ visitor spending rather than increasing TOTAL annual visitor numbers; and a focus on high net worth, low carbon imprint visitors;
- Practical, implementable, projects enabling focus in 2021–2025-time horizon, linked to Council's Commercial Investment plan (e.g. sustainable housing growth, linked to localised demand over the next 5 years aligned with the Spatial Planning objectives).

**3.2. MD | ED Strategy :: External linkages & alignment :: optimised model**

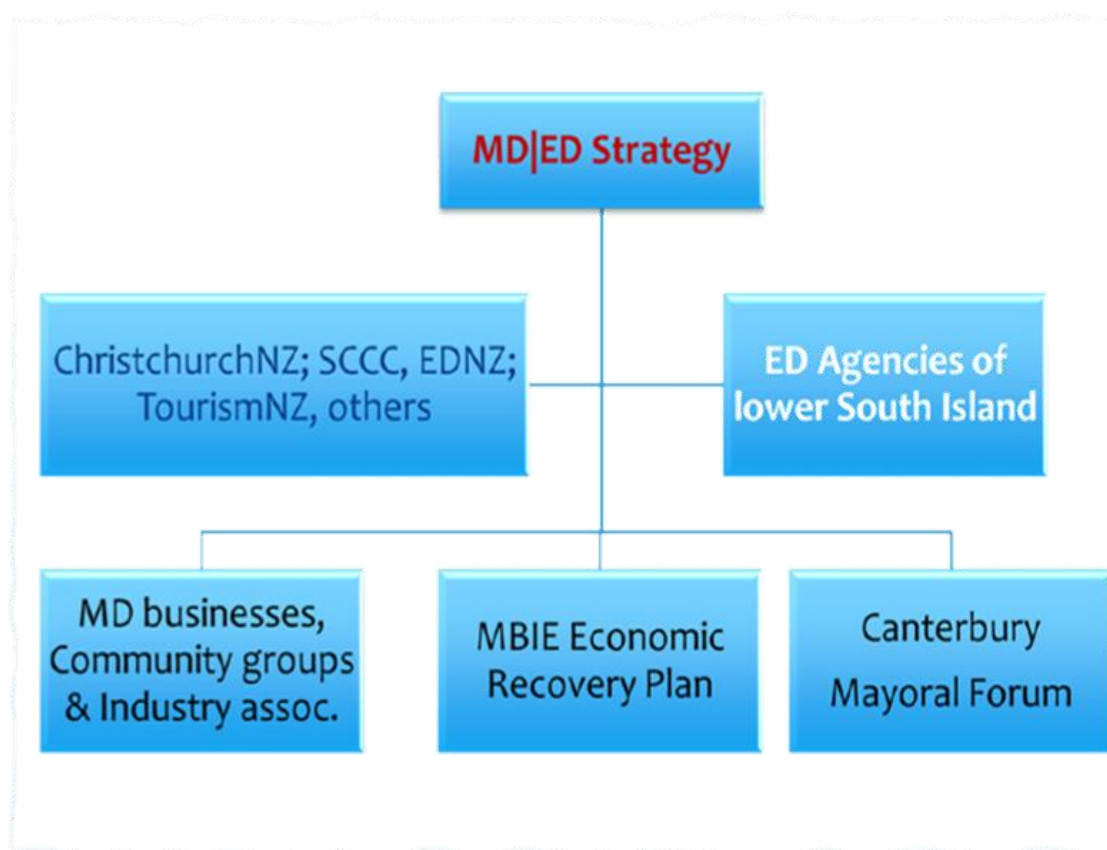
The council recognizes the need and urgency of regional economic development collaboration. Competition among competing tourism Districts for visitor spending presents an obvious challenge for finding common ground for cooperation.

However, MDC is one of the smallest territorial Councils in new Zealand and therefore needs to strengthen existing and develop new strategic alliances.

There is a history of intense economic development (tourism, in particular) competition between the local government authorities of the lower South Island region, and historically, the capacity to cooperate may have been limited.

