

Part Four: Strategies and Policies

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MDC Strategies

Infrastructure Strategy 2024 - 2054

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1. Overview

The purpose of the Infrastructure Strategy (the Strategy) is to identify significant infrastructure challenges across our region of Mackenzie District Council and how we will address these over the next 30 years. This strategy is compiled to meet Section 101B of the Local Government Act 2001 which requires councils to prepare and adopt an infrastructure strategy as part of their long-term plan.

Purpose of Infrastructure strategy:

- significant infrastructure issues for the local authority during the period covered by the strategy; and
- the principal options for managing those issues and the implications of those options.

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 for which the Council is responsible.

These assets include:

- Water Supply
- Wastewater Disposal
- Stormwater Disposal
- Transportation including Roads and Footpaths
- Public Facilities
- Parks and Places

At a high level, Council's management of asset priorities align with the four community well beings:

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

This alignment moves the discussion from pipes and roads, to how the infrastructure will support the community and enable the future we seek together. The Council provides services to residents and visitors to contribute to our community wellbeing and management of infrastructure assets is critical to our service delivery. It is Council's responsibility to do this in a way 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.

2. Introduction

The Mackenzie District Council manages infrastructure assets to provide services to residents and visitors, and to contribute to the wellbeing of all communities in our district.

The Local Government Act requires that a local authority must prepare and adopt, as part of its Long-Term Plan, an Infrastructure Strategy for at least the next 30 years, 2034 to 2054.

When the strategy was being developed it became very clear that the task of building, operating, and maintaining infrastructure assets in an affordable manner is becoming increasingly difficult in view of:

- Demographic changes
- Environmental impacts
- New technologies
- Continually changing legislative environment (Central & Regional Government)
- Infrastructure resilience
- Aging infrastructure

The Council considered the impacts of these changes and developed an Infrastructure Strategy to guide decision-making for the next 30 years.

In this strategy the following will be addressed:

- management of infrastructure assets (renewals and/or replacements)
- responses to growth or decline in demand for services

- plans for increases or decreases in levels of services
- other issues to improve public health or environmental outcomes (or mitigate adverse effects on them)
- and to manage risks from natural hazards through improving resilience

The Strategy sets out four key drivers, **Growth, Renewals, Compliance and Levels of Service**, to direct our strategic response and to prioritise investment options. Responding to climate change impacts and building resilience is also a significant aspect of how we are going to manage our assets.

It also details the most likely responses to current and future issues that may impact on our core infrastructure assets. Current and future costs associated with maintaining, operating, renewing, and developing the range of assets that the Council is responsible for are included and significant investment decisions are highlighted.

Infrastructure assets are included within the following groups:

- Water Supply
- Wastewater Disposal
- Stormwater Disposal
- Transportation including Roads and Footpaths
- Public Facilities
- Parks and Places

The Infrastructure Strategy is written in conjunction with the ^{Te} Asset Management Plans and supports the Financial Strategy which together form the spine of our ten-year Long-Term Plan. Both the Infrastructure and the Financial Strategies set out the funding challenges ^{Te} the community faces over the next 10 to 30 years.

2.1 Mackenzie District Environment

2.1.1 Takata Whenua

Our infrastructure sits below and over ground connecting the settlements across the takiwā of Te Rūnanga o Arowhenua (Arowhenua) who are one of the 18 Papatipu Rūnaka (mana whenua with kaitiaki status) that make up Te Rūnanga o Ngāi Tahu.

Their takiwā (district/area) has changed in size throughout their history. At present, it lies between two awa – the south bank of the Rakaia and the north bank of the Waitaki - ki uta ki tai, from the mountains to the seas.

Although no marae are located within the district there are several nōhanga sites on reserve land or within LINZ land managed areas such as parks. Mackenzie Council recognises the history of the area and is developing a stronger relationship with local rūnaka who hold mana whenua status over the Mackenzie District. Discussions are proceeding with LINZ concerning the management of freedom camping sites. Discussions are ongoing with Runaka about partnerships such as plantings to be undertaken across the district. Three Rūnanga oversee the environment of the district:

Rūnanga o Arowhenua: Takiwā runs between Taumutu to the north and Moeraki to the south. The marae lies between the junction of the Temuka and Opihi Rivers two kilometres south of Temuka.

Rūnanga o Waihao: Named after the river, which has its footprint in the inland foothills. The takiwā or district borders Arowhenua to the Waitaki, and inland to Omarama and the Main Divide.

Rūnanga o Moeraki: The southernmost Rūnaka in the area with its marae situated on the Moeraki peninsula in North Otago.

The council has an active close relationship with Arowhenua marae and has consulted with them in the development of the components of the Long-Term Plan.

2.1.2 European Settlement

Infrastructure builds, primarily roads, have been a dominant feature of the past 160 years, from the mid-1860s, when European adventurers travelled to the Mackenzie District and the Southern Alps. Descriptions of early tracks being built were recorded in journals from Julius Von Haast and the capture of James Mackenzie in 1855. By the 1870's other Europeans were settling pastoral leases with sheep and cattle, accessing the vast tussock grassland plains through the Mackenzie, Burke and Hakataramea passes.

Transportation was critical whether by foot or horse while ferries which crossed the major rivers were replaced by bridges across the Tekapo river by 1880 and across the Pūkākī River by 1895. Rail transport from Washdyke to Fairlie was established in 1884 and was shut down in the 1960s. Highway building and connecting the key freight routes north and south has always been a Council core service and investment. However, after over a century of infrastructure development, only 30% of roads are sealed, leaving 70% unsealed. Therefore, ongoing investment in sealing main roads and maintaining unsealed roads is vital to economic growth and safety of residents and visitors alike.

As settlements grew so demand for sanitation and drinking water increased. From the early 1900s water reservoirs, stormwater and wastewater pipes were built and laid separately in each of the main residential areas. The vastness in distance between towns and different patterns of settlement contributed to differences in systems and treatment processes across the district which adds further complexity for renewals.

Parks and open spaces were developed alongside the creation of domain areas such as Albury and community halls in Sherwood and Albury. When the National Park was created at Aoraki / Mt Cook in the 1940s, Council began to grow in partnership with government conservation boards. Community Hall assets have been highly valued and have formed significant aspects of infrastructural focus. When the Ruataniwha hydro works were created in the 1960's there was provision made for public facilities and recreational facilities as the town of Twizel was seen as a temporary village. However, by the 1980s demand for public facilities had grown and continues to increase with each decade since. Public cemeteries were created in Fairlie, Burkes Pass and Albury- in the late 1800's with

Twizel in the 1970's and Takapō /Lake Tekapo in the 1990s, all have been developed in each township in accordance with Burial and Cremations Act 1964.

The district covers nearly 734,000ha and extends from the Hopkins and Ohau rivers in the south, up to the Two Thumb Range and Opihi River Catchment in the North. It has boundaries with Westland District to the north-west, Waitaki District to the south-west, Waimate District to the south, and Timaru District to the north-east and east. It sits within the middle of the South Island, within the Canterbury region.

The Council area sits within the takiwa (territory) of Te Rūnanga o Arowhenua, Te Rūnanga o Waihao and Te Rūnanga o Moeraki. Most of the land is rural (60.5%), and a large portion is also conservation land (34.9%), with more than 95% made up of these two land types. Most of the farmland is grazed on extensive leasehold runs while forestry also forms a significant part of the local economy. Meanwhile changes to irrigation and tenure reviews are bringing changes to this traditional agricultural way of life.

The three main townships are Fairlie, Takapō /Lake Tekapo and Twizel, with smaller settlements at Albury, Burkes Pass/Te Kopi-o-Opihi, Kimbell and Aoraki/Mt Cook Village. There are many natural resources of significance, including mahika kai resources, night sky darkness, outstanding natural features and landscapes, significant indigenous biodiversity, renewable energy resources and a range of water bodies.

2.2 Growth Narrative

2.2.1 Projections

The growth narrative is based on growth projections developed by Rationale in 2020 and updated in 2023. These projections were developed by forecasting employment and migration trends that had been observed historically in Mackenzie District. The 2020 projections assumed that the Covid-19 pandemic would only have a short-term

effect on the levels of growth within the district, and that by 2025 population levels will match the business as usual (BAU) projections.

Rationale reviewed the 2020 projections in September 2023¹, using the latest available population and employment data. Early evidence of the recovery of the international tourism market was also considered. It was found with a high level of confidence that the 2020 projections remain appropriate to inform the 2024 – 2034 LTP, 2024 – 2054 Infrastructure Strategy and the various Activity Management Plans.

It is also of note that the 2020 projections reflect the previous district plan rules, and some capacity assumptions have been applied in Twizel and Takapō/Lake Tekapo. The projections assume that Twizel will reach dwelling capacity around 2040 and Takapō/Lake Tekapo around 2030. These assumptions will need to be re-assessed in future growth projections, given the residential zoning changes that were adopted through Plan Change 21 in 2023 as part of the Mackenzie District Plan Review.

population will increase by a further 68% from 2024 to 2054, from 5,690 residents to 9,565 residents.

