

Moving forward in challenging times



CONSULTATION DOCUMENT KEY ISSUES



Consultation Document – basis for consultation

One of the key steps in preparing a Long Term Plan is consulting with your Community on the key proposals before making the final decision *source: Taituarā – Telling our Stories*

- The Consultation Document sets out proposals for the next 10 years - their impact on expenditure, rates' levels and debt.
- Legal basis for community consultation on what's proposed to include in the Long Term Plan (LTP).
- It is not a summary of the full LTP, which can be large, complex and technical.
- Public feedback considered before the LTP is finalised.

s93B & 93C Content of consultation document – and today's focus

The Consultation Document must describe:

- significant and other important issues in the proposed LTP
- for each issue Council determines
 - the main options and their implications
 - the proposal (if any) for addressing the issue
 - the consequences of proceeding with the proposal
- the proposed content of the financial and infrastructure strategies
- significant changes proposed to funding operating and capital expenditure, including changes to the rating system

s93C Content of consultation document for adoption of LTP

The Consultation Document must describe—

- the direction and scale of changes to rates and debt levels
 - using graphs or charts.
- the direction and nature of changes to levels of service
 - using graphs or charts.
- examples showing the impact of proposals on different categories of rateable land.

Our document – look and feel

- Mackenzie District Council brand – established, recognisable.
- Extensive use of graphics, particularly around financials.
- Good imagery.
- Layout – easy to read and simple.
- Language – easy to understand, plain English, no jargon.
- Document needs to tell a story.
- Needs to be friendly – recognise the situation people are facing financially and show empathy.

Table of contents.

Section 1

- Welcome to our Long Term Plan 2024-34, a word from the Mayor and Chief Executive, Letter from the Rūnanga. The next 10 years in 10 points. Consultation timeline and key dates for LTP.

Section 2

- What we have achieved since our last Long Term Plan. How the last three years has shaped our future (includes challenges). Our strategic vision (diagram).

Section 3

- What's the plan for the next 10 years? How will this be done and what will our infrastructure programme cost?. What else are we planning to do? What is not in the LTP.

Section 4

- Our funding proposal. Let's talk rates.

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Section 5

- Issues and options for public feedback. Other issues including Allandale water supply, aged care housing, funding appeals to District Plan and Plan changes. Our future challenges - climate change, Government policy, impact of tourism.

Section 6

- Our Financial Strategy
- Our infrastructure Strategy

Section 7

- Changes to policies – Significance and Engagement

Section 8

- We want your feedback – how to have your say.
- Feedback form

Our Significant Issues with options

- **Issue One:** Bridge renewals, with our largest bridge, the Cass River Bridge, overdue for renewal.
- **Issue Two:** Tekapo Wastewater Treatment Plant.
- **Issue Three:** Wilding Pine removal on Council-owned land.
- **Issue Four:** Cleaning of public toilets – cost of tourism to ratepayers.

Bridge renewals – Cass River Bridge

Option 1.

Replacing bridge in 2026/27 at a cost of \$4 million. Discuss asking those who rely on the bridge for access to share Council cost (\$1.96 million) with the Council. The ford would be closed, and consent surrendered. The bridge would have a 100-year life.

Cost: \$4 million of which \$2.04 million will be funded by an NZTA subsidy. Council, and hopefully those who benefit from the bridge, to fund the remaining \$1.96 million.

Impact on rates Funding from Council loan over 25 years. In the worst-case scenario, the cost will be \$176,400 a year effective from 2027/28 or a 1.3% rate increase. Council will be targeting assistance with 50% of the local share thus reducing the cost to \$88,200 and 0.65% rate increase.

Bridge renewals – Cass River Bridge

Option 2.

We could invest in a lesser option, replacement of the current bridge with one suitable for light vehicles only. Improved safety for light vehicles, still limited access for heavy vehicles - therefore not improving the current matters associated with the ford. The cost would be \$3 million and attract a 51% NZTA subsidy.

Cost: \$3 million with NZTA contributing a 51% subsidy \$1.53 million, and the council \$1.47million.

Impact on rates: This option is unlikely to attract contributions to the council's share as it does not deliver the same external benefits. The local cost will be \$132,300 or a 0.98% rate increase.