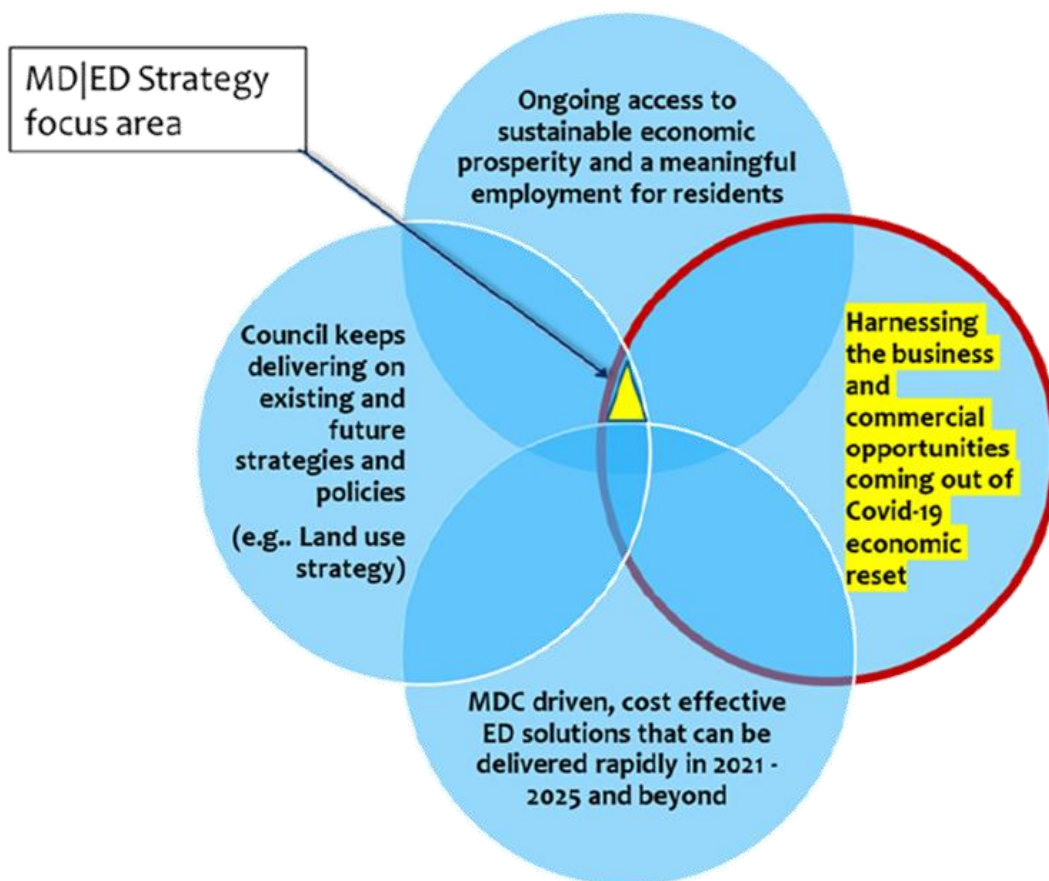
The problems inherent in any effort to institutionalise regional economic development cooperation across the lower South Island are many.

Stakeholders do not necessarily share a common understanding of the competitive dynamics of a global economy, nor are they uniformly infused with an urgency to improve a region's position. This attitude is slowly changing for the better and the MD|ED Strategy intends to facilitate significant improvement in this area.





### 3.3. Key Principles for Covid-19 Economic Recovery at District level



Mackenzie District Council is committed to fulfilling its preferred economic and community vision by commissioning this MD|ED Strategy and a subsequent implementation via the future MD|ED strategy implementation framework.

## 4. Influential factors to underpin the implementation of MD|ED Strategy

### 4.1. Global megatrends and their near future effect on Mackenzie District economy

MD|ED Strategy implementation will be the subject of intense combined effects of regional and national trends. However, the most significant change likely to affect our future over the coming decades comes from global megatrends.