2.2.2 Population

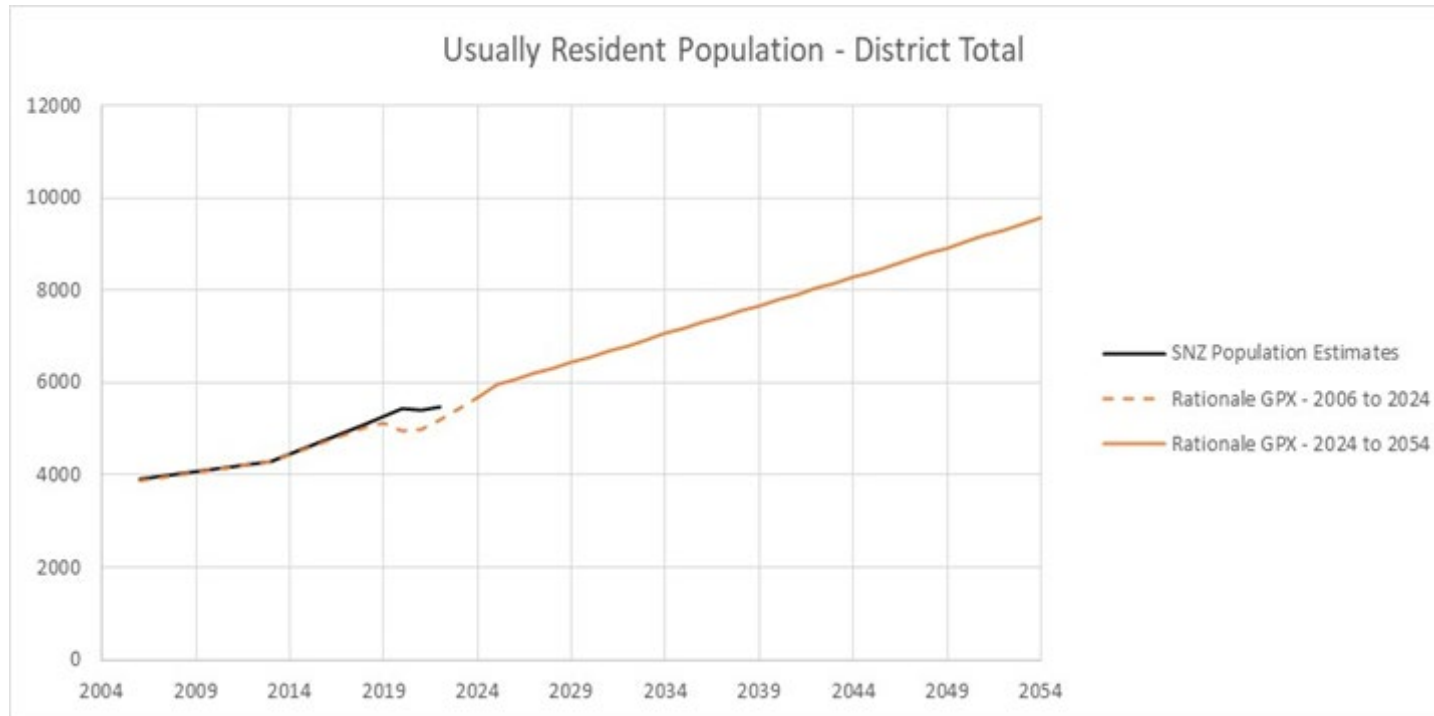
Mackenzie District has a small resident population, with three main settlements of Fairlie, Takapō/Lake Tekapo and Twizel. As of July 2022 (the date of the latest available population estimates) 60% of the population resided in these settlements, with the rest of the population residing in the smaller settlements of Burkes Pass, Albury and Kimbell and rurally.

The district has experienced strong growth, with population increasing by 40% between 2006 and 2020. Growth has been focused on Twizel and Takapō/Lake Tekapo, while the population in Fairlie has remained steady.

Growth steadied over the Covid-19 pandemic but is expected to return strongly with the return of the international tourism market. It is forecast that the resident

¹ Rationale September 2023 population data

Figure 1: Usually, Resident Population 2006 to 2054



The forecast population from 2024 to 2054 for each area in the district is shown in the table below. Note that under the old district plan rules, Takapō/Lake Tekapo is expected to reach capacity between 2034 and 2044, and Twizel will also reach capacity around 2050. A small portion of excess demand has been modelled to spill into Fairlie, with the remaining excess demand assigned to “District Overflow”.

Table 1: Usually Resident Population Projections - 2024 to 2054

Year	2024	2034	2044	2054	% Growth 2024 - 2054
District Total	5,690	7,056	8,283	9,565	68%
Fairlie	906	905	919	946	4%
Mackenzie Lakes (incl. Takapō/Tekapo)	1,543	2,158	2,443	2,621	70%
<i>Takapō/Tekapo</i>	<i>752</i>	<i>1,134</i>	<i>1,240</i>	<i>1,240</i>	<i>65%</i>
Opuā	1,462	1,617	1,747	1,854	27%
Twizel	1,779	2,376	2,990	3,413	92%
District Overflow			184	730	

Following historical trends, high levels of growth are forecast for Twizel and Takapō/Lake Tekapo, with modest growth forecast in the remainder of the district.

2.2.3 Dwellings

Driven by increasing population, the number of dwellings in the Mackenzie District is forecast to increase by 44% over the 30 years from 2024 to 2054, from 4,368 dwellings in 2024 to 6,390 dwellings in 2054. Due to housing capacity constraints in Twizel and Takapō/Lake Tekapo, more growth is forecast in occupied dwellings (53% from 2024 to 2054, from 2,601 dwellings to 4,098 dwellings) than unoccupied dwellings (30% from 2024 to 2054, from 1,767 dwellings to 2,291 dwellings). The forecast total dwellings from 2024 to 2054 for each area in the district is shown in the table below.

Table 2: Total Dwelling Projections - 2024 to 2054

Year	2024	2034	2044	2054	% Growth 2024 - 2054
District Total	4,368	5,431	5,887	6,390	44%
Fairlie	503	525	557	601	19%
Mackenzie Lakes (incl. Takapō/Tekapo)	1,389	1,758	1,923	2,087	50%
<i>Takapō/Tekapo</i>	<i>666</i>	<i>820</i>	<i>820</i>	<i>820</i>	<i>23%</i>
Opuā	690	763	824	875	27%
Twizel	1,786	2,385	2,500	2,500	40%
District Overflow			83	327	

2.2.4 Household Formation – Occupied and Unoccupied Dwellings

Mackenzie District has a large stock of unoccupied dwellings, particularly in Twizel and Takapō/Lake Tekapo, where there is a prevalence of holiday homes and Airbnb/short term rental properties. Fairlie and rural areas of the district have lower levels of unoccupied dwellings.

In Twizel and Takapō/Lake Tekapo, it is expected that a portion of unoccupied dwellings will become occupied once dwelling capacity restraints are met, which is likely to occur around 2040 in Twizel and 2030 in Takapō/Lake Tekapo. The ratio of occupied/unoccupied dwellings is modelled to remain constant in the remainder of the district. The table below shows the ratio of occupied dwellings to total dwellings from 2024 to 2054 for each area in the district.

Table 3: Projected Ratio of Occupied Dwellings vs Unoccupied Dwellings - 2024 to 2054

Year	2024	2034	2044	2054
District Average	2.19	2.19	2.26	2.40
Fairlie	2.22	2.13	2.03	1.94
Mackenzie Lakes (includes Takapō/Tekapo)	2.02	2.12	2.17	2.13
<i>Takapō/Tekapo</i>	<i>2.33</i>	<i>2.59</i>	<i>2.83</i>	<i>2.83</i>
Opuā	2.57	2.57	2.57	2.57
Twizel	2.07	2.07	2.25	2.57
District Overflow			2.23	2.23

2.2.5 Household Formation – Household Size

In Fairlie, the average household size is forecast to decrease from 2.22 residents per occupied dwelling in 2024 to 1.94 residents per occupied dwelling in 2054, following observed historical trends. In Twizel and Takapō/Lake Tekapo, household size has been modelled to increase by up to 0.5 residents per occupied dwelling, as housing capacity is reached in these areas. The household size is modelled to remain constant in the remainder of the district. The table below shows the average household size from 2024 to 2054 for each area in the district.

Table 4: Projected Household Size - 2024 to 2054

Year	2024	2034	2044	2054
District Average	60%	59%	62%	64%
Fairlie	81%	81%	81%	81%
Mackenzie Lakes (incl. Takapō/Tekapo)	55%	58%	59%	59%
<i>Takapō/Tekapo</i>	<i>48%</i>	<i>53%</i>	<i>53%</i>	<i>53%</i>
Opuā	82%	82%	82%	82%
Twizel	48%	48%	53%	53%
District Overflow			100%	100%

² <https://freshinfo.shinyapps.io/NZVAF/>

³ <https://dataventures.nz/>

2.3 Visitor Narrative

2.3.1 Projections

The visitor narrative comes from growth projections developed by Rationale in 2020, which were based on Fresh Info's "New Zealand Visitor Activity Forecast"² from 2018 – 2025 for the Mackenzie District.