Bridge renewals – Cass River Bridge

Option 3.

We could continue to operate existing bridge and ford with annual maintenance costs of \$70,000, and the addition of private and public money. Does not include pricing the external factors such as risks and towing costs. Compromises safety and access. Does not address the risk to the environment should a mishap occur with spill from a heavy vehicle. At some stage soon the bridge will need to be closed for structural reasons.

With limited access on the bridge, the Council would still have to maintain the ford for heavy vehicles.

Cost – annual maintenance cost \$70,000 . **Impact on all rates' types.** Annual operational cost of maintaining the bridge. **Impact on debt. Nil**

Our preferred option: Option 1. \$490k difference in the cost to the council of fully replacing the bridge or replacing it with a lesser scope bridge which would still have limited access.

Replacing the bridge with a structure which will not need to be replaced for 100 years is a better economic and environmental option.

Tekapo wastewater treatment plant.

S

The treatment plant has reached its capacity

Option 1.

Increase our capacity by expanding our effluent disposal area and increasing treatment capacity by adding aerators in the ponds to improve biological treatment capacity.

Increase the distance between the ponds and the embankment by realigning one of the treatment pond walls.

The upgrade cost \$8 million and allow us to operate the plant until 2040, when our existing consent expires. This option is a short-term fix and is based on Council needing to invest in a new plant in 2040.

Cost Recoverable through the targeted wastewater rate. Cost is spread over four financial years, funded by loan over 15 years. The cost once complete will be \$930 a annum or 6.6% rate increase.

Council will put a case to central government to help pay this cost as a proportion is directly attributable to the increase tourists.

Tekapo wastewater treatment plant.

Option 2

Build a new plant and disposal system, with capacity to cater for growth. Need new consent and would deliver an improvement in effluent quality. This investment would have a long life, 50 years plus for pipes and civil works, and therefore be a cheaper long-term cost. The new plant is estimated to cost between \$30 million and \$47 million.

Cost: Construction would need to be funded by debt over 25 years. Cost \$2.64 million to \$4.14 million a year once built. Equivalent to rates' increases of between 16 and 25%. Cost needs to be shared with central government as tourism impacting on our wastewater infrastructure. Under the current funding legislation, the Council could not proceed with this option.

Tekapo wastewater treatment plant.

Option 3.

Maintain the status quo and continue to operate with the existing treatment plant.

Cost: The cost of this option is status quo but limits Tekapo's ability to grow and presents a number of risks that may result in reactive expenditure.

Our preferred option.

We acknowledge Option 2, which involves building a new plant, i best long-term solution, but it is unaffordable. Council would exceed its debt ceiling. Would require complete overhaul of the capital/renewal programme across the council. Therefore our preferred option is Option 1.

Wilding Pine removal on Council land

Situation. Wilding Pines are spreading rapidly in parts of Mackenzie Basin. Identified as a fire hazard in recent FENZ reports for Tekapo and Twizel. Council responsible for removing them from its land.

Option 1

We can continue to allocate \$75k a year for Wilding Pine removal. Not getting on top of the problem and the pines are continuing to spread.

Cost: \$75k in operating costs is already in the budget.

Wilding Pine removal on Council land

Option 2

Invest an additional \$200k for Wilding Pine removal in years 1 and 2 of our Long Term Plan. We would be able to progress our removal programme and make inroads of the removal of the pines. We would also be able to significantly improve the fire breaks, thus reducing the fire risk.

Cost

\$200k in operating costs in years one and two of this plan.

It would increase the rates by 1.25% for the first two years of the LTP. 24/25 and 25/26 and then reduce back to the status quo.

Wilding Pine removal on Council land

Option 3.

Spend no money on Wilding Pine removal from Council land. Pines will continue unabated - loss of land for productive use and as a habitat for our endangered indigenous flora and fauna. Council perceived as a landowner not meeting its responsibilities.

Cost

Savings of \$75000 per year reducing the rates increase by 0.47%

Our preferred option.

- Option 2 – invest \$200k in years 1 and 2 of our Long Term Plan in addition to continue spending \$75k a year on Wilding Pine removal and control. We believe this investment is needed given the pines spread and the fire risk they pose.