NZ, and the South Island, in particular, will not be immune to many of those megatrends. As a result, Council needs to prepare itself and the Mackenzie community to be able to do more with less in the near future world, dominated by finite resources and layers upon layers of new regulations, likely to emerge in coming years and decades. To be prepared for future challenges and opportunities, the MD|ED Strategy recognises the following important near future likely responses, linked to global megatrends:

1. Assisting in developing of Added Value Opportunities to Future Proof Existing Agricultural Business; focusing on agricultural training opportunities to enable primary production sector to cope with new environmental challenges
2. Aligning guiding parameters for a targeted Infrastructure Investment drive to support economic growth & resilience, to maximise quake proofing feature residential and commercial structures;
3. Attract New Business activities that will diversify District's Economy (Local project proponents to be given first preference);
4. Encourage new inward Investment attraction, including FDI (Foreign Direct Investment);
5. Continued support of vulnerable tourism operators in the post-Covid-19 reset of the Tourism sector;
6. Fast forward the innovation and uptake of last-mile technologies across the entire District;
7. Encourage Stewardship and Cultural Land use via Māori Economy development.

### 4.2. Mackenzie District's embrace of environmental, economic and social challenges

Council, and Mackenzie District communities as a whole, recognise the NZ government's ambition to create a path to low carbon emissions of the national economy. The Climate Change Response (Zero-Carbon) Amendment Act 2019 is now law in New Zealand. It introduces the need to mitigate and adapt to the impacts of climate change, including grasping the opportunities that it presents and will shape our transition to a low emissions economy. Council is proactively committed to collaborating with Government departments, Iwi, communities, the wider Canterbury region and individual industry

sectors to manage the impacts and maximise the carbon reduction project opportunities brought about by the transition to a low emissions economy in the 2022 - 2025 period.



## 5. Economic development priorities for the next 5 Years

### 5.1 New Industries of opportunity:

The current level of economic recovery thinking points out to several exciting economic opportunities, associated with advancing global technologies and their localized application:

- 5.1.1 Renewable energy – focus on globally innovative solutions to solve local problems
- 5.1.2 New, modern, wellbeing hub capacity - incentivising establishment of specialised medical services, currently not available in the District, such as Dental care and physio/rehabilitation, Residential aged care and incorporating Maori health and happiness via traditional knowledge;
- 5.1.3 Fast Internet - creating a pragmatic framework for the uptake of Innovation and digital economy, utilizing the incoming rollout of the Ultra-Fast Broadband (UFB) by Chorus and 5G telecommunication technologies;
- 5.1.4 Developing aviation sector opportunities by initiating new commercial opportunities at Pukaki airport via an airports precinct development strategy.

### 5.2 Rural economy sector:

Proactively assisting in the realisation of the potential of the District's rural economy with a focus on value-adding to primary production and linkage to the District's hospitality industry and events.

Our rural industries make the most of Mackenzie District's natural advantages – river-fed irrigation and relatively plentiful arable land coupled with many well-performing rural servicing and merchandising businesses, well adjusted to the post-Covid-19 trading environment.

Early identified opportunities include:

- 5.2.1 Promote intensive horticulture, advanced hydroponics and aquaculture, reflecting changing rainfall patterns due to climate change; and assist in creating new educational opportunities for existing and future agricultural workforce
- 5.2.2 Gravel/sand value-adding, where Council controls the resource;
- 5.2.3 Niche ultra-premium quality food and beverage development, linked to high profile events (culture, sports, and community recreational infrastructure);
- 5.2.4 Farm stays and recreational activities (quad bikes, bike trails and on-snow experience).

**5.3 New visitor tourism model initiatives:**

Support and incentivize the tourism sector and the visitor economy in post-Covid-19 conditions by promoting the following:

- 5.3.1** 'Te Waipounamu HQ' concept for the Aoraki / Mt Cook National Park;
- 5.3.2** Focusing on new, post Covid-19 visitor types - predominantly high value, low environmental impact;
- 5.3.3** Supporting high tech solutions, such as the next generation of audiovisual experience (16K resolution audio-visual cluster);
- 5.3.4** New tourism infrastructure projects will incorporate extensive use of regionally sourced R&D as well as globally sourced last mile digital technologies as well as the best quake resilience technologies.