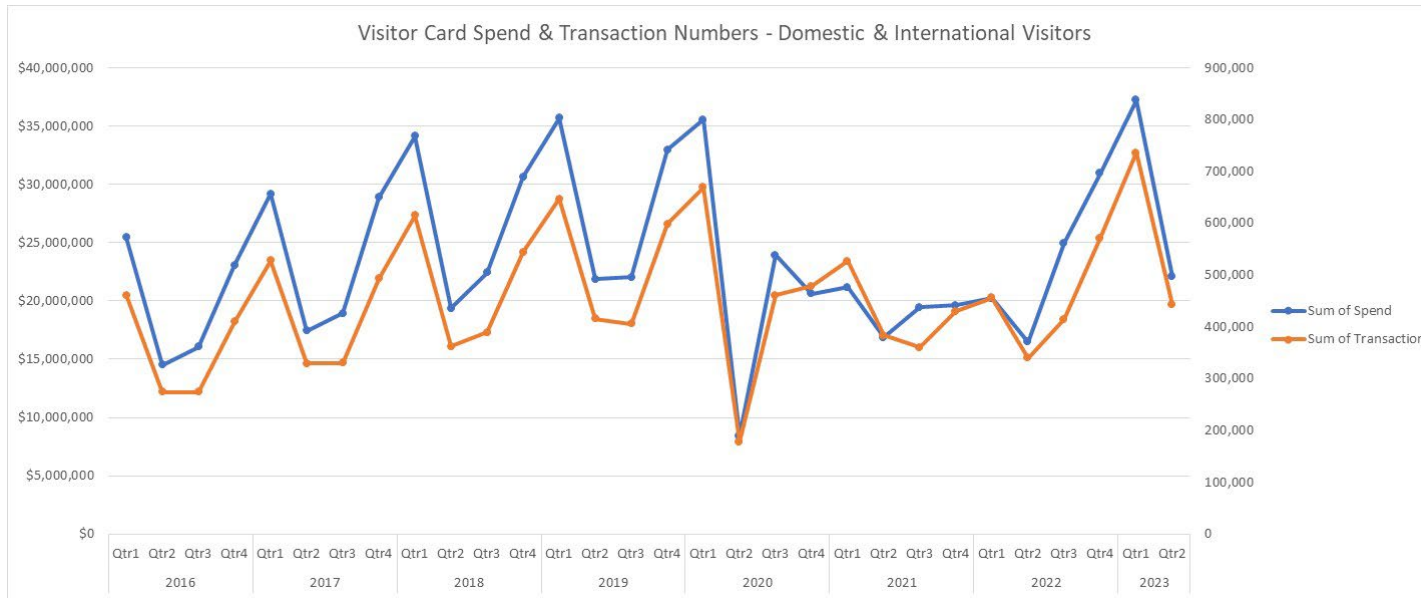
Cell phone data provided from Data Ventures³ was used to apportion visitors across the projection areas within the district, according to observed historical ratios. These ratios remain constant over the projection years, meaning that visitor growth has been modelled at the same rate in each projection area. Peaking factors, also derived from the Data Ventures cell phone data, were used to convert between peak and average day visitor numbers. Peaking factors are also modelled to remain constant across the projection years. In lieu of more recent visitor projections, the 2020 growth projections remain the most appropriate to inform the 2024 – 2034 LTP, 2024 – 2054 Infrastructure Strategy and the various Activity Management Plans.

2.3.2 Overview

Mackenzie district attracts a large number of visitors, particularly compared to its small resident population. Prior to the Covid-19 pandemic, strong international and domestic visitor growth was experienced. Throughout the pandemic, visitor numbers decreased substantially due to the removal of the international tourism market. Domestic visitation remained strong, however, and increased compared to pre-covid levels.

Early evidence from bank card data and other economic indicators shows a strong uptake in international tourism since the opening on the borders in mid-2022.

Figure 2: Visitor Card spend & Transaction Numbers – Domestic & International Visitors



Bank card data shows both card transactions and spend are now higher than pre-covid numbers, indicating a strong return of international tourism.⁴

⁴ Source - MarketView

Figure 3: Consumer Spending 2016 to 2022



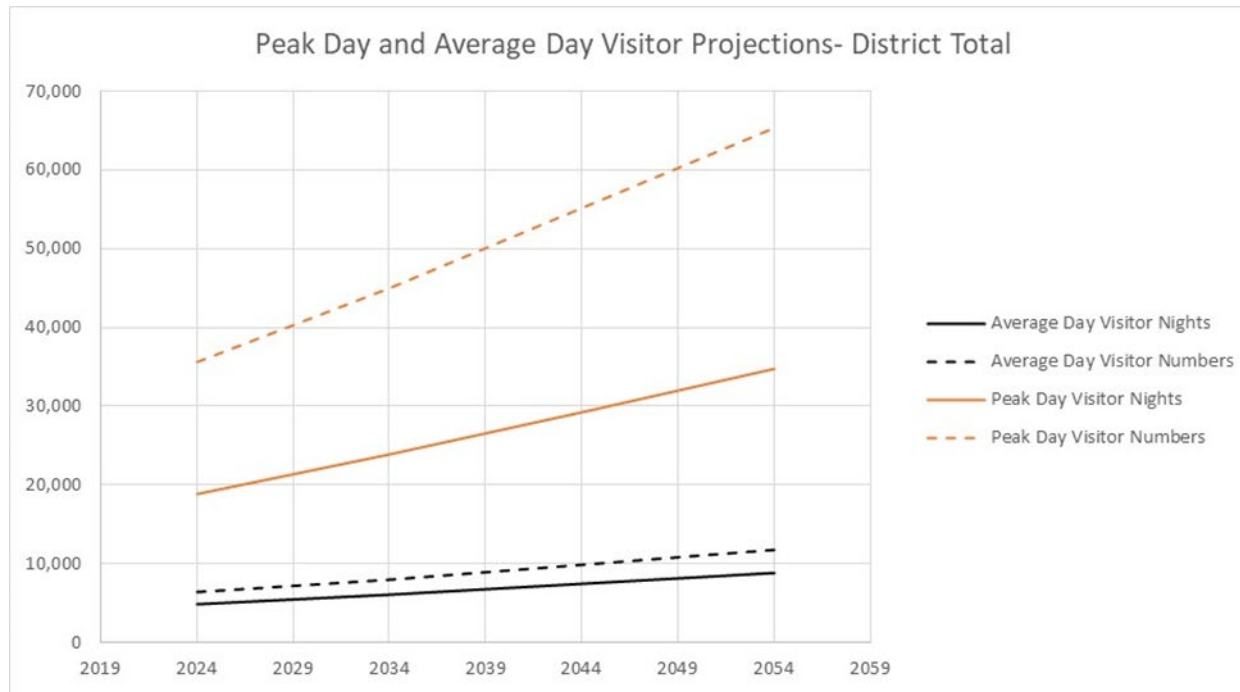
Consumer spend is higher than now than pre-covid levels, likely driven by the return of visitor numbers and associated spend⁵.

This data and forecasts show that it is likely that visitor numbers will exceed pre-covid levels by 2024 and continue growing over the following 30 years.

The following chart shows projected visitor numbers from 2024 to 2054 for the district. Each visitor measure is projected to grow by 84% over the 30-year timeframe.

⁵ Source - Infometrics Quarterly Economic Monitor. June 2023

Figure 4: Peak Day & Average Day Visitor Projections -District Total



Most of the visitation is expected to be centred in Twizel and Mackenzie Lakes areas (which comprises Takapō/Lake Tekapo, and the rural areas in the district west of Burkes Pass). Visitors to the district are diverse, consisting of tourists on commercially organised bus tours, independent tourists (FITs) staying in commercial accommodation (hotels, campsites, Airbnb's etc), freedom campers, and visitors staying in private residences (either in usually unoccupied holiday homes or as guests in occupied households).

2.3.3 Average Day Visitor Nights

Average Day Visitor Nights are forecast to increase across the district from 4,842 visitors per night in 2024 to 8,887 visitors in 2054. 57% of visitors are expected to stay in Mackenzie Lakes, 29% in Twizel, 10% in Opuia and 4% in Fairlie.

The Average Day Visitor Nights refer to the mean number of visitors that are within an area overnight, within in a 12- month period. The forecast Average Day Visitor Nights from 2024 to 2054 for each area in the district is shown in the table below.

Table 5: Average Day Visitor Night Projections - 2024 to 2054

Year	2024	2034	2044	2054
District Total	4,842	6,101	7,494	8,887
Fairlie	209	263	324	384
Mackenzie Lakes (includes Takapō/Tekapo)	2,753	3,469	4,261	5,053
Opuia	467	588	723	857
Twizel	1,413	1,780	2,187	2,594

2.3.4 Average Day Visitor Numbers

Average Day Visitor Numbers are forecast to increase across the district from 6,380 daily visitors in 2024 to 11,708 visitors in 2054. 61% of visitors are expected to visit Mackenzie Lakes, 23% visit Twizel, 12% visit Opuia and 4% visit Fairlie.

The Average Day Visitor Numbers refer to the mean number of visitors that are within an area at any time in the day, within in a 12-month period. The forecast Average Day Visitor Numbers from 2024 to 2054 for each area in the district is shown in the table below.

Table 6: Average Day Visitor Numbers - 2024 to 2054

Year	2024	2034	2044	2054
District Total	6,380	8,037	9,873	11,708
Fairlie	265	334	410	486
Mackenzie Lakes (includes Takapō/Tekapo)	3,919	4,937	6,065	7,192
Opuia	752	947	1,163	1,379
Twizel	1,444	1,819	2,235	2,650

2.3.5 Peak Day Visitor Nights

Peak Day Visitor Nights are forecast to increase across the district from 18,933 visitors per night in 2024 to 34,747 visitors in 2054. 48% of visitors are expected to stay in Mackenzie Lakes, 38% in Twizel, 6% in Opuia and 7% in Fairlie.

The Peak Day Visitor Nights refer to the number of visitors that are within an area overnight, on the busiest night within in a 12-month period. The peak event corresponds to New Years in Mackenzie Lakes and Twizel, and Easter/Fairlie Agricultural Show in Fairlie and Opuia. The forecast Peak Day Visitor Nights from 2024 to 2054 for each area in the district is shown in the table below.