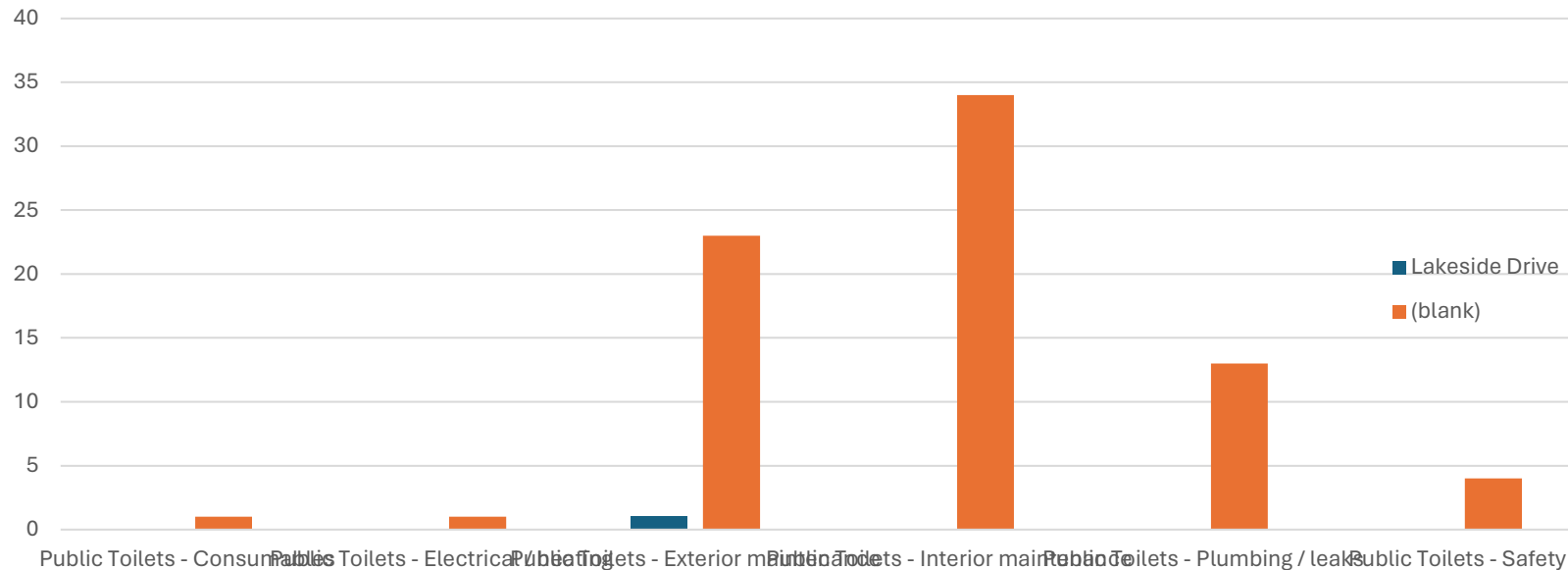
Public toilet cleaning

Situation. Increased visitors has put pressure on our public toilet accessibility and cleaning costs. Increased funding is required to maintain the cleaning of toilets at current temporary level of service.

Options

Option 1- Propose maintaining current temporary/increased service – an extra \$143k a year to rates

(Notes – will apply QR codes – and no additional toilets planned for 10 year LTP)



Complaints over
123 days – 1.6 day

Public toilet cleaning

Option 2

- We reduce the level of cleaning to that applying pre-January 2024. With a lesser service our toilets will not be as clean and there will be more complaints. This could also add to the degradation of the local environment.
- **Cost:**Reduction in rates by \$143,000 thus a savings of 0.89% of rates

Our Preferred Option.

Option 1 – that we continue to keep our public toilets clean for residents and visitors. Requires an additional \$143k a year and has been built into the current budgets.