**5.4 Entrepreneurship and investment attraction:**

- 5.4.1** Focused, Council driven inward Investment Attraction, early focus on the hardware retail and warehousing;
- 5.4.2** Regulatory facilitation for new project proposals to minimize project delays, ensuring that the District Plan allows for appropriate economic investment and development in the district.
- 5.4.3** Developing better strategic partnerships with large corporate companies (e.g. Chorus) and local Iwi/Ngai Tahu stakeholders;
- 5.4.4** Support entrepreneurship at all levels while proactively supporting the creation of new career pathways for local school leavers and resident youth (e.g. cadetships).

## 6. A modern, vibrant and resilient District economy for future generations

Council recognises that addressing current and near-future economic development and investment opportunities will lead to new ways of achieving a strong, vibrant, diverse and flexible local economy that provides sustainable, stable jobs.

Council intends to play its role in stimulating and incentivising those economic development priorities, which will be directly focused on delivering a range of broad, monetary and non-monetary benefits, while positively impacting a majority of ratepayers and residents of Mackenzie District in 2021-2025.

### 6.1. Optimising Mackenzie District's economic timeline

The optimal District's economic 2021-2025 timeline would include the following:

- Build on District's renewable hydro energy heritage and attract new renewable energy projects,
- Initiate plans for industry decarbonisation, with a particular focus on decarbonising tourism transport in environmentally sensitive areas such as Aoraki/Mt. Cook National Park;
- Council to take advantage of the imminent rollout of Chorus USB fibre, to lead by example and accelerate the uptake of IoT applications in the District, starting with Council's own operations;
- Continuation with previously identified commercial activities to further develop forestry and Pukaki Airport potential;
- Maintaining a vibrant, resilient primary production sector presence across the District
- Collaborate with other South Island Local Government entities on new future digital economy opportunities, such as the new Hyper Data Centre proposal for Makarewa.

### 6.2. Nurture and support Entrepreneurship and support inward investment attraction

By default, the MD|ED Strategy has to make choices in a complex Covid-19 environment. Success factors for winning strategic elements rely on the alignment of all stakeholders are the combination of broad experience and practical knowledge of specific economic, technological and talent-related topics and the drive to optimise recommended economic actions. Combining these elements is key to design and implement realistic plans. The council recognises that one of those elements is localised entrepreneurship. The importance of entrepreneurship and its role lies in its ability to create a new, powerful pathway/access to prosperity.

Following a multiprong approach detailed below may result in positive entrepreneurial outcomes for the entire Mackenzie District and Canterbury region:

- Encouragement of multiple ways to create support for localised Entrepreneurship;

- Facilitating connections with wider Canterbury region and NZ startup ecosystems and encourage and foster District-wide uptake of entrepreneurship;
- Assist budding Entrepreneurs to grow, scale and create new, meaningful, well-paid jobs, starting with Year 12 and 13 students across the District;
- Stimulating access to the start-up capital and attract local and regional and international entrepreneurial talent;
- From 2023 onwards increased focus on attracting local, national and international inbound investment and venture capital to Mackenzie District.

**6.3. Top economic development priorities for the next 5 years :: Creating a platform for future economic success across the Mackenzie District and South Canterbury**

At present, the following three-prong proactive drive is proposed to focus on three main project clusters, which differ in their level of project risk profile:

**1. Higher risk – Bold Transformational Projects** [Capital intensive, longer timeframes, 3<sup>rd</sup> parties involved]

- Energy innovation, focusing on advanced hydrogen solutions
- New hospitality, education and training facilities;
- Hydroponic horticulture and new aquaculture;
- New modern tourism infrastructure, focusing on decarbonizing tourism transport;
- Advanced renewables -solar and wind solutions;
- New, dedicated wellbeing resort(s).

The principal source of funding for project cluster #1:

- NZ Govt. agencies;
- Global footprint corporates;
- Public-Private Partnerships;
- Leveraging other initiatives (e.g. \$20 Mil. Queenstown Lakes economic diversification fund).

**2. Medium risk - Liveability improvement projects [Most ED projects]**

- New health and wellbeing infrastructure;
- Expansion of recreational infrastructure (such as new bike trails);
- Town centre(s) rejuvenation; aligned to Spatial and District plans
- Entrepreneurship and new business hub for Mackenzie District.