Table 7: Peak Day Visitor Nights - 2024 to 2054

Year	2024	2034	2044	2054
District Total	18,933	23,853	29,300	34,747
Fairlie	1,394	1,756	2,157	2,558
Mackenzie Lakes (includes Takapō/Tekapo)	9,075	11,433	14,043	16,654
Opuia	1,229	1,549	1,902	2,256
Twizel	7,235	9,115	11,197	13,279

2.3.6 Peak Day Visitor Numbers

Peak Day Visitor Numbers are forecast to increase across the district from 35,609 daily visitors in 2024 to 65,351 visitors in 2054. 40% of visitors are expected to visit Mackenzie Lakes, 21% visit Twizel, 19% visit Opuia and 20% visit Fairlie.

The Peak Day Visitor Numbers refer to the number of visitors that are within an area at any time in the day, on the busiest day within a 12-month period. The peak events correspond to New Years in Mackenzie Lakes and Twizel, and Easter/Fairlie Agricultural Show in Fairlie and Opuia. The forecast Peak Day Visitor Numbers from 2024 to 2054 for each area in the district is shown in the table below.

Table 8: Peak Day Visitor Numbers - 2024 to 2054

Year	2024	2034	2044	2054
District Total	35,609	44,862	55,107	65,351
Fairlie	7,076	8,914	10,950	12,986
Mackenzie Lakes (includes Takapō/Tekapo)	14,095	17,758	21,813	25,868
Opuia	6,790	8,554	10,507	12,461
Twizel	7,648	9,636	11,836	14,036

2.3.7 Future Growth

Mackenzie District is poised on a trajectory of population and visitor growth which impact directly on infrastructure provision and renewal.

Analysis of the future urban and rural residential subdivision over the next 4 years shows an average of 10 sections per year, along with associated infrastructure, to be vested in Takapō/Lake Tekapo and an average of 46 per year in Twizel. The council believes that there are sufficient consented sites available to support current demand trends.

Over the last decade, the Mackenzie District has seen a change from pastoral farming to more intensive practices in particular logging, dairy conversions, cropping and stock rearing/ finishing. This significant change in land use impacts the road network in terms of increased heavy vehicle volumes. Each dairy conversion adds at least four heavy truck and trailer movements on the adjacent roading network a day minimum. Some of those roads are narrow gravel roads with limited structural strength, in particular the logging industry with significant heavy loadings on trucks.

Future demand for the transportation network will continue to be driven by tourism and land use changes and intensification within the district. Future demand is driven by residents, domestic and international independent travellers and freighters. The forecasted demand for electric charging network presents real challenges for council.

2.4 Infrastructure Assets

2.4.1 Critical and Core Assets

Sustainable and resilient investment in critical and core infrastructure management is of considerable importance for how human, agricultural, cultural, and recreational uses of infrastructure are sustainably managed.

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

Table 9: Mackenzie District Core Infrastructure Assets Valuation

Asset	Description	Replacement Value (30 June 2022, water, 30 June 2023)	% of Total
WATER	Water extraction, treatment, and distribution	\$60,802,050	15.76
WASTEWATER	Wastewater collection, treatment, and discharge	\$49,844,359	12.92
STORMWATER	Stormwater collection and discharge	\$13,789,900	3.57
TRANSPORTATION	Roads (arterial, collectors, local; curbs and gutters), bridges, footpaths	\$249,593,352	64.70
PUBLIC FACILITIES, PARKS & PLACES	Parks, buildings, play equipment.	\$ 11,749,000	3.05
TOTAL		\$385,778,661	100%

2.4.2 Water Services

The Council has consistently regarded the provision of the Three Water services as critical and vital to maintaining the community's health and well-being. Three water services are organized into five main asset classes.

- Water Supply Intakes, storage facilities, pump stations, reticulation
- Wastewater systems /oxidation ponds at Fairlie, Takapō/Lake Tekapo, Twizel and Burkes Pass
- Wastewater reticulation, pumps, manholes and dispersal fields
- Stormwater mains and manholes
- Stormwater detention and infiltration basins

The water supply and wastewater assets are fundamental to Council's statutory responsibilities and strategies for conserving public health in pursuit of its mission to enhance the quality of life of residents in the district. The Council has consistently regarded the provision of the Three Water services as critical and vital to maintaining the community's health and well-being.

Mackenzie District's water, wastewater and stormwater networks are managed by Council with contracts to Whitestone Contracting.

2.4.3 Transportation

The Mackenzie District Council owns and is responsible for the day-to-day operation, maintenance, renewal, and improvement of the district's local roading network excluding state highways No 8, 79 and 80 which are owned by the Crown and managed by the Waka Kotahi/New Zealand Transport Agency.

The Council also provides other assets such as footpaths and streetlights. State highways 8, 79 and 80 are an important part of the overall roading network in the district. The Council works with Waka Kotahi and the Regional Transport Committee to meet its obligations regarding roading and to be consistent with the Regional Land Transport Strategy.

The purpose of road assets is to provide a sustainable, safe, convenient, comfortable, and cost-effective road network for the free movement of people, goods, and vehicles throughout the Mackenzie District.

The transport network includes 243 km of sealed roads and 518 km of unsealed and 97 bridges. Future levels of service of the network are to a significant degree dependent on the capacity of State highway 8. Roading is the only transportation route and there are no shipping or rail links between Christchurch, Fairlie and Twizel. Road links with the rural hinterland are less well developed, being unsealed and subject to weather extremes.

The transportation asset is made up of the following components, which are described in more detail in the sections below.

- Roads sealed and unsealed.
- Footpaths: all
- Drainage: Culverts, kerbs and channels, unlined channels, catch pits and soak pits
- Signs and road marking
- Streetlights
- Bridges

2.4.4 Public Facilities, Parks, and Places

The Public Facilities, Parks and Places Asset Management Plan covers the following assets and services:

- Parks and Open Spaces
- Swimming Pools
- Public Toilets
- Trees
- Community and Recreation Centres
- Council Administration Buildings
- Cemeteries
- Streetscapes
- Trails

- Community Housing
- Playgrounds
- Alps to Ocean trail (A2O)

The Public Facilities, Parks and Places portfolio is extensive and is linked to other asset management plans such as Transportation and Solid waste.

A total of 198 hectares of parks and reserves is managed by the Mackenzie District Council, of which, 180 hectares is defined as **Actively maintained/urban park**, which can be used for comparison purposes as follows:

180 hectares is equivalent to 33 hectares per 1,000 residents compared to the national median of 9.6 hectares per 1,000 residents. Therefore, Mackenzie District Council currently has significantly more park land than is typical for other councils in New Zealand.

3. Our Infrastructure Strategy

3.1 Purpose

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".

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. This Infrastructure Strategy (the Strategy) has been prepared by Council under section 101B of the Local Government Act 2002. It forms part of Council's 10-year Long-Term Plan 2024 to 2034.

3.2 SCOPE

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
- Transportation including Roads, Footpaths and Structures
- Public Facilities, Parks, and Places

The Strategy outlines:

- How the Council intends to manage its infrastructure assets over the next 30 years.
- Significant infrastructure issues and problems that Mackenzie communities must address.
- The principal options to address these areas.
- The cost and service delivery implications of these options for the community.
- The most likely scenario for the Council's infrastructure investment.

The most likely scenario includes potential projects that may or may not proceed subject to funding decisions made through future long term and annual planning processes

- The Council priorities in terms of the overarching aim for

delivering critical core services.

- Responding to community needs and expectations in terms of parks and community facilities such as modernisation of pools and recreational facilities.
- Alignment with the Community well beings and community outcomes in the Long-Term Plan (LTP).
- Delivery against the four community well-beings (environmental, economic, social, and cultural).
- The need to manage all new and ageing infrastructure assets 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.

3.3 Strategic Alignment

The Council has approved a Plan on a Page as the key overriding strategic document to link all strategies, policies with community outcomes. This has been shared with governance and staff.

The Council has also considered the New Zealand Infrastructure Strategy 2023 and linked the key goals (below) to this Infrastructure strategy.

- Our infrastructure lays a foundation for the people, places and businesses of Aotearoa New Zealand to thrive.
- Rautaki Hanganga o Aotearoa is New Zealand's Infrastructure Strategy. It sets a pathway to transform New Zealand's infrastructure over the next 30 years.

Vision of NZ Infrastructure Strategy: Infrastructure lays a foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations.

This strategy sets a path to a 2050 where infrastructure continues to support wellbeing.

A further relevant document is **Te Manahuna Ki Uta/ Destination Mackenzie 2022** which sets out a bold plan and strategy in partnership with takata whenua to shape tourism values for the future including infrastructure investment.