Rates Affordability

- We understand the high cost of living increases experienced by all
- Our farming community - cost increases compounded by downturn in agricultural product prices.
- Tourism only finally seeing return to pre-Covid incomes
- Tough choices have been needed in this plan to lower rates increases
- Reduced our projects and expenditure down to the “must haves”
- For 1% rate reduction, find savings in operational budget of \$160k.
- Each \$1m borrowed adds just under a percent in rates for the following year
 - ❑ Choices made mean some projects are not included in the 10-year plan
 - ❑ Not budgeting for District Plan appeal costs – actuals to be loaned and rated for when known
 - ❑ Dealing with the uncertainty of Waka Kotahi funding

Issues not in LTP

- **Three Waters**

- Not extending water and wastewater reticulation in Twizel despite forecast growth.
- Allandale industrial wastewater and roading upgrade
- Albury water upgrade/Albury water to meet water supply standards.
- Dry sludge removed from our wastewater ponds in 2022 not taken to secure landfills.
- Fairlie stormwater pipe renewals – flood works Regent Street.
- Flood alleviation works – in multiple urban sites.

- **Waste Management**

- Twizel Resource Recovery Park relocation.

- **Community Development**

- Affordable Housing

Issues not in LTP

- **Planning**

- Projects that may stem from the Tekapo Master Plan.

- **Parks**

- Alps to Ocean – off-roading Hayman Road, off-roading Twizel to Lake Ohau, bridge across the Ohau River.
- Rabbit control – Tekapo and Twizel towns.
- Lake Ruataniwha Reserve Development
- No building of new toilets or extending existing toilets despite pressure on our existing toilets from high visitor demand.
- No reserve management plans.
- Tekapo to Alexandrina cycle trail.

- **Facilities**

- Fairlie swimming pool – structural upgrade and changing room upgrade.
- Fairlie community hall structural upgrade including mould removal.

Issues not in LTP

- Twizel events centre- structural upgrade
- Twizel resource centre
- Tekapo hall – structural upgrade
- Parking upgrades – Fairlie, Twizel and Tekapo
- **Roading**
 - Any seal extensions apart from minor traction seals.
 - No new footpaths.
 - Any walking and cycling capital projects.
- **District Plan**
 - Not budgeting for costs associated with District Plan appeals. Any actual costs incurred will be funded by loans and rated for when the costs are known.
 - No allowance for detailed identification and mapping of significant natural areas.

Other issues highlighted e.g.

- Reseals – optimum would be to do 12kms a year
Footpath connections – Twizel, Albury and Fairlie
- Improvements required for data collection for roading – needed for funding bids
- Allandale water supply – not meeting drinking water standards in terms of protozoa.
Consult residents on connection to Fairlie supply.
- Water meter installation in Twizel mainly for water conservation.
Large users will be charged for excessive consumptions
- Community facilities.

| Year | Budget | Road length Sealed | % of network |
|---------------------|--------|--------------------|--------------|
| 23/24 | \$520K | 6.74 km | 2.8% |
| 24/25 - Constrained | \$724K | 9.38 km | 4% |
| 24/25 - Optimum | \$926K | 12 km | 5% |

- 2.8% = Road surface life of 35 years (not sustainable)
- 4% = Road surface life of 25 years (Potentially sustainable with lower volume roads)
- 5% = Road surface life of 20 years (best practice asset management – Catch-up on underinvestment)

MACKENZIE DISTRICT CLIMATE 2100

Projected climate changes in the Mackenzie District by 2100 compared to present day



TEMPERATURE

Annual mean temperature is projected to increase across the Mackenzie District by 0.9-3.4°C



HOT DAYS $\geq 25^{\circ}\text{C}$

The number of hot days above 25°C experienced in the Mackenzie District (excluding Aoraki Mt. Cook area) will increase by 9 to 52 additional days on average, with Twizel projected to experience the highest number of hot days annually



DROUGHT

Drought potential is likely to increase across the Mackenzie basin and Fairlie (excluding Aoraki Mt. Cook area), with severely dry and extremely dry conditions projected to increase.