The principal source of funding for project cluster #2: Co-funding by MDC and NZ Govt. Agencies.

**3. Lower risk - MD|ED Strategy Extension Projects [managed principally by MDC]**

- Sophisticated Council based Regulatory support and facilitation for projects of significance
- Investment Attraction and Liveability Prospectus

- Examining Sister City potential (for example District of Mackenzie, British Columbia);
- Inter and intraregional and global Economic development collaboration and lobbying;
- Inter-regional cross border economic development collaboration with Central Otago;
- Initiate a discussion about Super-regional (lower South Island) alliance for Innovation and R&D commercialization to maximise high paying jobs creation.

The principal source of funding for project cluster #3: 100% within MDC budgets.

#### **6.4. MD | ED Strategy implementation :: How do we measure outcomes?**

Well functioning economic development function delivers both monetary and non-monetary benefits to the community.

The implementation of the MD|ED Strategy will require regular re-calibration to ensure that the MD|ED Strategy implementation responds to contemporary economic, social and environmental challenges.

##### **Annual review scope:**

- Key economic indicators – for example: working population, median personal income, GDP, Unemployment and Labour market dynamics trends;
- Number and volume of new targeted inward investments;
- Number of new, projects, initiated by Council;
- Number and volume of NZ government grants.

##### **Every 5 years review scope:**

- Satisfaction survey of an overall community prosperity level
- Complete revision of the MD|ED strategy in 2025 (this task may be externalized in case that a new economic development governance structure is established within the next 5 years);
- Review of key assumptions and aspirations for the District's economic, social and environmental performance;
- Ground truthing of proposed projects and initiatives pipeline
- Key economic data monitoring in relation to the constantly changing economic environment fiscal and taxation policies and international export markets, where necessary.
- Continuing collaboration with existing ED stakeholders such as CNZ and SCCC and EDNZ.



## 7. Next steps :: Future-proofing Mackenzie's District access to Prosperity

Council's new Economic Development strategy 2021-2025 is the culmination of an orchestrated effort by the Council, business community and various internal and external stakeholders.

MD|ED Strategy provides guidance and identifies grouped projects themes, including both hard and virtual infrastructure opportunities.

During the implementation stage, the Council intends to continue its engagement with industry, business and community stakeholders.

Following tasks are to be addressed in the process of MD|ED Strategy implementation:

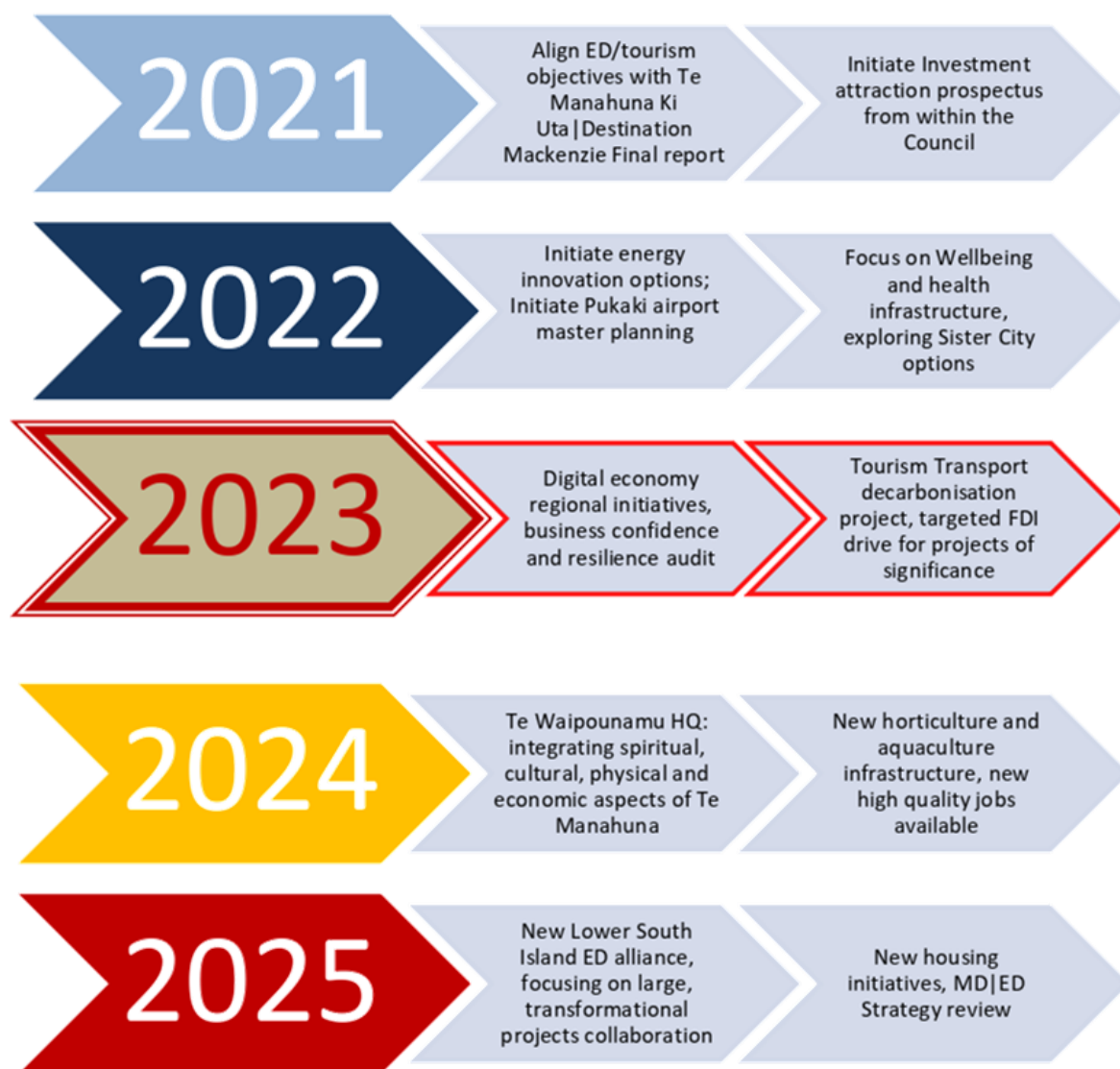
1. Advising on the most appropriate governance structure that will provide the optimal level of guidance and incentives for the Mackenzie District to respond in ways that support widespread access to future prosperity
2. Resolve the most appropriate level of resourcing for the economic development function to fully support a sustainable economic development
3. Culturally appropriate embrace of our District's unique physical, economic and cultural attributes in the 2021-2025 period in close collaboration with Te Manahuna Ki Uta | Destination Mackenzie project
4. Continuation of the Council's support for small and medium businesses across the entire District
5. Incorporating a low carbon economy framework at the Council level. Devising new ways to ensure that the carbon abatement learnings from other Districts/Regions are shared and applied, where appropriate and fitting with Mackenzie District's existing values and priorities
6. Firmly endorse the advancement of 'disruptive' technologies to collectively respond to unique digital disruption challenges and opportunities for the Mackenzie District's economy
7. Explore ways to 'team up' with other South Island Districts to maximise the benefits and minimize the threat of these disruptive technologies in the 2021-2025 period.

Council's economic development function will continue working on identifying suitable delivery mechanisms to address current and near-future economic and tourism challenges.

Furthermore, Council's role will include guiding all stakeholders in further aligning and ground-truthing on its MD|ED Strategy delivery.

The graphic below shows an optimised economic development timeline for the Mackenzie district is populated with specific project examples.

The highlights for individual years aim to illustrate the range and diversity of economic and tourism development portfolio activities, which are likely to be considered by the Council further:



End.

**1.2 RATES RESOLUTION - SECTION 50 OF THE LOCAL GOVERNMENT (RATING) ACT 2002**

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

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

**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 meet the requirements of Section 50 of the Local Government (Rating) Act 2002 which states that Council may deliver a rates invoice for not more than 25% of the rates payable in the previous year if it is not able to deliver a rates assessment at least 14 days before:

- a) The date on which the first instalment of rates for the current year is payable in a case where the rates have been set by resolution of the local authority under section 23 of the Local Government (Rating) Act 2002, or
- b) The date one calendar year after the date when the first payment of rates for the previous year was payable in a case where no resolution has been made under Section 23 of the Local Government (Rating) Act.