At a high level, Council's priorities align with the four community well beings:

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

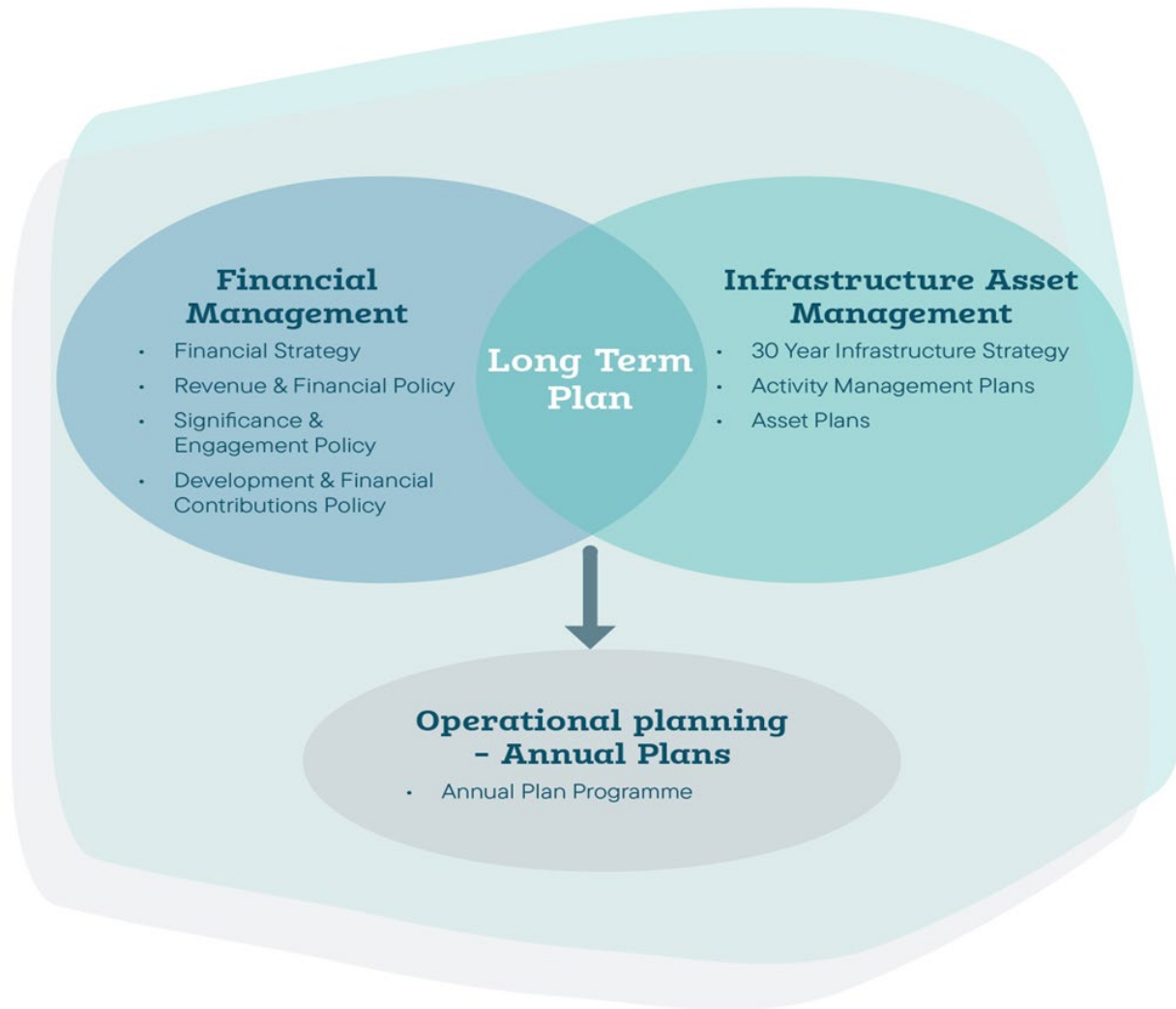
This moves the discussion from pipes and roads, to how the infrastructure will support the community and enable the future we seek together.

All relevant strategies and plans are detailed in individual Asset Management Plans and the figure below shows the interlinkages to all documents.

Figure 5: Strategic Plan on a Page 2024 to 2034



Figure 6: Strategic Alignment of Strategies and Long-term Planning



3.3.1 Water Services Strategy

The Council seeks to improve water treatment in all parts of the district to meet the requirements of the Health (Drinking Water) Amendment Act 2007 and Water Services Act 2021. The Council has been upgrading numerous treatment plants over the last number of years to meet the requirements of the Acts.

Over the next ten years Council plans to:

- Protect and Comply with the Health (Drinking water) Amendment Act 2007.
- Comply with the Water Services Act 2021.
- Maintain consumer’s access to water for sustaining life and essential services.
- Continue to monitor and respond to the Government’s new Water Regulatory Framework as it is implemented.
- Act diligently as good stewards of our assets.
- Continue maintenance and renewal of the water network to meet the needs of current and future consumers.
- Treat wastewater to new higher standard consents as current consents expire in 2040 Takapō /Lake Tekapo, 2038 Fairlie and 2053 Twizel wastewater treatment plants.
- Manage stormwater consents.
- Risk management plans for wastewater and stormwater.

This vision is supported by a detailed Water AMP.

3.3.2 Transportation Strategy

There are two strategic funders for transportation activities: Mackenzie District Council and Waka Kotahi NZ Transport Agency(NZTA).

Waka Kotahi issues the **Government Policy Statement on Land Transport (GPS)** every three years. The GPS sets out the government’s

priorities for expenditure from the National Land Transport Fund over a 10-year period, and how funding should be allocated.

Regional Land Transport Plans (RLTP) must be consistent with the GPS, and Waka Kotahi NZ Transport Agency (NZTA) must give effect to it with regards to land transport planning and funding.

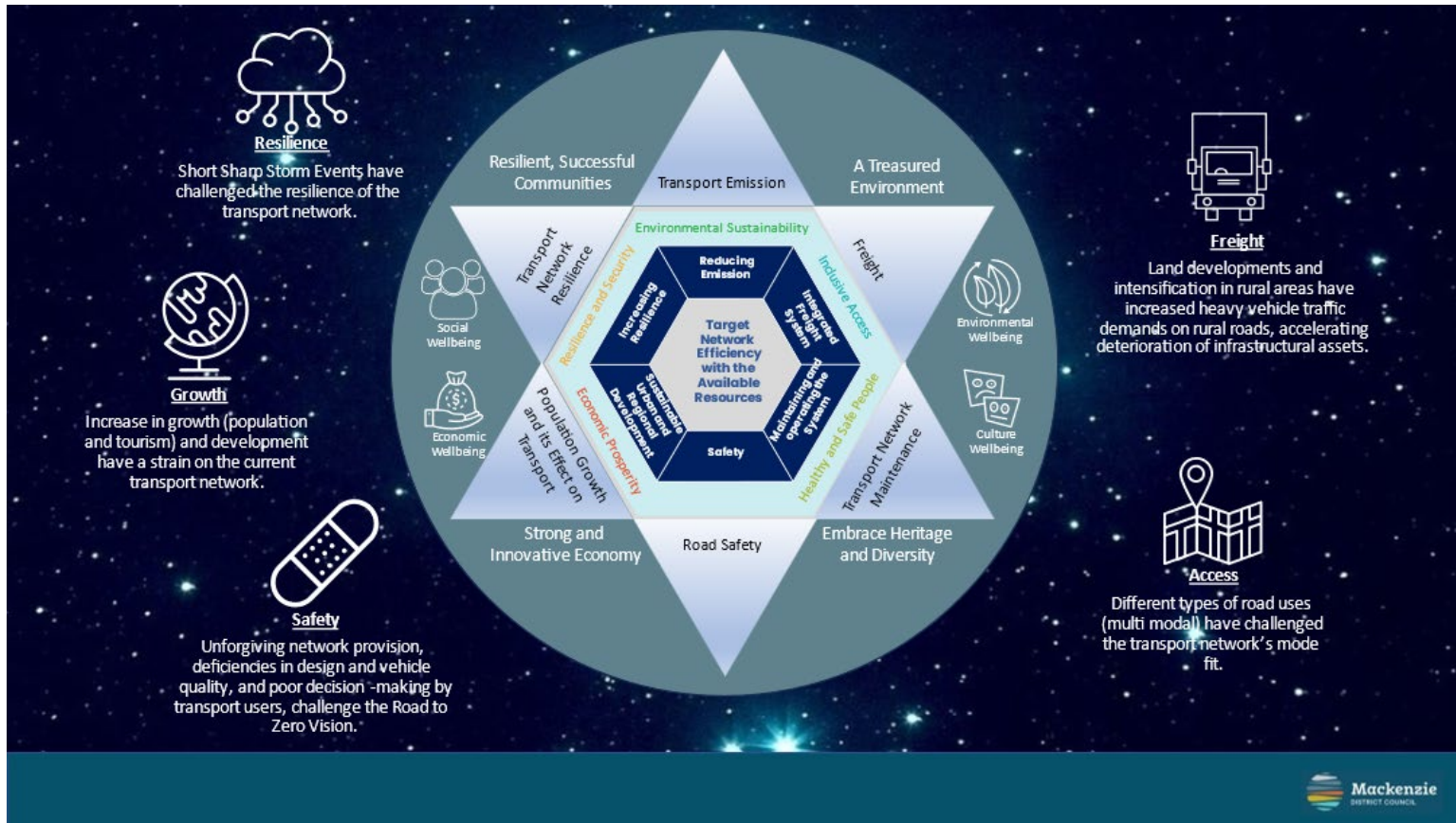
This describes a strategic, long-term, and integrated approach to transport and makes clear what government is aiming to achieve through the transport system in the long term.

While not mandated until 2024, the draft Canterbury RLTP has included these outcomes as the foundation of its strategic framework, to align with this enduring long-term direction. This is beneficial to Mackenzie District, with a people focused programme aligned with community wellbeing.

The Draft Canterbury Regional RLTP supports these four strategic priorities.

Mackenzie District Council’s priorities generally align with the draft GPS. Mackenzie acknowledges Ministry of Transport’s investment priorities and is committed to these. The partnership with Waka Kotahi is key to progressing these priorities.