FIRE

Wildfire risk conditions are projected to increase within the Mackenzie District, both in the expected length of the fire season and the intensity of the fires that may take hold



SNOW + ICE

Snow and ice coverage in alpine environments within the Mackenzie District are projected to shrink and retreat, with glacier ice volume projected to reduce by 50-90%



FROST DAY $\leq 0^{\circ}\text{C}$

The number of days below 0°C experienced in the Mackenzie District is projected to decrease by 19 and 74 days on average, with Aoraki Mt. Cook area expected to experience the most significant decrease in days annually



EXTREME RAINFALL

Extreme rainfall events are likely to become more frequent and intense across the Mackenzie District, with rainfall depths received over a 24-hour period during a one-in-100-year storm event projected to increase by 6-23%



GROWING DEGREE DAYS

Growing degree days across the Mackenzie District are expected to increase with base threshold temperature conditions for good pasture growth (4°C and 10°C) likely to occur more frequently



Our Future Challenges – Climate Change

Climate changes risks



- Recent events have caused district-wide road network damage
 - Saturated roads
 - Softening pavement
 - Scouring on our unsealed network
 - Impacts on bridges
- Our road users' health and safety are at risk
- Road closures impacting on our communities
- If the road assets are maintained and are well managed, the risk of failure is reduced and the resilience is increased.

1

**REPEAL LEGISLATION: LAY
FOUNDATION FOR NEW SYSTEM**
INTRODUCED AND ENACTED FEB 2024

- Restore continued council ownership and control of water services, and responsibility for service delivery.
- Provide support options to help councils complete and include water services in their 2024-34 long-term plans.

2

**ESTABLISH FRAMEWORK AND
TRANSITIONAL ARRANGEMENTS**
INTRODUCED AND ENACTED MID-2024

- Provide a framework for councils to self-determine future service delivery arrangements via a water services delivery plan (to be submitted within 12 months).
- Establish foundational information disclosure requirements (as first step towards economic regulation).
- Streamline requirements for establishing council-controlled organisations under the Local Government Act to enable councils to start shifting the delivery of water services into more financially sustainable configurations, should they wish to do so.
- Provide technical and advisory support to Auckland Council to determine how they wish to create a financially sustainable model for Watercare.

3

**ESTABLISH ENDURING
SETTINGS AND BEGIN TRANSITION**
INTRODUCED DECEMBER 2024
AND ENACTED MID-2025

- Set long-term requirements for financial sustainability.
- Provide for a range of structural and financing tools, including a new class of financially independent council controlled organisations.
- Consider the water regulator's empowering legislation to ensure the regulatory regime is efficient, effective, and fit-for-purpose, and standards are proportionate for different types of drinking water suppliers.
- Provide for a complete economic regulation regime.
- Establish regulatory backstop powers, to be used when required to ensure effective delivery of financially sustainable or safe water services.
- Refine water service delivery system settings to support the new system, such as consistent industry standards.

Our Future
Challenges –
Government
Policy

Implementing Local Water Done Well: Three-stage legislation plan

Government's policy statement on transport



Draft GPS 2024 at a glance

What are the strategic priorities?

The results the Government wishes to achieve from NLTF investment are expressed via a set of strategic priorities.



Maintaining and operating the system

The condition of the existing transport system is efficiently maintained at a level that meets the current and future needs of users.



Increasing resilience

The transport system is better able to cope with natural and anthropogenic hazards.



Reducing emissions

Transitioning to a lower carbon transport system.



Safety

Transport is made substantially safer for all.



Integrated freight system

Well-designed and operated transport corridors and hubs that provide efficient, reliable, resilient, multi-modal, and low-carbon connections to support productive economic activity.



Sustainable urban and regional development

People can readily and reliably access social, cultural, and economic opportunities through a variety of transport options. Sustainable urban and regional development is focused on increasing housing supply, choice and affordability, and developing resilient and productive towns and cities through effective transport networks that provide a range of low-emission transport options and low congestion.

Minister's headline expectations



Deliver on GPS outcomes in a way that provides value for money



Investments must be efficient and effective



Building back better so that investment in maintenance and renewals is fit for the future (not just replacing like for like)

Other CD content

- Capital projects infographic – what's planned for next 10 years
- Our 30yr Infrastructure Strategy
- Financial Strategy
- What do we spend the money on
- What does this mean for your rates
- Submission Form and engagement process
- Auditors Report
- Find out more and have your say