**STAFF RECOMMENDATIONS**

1. That the report be received.
2. That the Mackenzie District Council resolves to deliver a rates invoice for 25% of the rates that are payable in the previous year.



3. That the due dates of the rates invoice is 20 September 2021
4. That pursuant to sections 57 of the local Government (Rating) Act 2002, the Council prescribes the following penalty be added to unpaid rates:  
  
A penalty of 10% will be added to unpaid rates from previous financial years unpaid on the later of 5 working days after the date of the resolution or 3 August 2021. The penalty charge will be applied on so much of any rates levied before 1 July 2021 which remain unpaid on 3 August 2021.

**BACKGROUND**

Section 50 of the Local Government (Rating) Act covers the delivery of a rates invoice for 25% of the rates that are payable in the previous year.

**POLICY STATUS**

Not applicable.

**SIGNIFICANCE OF DECISION**

This matter is deemed significant under the Council's Significance Policy as the setting of the rates is a material revenue source and the alternative procedure being used although provided for by the Act is due to a statutory breach in not adopting the Long-Term Plan timeously as required by the Local Government Act. No consultation is required under the alternative procedure defined in Section 50 of the Rating Act.

**OPTIONS**

Council has two options:

- a) Deliver a rates invoice for on 25% of the rates that are payable in the previous year by passing the above resolution as set out in recommendation 2. This is deemed to be the preferred option as it ensures that we generate cash flow (albeit at a reduced level) to meet Council's operating requirements.
- b) Not pass the above resolution as recommended and assess the rates payable in three instalments. This would mean ratepayers would need to pay higher rates instalments over 3 instalments instead of 4. This would be confusing to Ratepayers expecting a rates invoice in August (payable in September) and this could prove to be onerous and create financial hardship for some ratepayers.

## CONSIDERATIONS

### Administrative provisions

- Arrears penalties will be authorised (to rates unpaid from previous years) by the Council, by resolution in the normal way.
- Penalties on unpaid section 50 rates will not be levied
- Rates set under section 50 will be based on last year's rates assessment (ie 25% of the amount assessed last year) regardless of any changes in valuations.
- No funding impact statement is required to be set as the rates are based on last year's rates
- The invoice is delivered to the ratepayer in the normal way.
- As provided for in section 50 of the Rating Act is limited to those rating units that were actually assessed for rates in the previous financial year. To the extent that ratepayers have changed (e.g. through the sale of a rating unit), then the invoice will be sent to the current ratepayer.
- Ratepayers who pay the 25% invoice will end up having paid an amount that will be taken into account when the Council has resolved to set and assess the rates. When assessing the 2021/2022 rates on rating units that have paid the section 50 rates, the amount due will show as a credit and reduce the rates payable.
- New rating units (for example, created through subdivision) will obviously have the full amount of the 2021/22 rates payable over the 3 instalments with no reduction to reflect the section 50 rates (because those rating units will not have been invoiced under section 50).

### Legal

Legal advice on this matter has been provided by Simpson Grierson and is attached in public excluded.

Section 50 of the Local Government (Rating) Act is the only option available if Council wish to provide a rates invoice before the LTP process has been completed.

### Financial

If Council chooses not to invoice rates by Section 50, there will be cashflow implications for the day-to-day operations of the Council. The amount of the reduced cash flow would be approximately \$3.8M (comprising 25% of the total of the previous years rates) and that \$604K would be the ECan portion. Council would ensure that adequate funding is available by utilisation of investments.

## CONCLUSION

That Council adopts the staff recommendation 2 and 3.

By applying Section 50 of the Local Government (Rating) Act to send out a rates invoice is the only method whereas Council can keep the status quo in sending out 4 rates invoices to its ratepayers for this financial year 1 July 2021 to 30 June 2022. This is the fairest way to spread the cost of the annual rates to its ratepayers.

**2 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>2.1 - Legal Advice Rates</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	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