Figure 7: Transportation Strategy



3.3.3 Public Facilities, Parks, and Places Strategy

At this stage we only have an open space and amenities strategy that covers parks, trails, playgrounds, and toilets. Strategies are yet to be developed for community halls, swimming pools and cemeteries.

Parks are generally highly valued by the community and many of the Council's parks have significant history associated with them. Many of the parks are protected and managed through legislation and their underlying ownership history as crown derived or vested land.

Through protecting, enlarging, and enhancing this network we will, over time, create significant ecological, amenity, recreation, and economic value.

The provision of cemeteries is managed as part of Public Facilities, Parks and Places and meets the Council's obligations under the Burial and Cremation Act 1964 to make provision for burials within the district.

The Swimming Pools provide a safe environment for aquatic-based recreation and sport activities. They also provide opportunities for learn to swim and water safety programmes.

The Council's provision and support for quality Public Facilities, Parks and Places enhances the district as a favourable place to live and visit. The Open Space and Amenities Strategy was prepared in 2022 to guide the Asset Management programme and its objective is to provide Mackenzie District residents and visitors with the range and standard of facilities and services they require.

3.4 Range of Services

To deliver on its vision and strategic priority areas, the Council provides a range of services to its community through its infrastructure assets. We strive to ensure that:

- our community is healthy by providing safe drinking water and the safe disposal of wastewater.
- our community is connected by providing access to safe and efficient transport networks.
- our economy is well supported by maintaining a resilient and well-connected transport network.
- MDC transportation services provide a safe and connected service to meet the needs of the community maintaining transport assets.
- our environment is healthy, by providing discharges of wastewater and stormwater to meet environmental standards, as well as by providing a range of recreational opportunities.
- our community is protected with providing potable drinking water that meets water safety standards.
- our community is resilient to change because of foreseen and unforeseen events - natural hazards, climate change, changes in demand.
- our community has access to a range of recreational, cultural, and social facilities that meet their needs now and in the future. Our community is provided with parks and reserves land, facilities, and services to meet the current and future needs of the community in a way that is sustainable in the long-term and complies with regulatory requirements.

3.5 Customer expectations

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

Water:

- Increased level of interest in water quality.
- Extended areas being desirable to be connected to drinking water systems.

Wastewater:

- Increased interest in and understanding of environmental effects.
- Extended areas being desirable to be connected to reticulated wastewater systems.
- Improved response times.

Stormwater:

- Increased level of resilience from rainfall events.
- Improved response times.

Transportation:

- Improved network wide resilience.
- Improved surface condition of sealed and unsealed roads.
- Improved safety district wide with reduction in the number of “loss of control” crashes.
- Increased carriageway and shoulder widths.
- Responsive maintenance and operation across the network.
- 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 pedestrians and traffic.
- 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 amenities.
- Upgraded Intersection controls, delineation, warning signage traffic calming.
- Destination signage, information, and wayfinding for tourists/ visitors to the district.

Public Facilities, Parks, and Places

- Accessible and safe network of parks.
- Availability of good quality recreation and community facilities across the district.
- Appropriately maintained community facilities including facilities able to be used in emergencies.
- Affordability of pools, cemeteries, and halls.
- Cemeteries that have a high quality of presentation and options for burial across the district.
- Playgrounds that are appealing, accessible, and safe.
- Improved network of walking and cycle trails and in particular, off-roading of all the Alps to Ocean (A2O) trail (Mackenzie section)
- Public toilets improved cleanliness, quality and increase in capacity to meet increasing visitor demand.

4. How we manage our infrastructure

How the Council manages its infrastructure assets over the lifetime of this Strategy is set out below—more detail can be found in the relevant Asset Management Plans.

Infrastructure plays a crucial role in people’s lives and provides an important base for many of the activities within the community. It provides the foundation for economic prosperity and supports the health and safety of the community. This Strategy presents as an opportunity for the Council to assess how its assets have performed and where improvements are required.

The theme of this Strategy is to identify significant infrastructure challenges and opportunities for Mackenzie District over the next 30 years. Decisions made regarding the most likely option for responding to these issues are reflected in budgets incorporated into the LTP.

The capital investment needed for infrastructure assets often requires substantial expenditure for replacement or significant maintenance. However, the long life of most infrastructure means that significant peaks in expenditure are typically followed by long periods where relatively low expenditure is required.

This Strategy reflects on what has already been done and considers the best way to move forward to ensure efficient and effective management of these assets to achieve the outcomes the community requires.

The core infrastructure for Mackenzie district has been well managed as have the budgets and programmes.

To provide a more resilient land transport network, the Council requires to plan, future-proof, and make evidence-based investment decisions. As the Council learns more about how our road network handles unexpected disruptions, and key or weak parts of our network, knowledge of what the Council requires to invest to support a more resilient road network can be identified. Significant unplanned events

are anticipated for with more intense and regular weather events forecast due to climate change. As the frequency and severity of these extreme weather events increases, Council is considering taking the initiative to improve and build resilience into the network for the future. This will in turn support the road network to avoid being blown out every time there is a flood, reducing the need for emergency works.

4.1 Description of Core Assets in Strategy

This Strategy covers the core asset groups of drinking water, wastewater, stormwater, roads and footpaths, public facilities, parks and places. The metrics of these assets are in Table 10 below.

Table 10: Mackenzie District Core Water Services Assets metrics

Assets	Component	Quantity
Water Supply	Separate drinking water supply systems in Fairlie, Allendale, Burkes Pass, Tekapo, and Twizel. Water intakes	9
	Storage facilities pump stations.	6
	Treatment Plants	6
	Reticulation	402.6 km
Wastewater	Separate wastewater systems /oxidation ponds at Fairlie, Takapō/Tekapo, Twizel and Burkes Pass	4
	Reticulation	91.9km
	Manholes	1115
	Pump stations.	6
Stormwater	Stormwater mains	31.7km
	Stormwater detention and infiltration basins	5 treatment areas
	Manholes	409
	Sumps	494

Table 11: Mackenzie District Core Transportation Assets metrics

Assets	Component	Quantity
Roads	Sealed	223.8 km
	Unsealed	516.5 km
Footpath	All	65 km
Structures	Bridges	96
	Cattle stops	58
	Fords	45
Drainage	Culverts	1,876
	Kerb and Channels	69.67 km
	Unlined channels	745.37 km
	Catchpits and Soak pits	110
Signs		3,271
Streetlights		1154
Cycle Lanes	Cycle lanes and shared paths	4.75 km

Table 12: Mackenzie District Core Public Facilities, Parks, and Places Assets metrics

Asset	Component	Quantity
Parks	Urban (Actively maintained parks)	179.4 ha
	Natural parks	18.4 ha
	Total Park land	197 hectares
Other Community Assets	Playgrounds	8
	Skate Parks	2
	Community Centres and Halls	5
	Community Housing units (Fairlie 7, Twizel 3)	10
	Council Administration Offices	2
	Peace Trees – Fairlie (approx.)	493
	Swimming Pools	2
	Public Toilets (parks and other public places)	19
	Alps to Ocean trail (off-road sections)	40KM
	Twizel town trail	14 km
Cemeteries (5)	4.9ha	

4.2 Asset Data Confidence

There has been intensive focus on improving data gathering and confidence in the data captured over the past few years.

All the tables below summarise the current confidence levels in our asset data. There are challenges in maintaining data that is reliable, fit for purpose particularly around asset condition, which changes overtime and is not always visible. To meet these challenges the Council is constantly reviewing its data for completeness, appropriateness and ensuring it's fit for purpose. Today the Council is adopting practises that ensure data is captured efficiently, such as rapid speed data capture,

added into the database in a timely manner, presented from developers in a format that is electronically transferable, and all data is checked by the Council for accuracy.

4.2.1 Three Waters Asset Data Confidence

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. Table 14 shows the grading symbol and description used.

Table 13: Three Waters Asset Data Confidence

Data element	Water	Wastewater	Stormwater
Asset register or database	G	G	G
Attribute details	G	G	G
Asset category	G	G	G
Optimisation information	A	A	A
Useful life information	G	G	G
Unit Rates	G	G	G
Condition	A	A	A

Table 14: Grading symbol and grading description for asset register

Grading Symbol	Grading Description
VH	Very High confidence
H	High confidence
G	Good confidence
A	Average confidence
P	Poor confidence

4.2.2 Transportation asset data confidence

Table 15: Transportation Asset Data Confidence

Transport Valuation Element	Pavement	Footpath	Structures	Drainage	SWC	Signs	Lights
Asset Registers or Databases	A	G	H	A	A	A	G
Attribute Details	A	G	H	A	A	A	G
Asset Categorisation	A	A	H	A	A	G	G
Optimisation Information	P	G	H	A	A	A	G
Useful Lives Information	A	A	H	G	A	G	G
Unit Rates	A	G	G	G	A	H	G

4.2.3 Public Facilities, Parks, and Places asset data confidence

Work has been undertaken to capture the condition and service-related asset information for public toilets and playgrounds as part of the development of an Open Spaces and Amenities Strategy in 2021.

A complete park survey was undertaken in 2022 to capture all other park hard assets which included condition assessment. Additional information is available in the “Mackenzie District Council Parks Asset Summary Report December 2022”.

There has been no detailed asset information capture or condition assessment undertaken for the community halls, community housing and swimming pools. This work is planned for 2024.

Table 16: Public Facilities, Parks, and Places Asset Data Confidence

Asset Type	Highly Reliable	Reliable	Uncertain	Very Uncertain	No Asset data
Park land - overall	100%				
Grass mowing	100%				
Gardens	100%				
Play equipment	100%				
Park structures	100%				
Park furniture	100%				
Irrigation					100%
Signage	80%	20%			
Street trees	60%				40%
Park trees	40%				60%
Swimming pools		20%			80%
Public toilets	100%				
Community buildings			10%		90%

4.3 Asset Management Practices

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

The information and data systems available to Council staff include Assetfinda, RAMM and the GIS mapping system. These systems are used to provide the Council with information which can be used to assess performance and provide 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.

The Council’s approach to the renewal (renew the condition and life of the asset) and replacement of its infrastructure assets over the timeframe of this Strategy will be to prolong the life of its assets by prioritising which assets to renew based on their age, condition, criticality, and risk of failure. To continue to meet the required level of service, the Council funds the replacement of assets when their condition dictates. The expected asset lives are set out in Table 17 below.

The Council has an ongoing programme to survey the condition of its assets and review the level of service to be delivered through the asset. This information, together with the history of the asset, including feedback from contractors and customers, and the level of service standards will be used for modelling the networks and to develop the work programmes. Work to minimise the risk of failure from natural hazard events will also be considered when priorities are considered for the renewal programmes.

The condition rating of assets is checked:

- Every year for all roads sealed and unsealed
- Bridges annually
- Signs every year.
- All transportation assets every year

- CCTV is required for wastewater and stormwater. As required - water supply hydrants
- Three yearly checks for property, parks and reserves due to short economic lives of the parks and reserves assets.

Budget is proposed to undertake pipe condition surveys (CCTV) of all wastewater and stormwater pipes as problem area issues arise. To date the whole of Fairlie and Takapō/Lake Tekapo have been completed. Twizel will be undertaken next.

Condition assessment is undertaken to inform maintenance and renewal programmes. For the bulk of the network, which is in good condition, the assessment process is the driver of inspection frequency. Where the condition assessed is less than average, those sections of the network are more closely monitored – particularly after any event or incident which has the potential to decrease the assessed condition more rapidly.

Overall, the Council is satisfied that it understands the condition of its assets. This is underpinned by the significant amount of condition rating data accumulated over a long period of time. More resources are required to conduct analysis to format data to understand and forecast what is required.

The Council is of the view that the overall condition of its assets is variable, roading network is good however, road drainage and bridges are not in good condition while some three waters pipes are in good condition, others are not. Condition is of course a function of both age and use. To an extent the replacement/renewals profile for assets will have peaks and troughs based on historic periods of high growth/investment. The Council's approach is to smooth out expenditure (where possible) to avoid the worst extremes. This means that based upon condition the life of some assets may be pushed out and again based upon condition the replacement of others brought forward. This balancing occurs across all infrastructural assets simultaneously.

The flow monitoring programme pinpoints any inflow and infiltration issues in the wastewater network through faulty pipes and manholes. Inflow and infiltration investigations are also regularly undertaken when

needed. These include smoke testing and gully trap checks. This programme also covers private laterals.

The Council has a medium level of confidence overall in its asset information and condition rating data across some of its infrastructural assets. The exceptions include roading data, property, swimming pools and community facilities which are not in good condition. Only Three Waters assets have a reasonable level of confidence. There has been no detailed asset information capture or condition assessment undertaken for the community halls, community housing and swimming pools. This work is planned for 2024.

All property assets including administration offices, community halls and pools have had a detailed condition assessment.

The Council confirms whether the condition rating is still valid prior to finalising the work programme each year and work is prioritised accordingly. Should an unexpected fault occur, the annual work programme is re-prioritised to ensure that the most effective and efficient use is made of funding.

There are elements of Council assets where the business or service level consequences of failure are sufficiently severe to justify proactive action—these are high-risk assets. High-risk assets are those that are critical for the health and safety of the community and that have a high likelihood of failure given their age, materials, and location. These include potable water assets and wastewater pipes.

4.4 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.

All these categories listed below are fully covered in the asset management plans in the long-term plan.

The Lifecycle Management Programme covers four key categories of work necessary to achieve the required outcomes. These key categories and goals are in Table 17.

Table 17: Lifecycle Planning Categories

Lifecycle Categories		Aim
Operations and Maintenance	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	To maintain the assets to ensure that the assets achieve their service potential
Renewal	To provide for the progressive replacement of individual assets that have reached the end of their useful lives (restores the original capacity)	
Development	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
Disposal	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, public facilities parks, and places) outline the details for each of the lifecycle categories.

4.5 Monitor Performance of Service Delivered

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

However, the Council acknowledges there are limitations with its data that affect decision-making. Examples of how we collect data collection and prepare analysis is indicated below:

- Independent monthly quality monitoring of the park's maintenance contract and hall cleaning contractors forms part of the Yardstick benchmarking programme. This programme allows us to monitor our proficiency of service and performance monitoring of the park's services.
- Annual customer satisfaction surveys provide feedback on township services, swimming pools, amenities and parks and community facilities.
- Benchmarking of parks and open spaces operation and maintenance costs as measured by Yardstick.
- Monthly performance assessment of parks and public toilets operations and maintenance standards.
- Recreation Aotearoa Pool Safe Accreditation
- All safety audits are run by Recreation Aotearoa which monitors operations of all pools to ensure safety protocols are maintained and are safe.
- Monthly reporting of Fulton Hogan transportation contract
- Road roughness
- Pavement deflection in selected areas
- Bridge surveys

- Traffic counting
- Monthly reporting of Whitestone contract with Three Waters KPI's
- Laboratory testing as required - potable water tests over 900 per annum to meet drinking water standards and consent conditions.
- Electronic monitoring of some elements of water quality
- Water supply volumes at the plant and at property boundary monitoring is being installed.

4.6 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 assumptions) are used in preparing this Strategy: refer AMPS useful lives have been identified for water, roading and parks but not identified for property assets.

High-risk assets include pipelines towards the end of their expected lives, all bridges and any roads that give access to critical infrastructure such as pump stations and reservoirs. Such assets are inspected immediately after a severe event such as an earthquake. They are renewed when conditions require it.

Based on the current condition profiles for the stormwater and wastewater networks, the Council foresees a steady increase in the expenditure requirements for these assets over the next 30 years.

Table 18: Lifecycle of core assets

Operational assets	Depreciation method	Life (years)
Transportation		
Surfacing	Straight line	0-17 years
Kerb and channelling	Straight line	40 to 80 years
Street signs	Straight line	20 years
Resource consents	Straight line	10 to 33 years
Street lighting	Straight line	20-40 years
Bridges	Straight line	80 to 100 years
Box culverts	Straight line	100 years
Water supplies		
Piping mains	Straight line	10 to 80 years
Pumps	Straight line	15 to 20 years
Service lines	Straight line	60 to 80 years
Hydrants	Straight line	80 years
Valves and air valves	Straight line	25 to 80 years
Meters	Straight line	20 to 25 years & 6 years for batteries
Reservoirs	Straight line	40 to 80 years
Wastewater		
Mains	Straight line	10 to 100 years
Pumps	Straight line	15 to 20 years
Manholes	Straight line	100 years
Oxidation ponds	Not depreciated	

Operational assets	Depreciation method	Life (years)
Stormwater		
Lines	Straight line	60 to 150 years
Manholes	Straight line	150 years
Open drains	Not depreciated	
Public facilities		
Buildings	Straight line	13-80 years
Furniture and Fittings	Straight line	10 years
Parks		
Land	Not depreciated	
Places		
Heritage Assets	Straight line	60-150 years
Litter bins	Straight line	10 years

4.6.1 Renewals to improve life of assets.

The CAPEX and renewal estimate graphs in the *Most likely scenario* section (Chapter 8) identify the renewals and CAPEX budgets for each of the assets covered by the Strategy.

These highlight that the Council will face the following peaks in renewals expenditure within the timeframe of the current LTP and Infrastructure Strategy timeframe:

- Three Waters renewals throughout the 30 years of both reticulation and wastewater treatment.
- Roading renewals throughout the 30 years principally comprising reseals and gravel running course renewal.
- Cass River Bridge replacement: 2029 – 2030
- Community centres structural upgrades 2028/29 & from 2034 to 2040
- Public swimming pool upgrades 2034/35, 2039/40, 2040/41

Additional to this will be significant renewals over the last 20 years of the strategy which include wastewater treatment plants in Twizel, Takapō/Lake Tekapo and Fairlie. It is also likely that the swimming pools in both Twizel and Fairlie will reach the end of their useful life.

The Council does not have any significant backlog in maintenance or renewals but recognises the importance of maintaining and in some cases enhancing its renewal programme to ensure a significant backlog does not develop. Currently the networks are delivering the levels of service required but to ensure this occurs into the future the Council has enhanced the size of its renewals programmes in wastewater reticulation and road surfacing.

The Council will continue to smooth the renewals' programmes to strike a balance between optimal timing for renewal of the asset, undertaking the renewal work in tandem with other council work programmes such as road resealing to deliver the service at the least cost to the ratepayers. The Council will

fully fund replacements as indicated in the CAPEX and renewal estimate graphs in Chapter 8 (the *Most likely scenario*).

5. Our Strategic Direction

5.1 Vision

Our vision has been developed alongside the community including takata whenua and helps Mackenzie District Council to focus our efforts to ensure that everything we do remains focused on improving our communities, our environment, and our way of life.

To empower our communities and treasure our environment

5.2 Big Issues

This Infrastructure Strategy is constrained because of affordability and the restrictions on local government to raise capital and operating expenditure which results in not delivering the optimum number of renewals and not being able to afford the projects desired by the community.

In the past full depreciation has not been funded and therefore in some cases past councils have borrowed to fund renewals and those loan payments are now being funded from depreciation which means that there is an increasing bow wave of deferred renewals.

Our communities have high expectations around meeting demand created with population and visitor growth. Responding to community needs and expectations when resources are limited is highly challenging.

- Provision of new toilets and toilet cleaning due to high visitor demand.
- Town master planning needs to be updated and reflect changing patterns of settlement.

- Challenges of creating community placemaking as townships grow with different age profiles.
- Lack of modern sports fields facilities while playgrounds are not developed to a high standard.
- Existing playgrounds need to be enhanced.
- Provision of public housing and aged care is a new demand from some communities.

Asset Management and good stewardship are constrained when large investments are needed.

- Takapō/Lake Tekapo wastewater treatment plant replacement required by 2040 due to expiry of consents, as well as increase in visitor numbers.
- Renewals required across the networks.
- Earthquake strengthening across community centres.
- Off roading of the A20.
- Swimming pool replacements.
- Lifting the Allandale and Albury water supplies to drinking water compliance levels

Maintaining what we have is made more difficult when maintenance is deferred. Resealing of the road asset of 5% annually is falling behind as current rate of 2.5% is leading to faster deterioration of roading and a bow wave of maintenance costs as the road user experience deteriorates.

- Cass bridge is not rated for heavy vehicles and school bus and tourists currently travel through a ford in river.
- Expiry of wastewater consents for Fairlie and Twizel.
- Development growth in Twizel.
- Resilience/Climate Change Planning for climate change mitigation and adaptation.

- Responding to changing regulatory environment
 - Local water Done Well.
 - Resource Management Act reform.
 - Civil Defence and Emergency Management reform
 - Future of local government.
- Constrained funding from Waka Kotahi
- Lack of access to funding from tourism to cope with forecast growth both for operational and capital expenditure.
- Long term cost for control of wilding pines and provision of fire breaks.

5.3 Key Drivers

Mackenzie District Council faces significant affordability constraints over the next 30 years as key critical infrastructure will require upgrading to meet consenting and regulatory imperatives. The key drivers have been considered in the context of meeting obligations to our communities and keeping the forecast expenditures low by spreading them over outer years. The high level of uncertainty around the future of ThreeWaters infrastructure is acknowledged at the time that this strategy was developed.

A full assessment and analysis have been undertaken across our critical and core infrastructure asset groups and the four key drivers for investment over the next 30 years are **Growth, Renewal, Compliance and Level of Service**. **Growth** impacts on wastewater infrastructure and requires significant investment in new plant and processing of wastewater. **Growth and levels of service and Renewals** of road re-sealing and bridge replacements will require significant investment in our transport infrastructure. **Visitor Growth and Level of Service** will drive investment in Public Facilities Parks and places.

Other issues addressed are **resilience, climate change and public health and environment.**

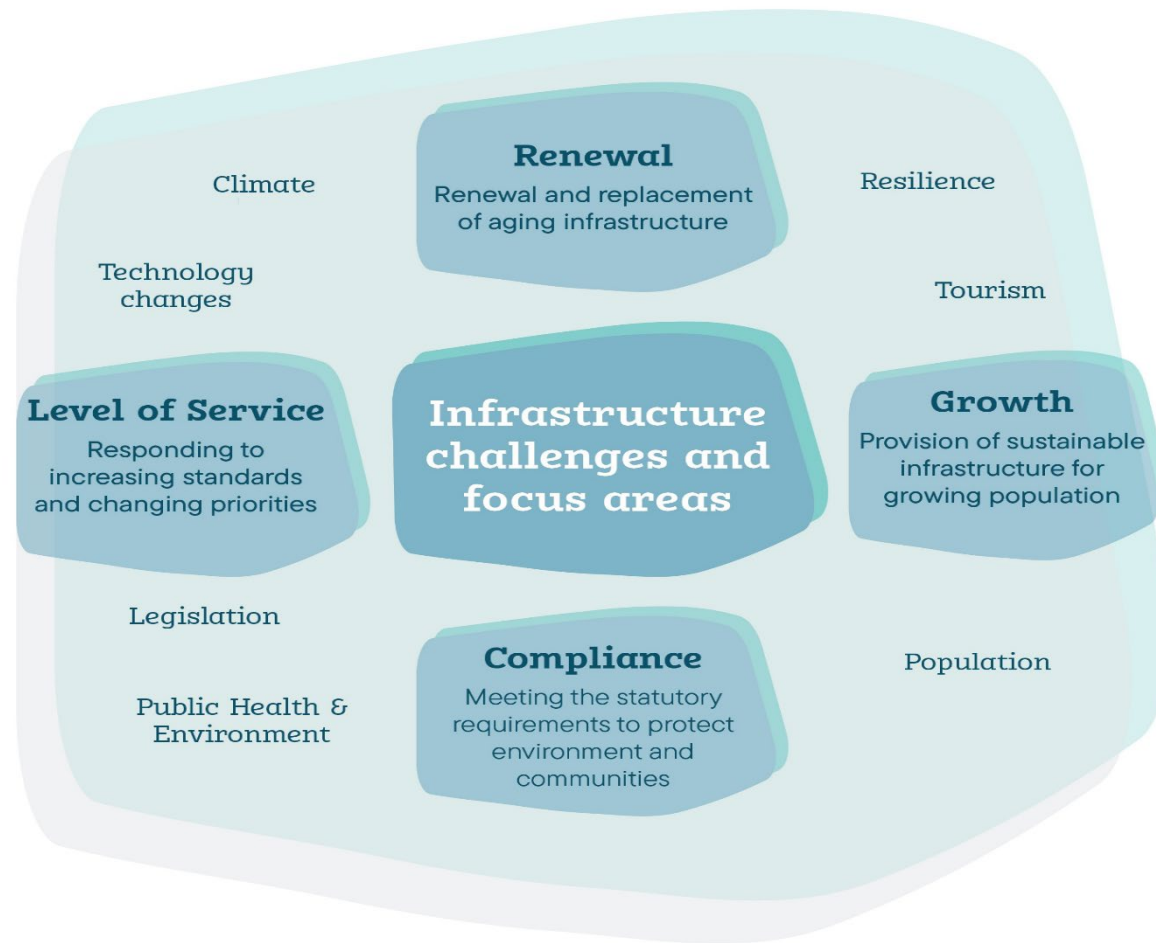
Resilience is the ability of the network to remain as fully functional as possible when there is disruption to parts of it, and to recover quickly from this disruption.

There is a reasonable probability of a significant earthquake in the life of our infrastructure assets.

Climate change is expected to lead to more frequent and more extreme weather events, including heavy rain and flooding, and drought conditions.

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

Figure 8 Strategic drivers of Infrastructure Investment



5.4 Key Drivers Impact for District and Infrastructure

Council expects that the four key drivers of **Growth, Renewals, Compliance and Levels of Service** will significantly impact on the delivery of infrastructure services over the next 30 years.

5.4.1 GROWTH: Delivering sustainable infrastructure for growing population

Potential Impact for Mackenzie District

- Between 2006 and 2020 the population increased by 40% (2.3% per annum) with growth focused on Twizel and Takapō/Lake Tekapo, while the population in Fairlie has remained steady.
 - It is forecast that the growth trend will continue but at a slower rate for the resident population which will increase by a further 68% from 2024 to 2054, from 5,690 residents to 9,565 residents around 1.3% per annum.
 - Household numbers are also increasing at a rate aligned to the population growth rate of 1.3% per annum.
 - The most significant trend for the district is an aging population with an almost doubling of those in the 65+ age range over the next 30 years.
 - Projected visitor numbers from 2024 to 2054 for the district are forecast to increase by 100% for peak day visitors, from 35,000 to 65,000 by 2054. Each visitor measure is projected to grow by at least 84% over the 30-year timeframe.
 - It is forecast that existing subdivision plans and building activity and the associated demand for council infrastructure will increase beyond the built-in capacity after 2030 in Twizel and 2040 in Takapō/Lake Tekapo.
- Post Covid there continues to be investor confidence in the tourist and holiday destination potential of the Mackenzie Basin
 - Predominantly the growth we are experiencing in traffic volumes is due to increasing tourist numbers and economic development due to irrigation and changes in farm practices.
 - Increased farming activity is creating worsening conditions for roading drainage networks as the networks become the default secondary flow paths in high rainfall.
 - Demand for more community facilities such as parks and recreation facilities is growing with population growth.
 - Community desire for improved walking and cycling facilities.
 - Greater community awareness of the need to have resilient service networks.

Response to Growth Driver and Potential Impact for Infrastructure

- Infrastructure demand has been considered and plans developed using general demand criteria:
 - population growth
 - dwelling growth
 - land development.
- Fluctuations in resident and visitors throughout the year pose challenges for activities such as traffic, water and waste management and provision of public facilities e.g., toilets.
- Heavy commercial vehicles cause most of the damage to roads, and while their volumes are forecast to slightly increase their mass is predicted to increase.
- Accessible crossings are being rolled out across the district.

- Construction of more footpaths.
 - More sealing of roads, more speed management.
 - Currently 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 reduce overall water consumption.
 - Growth and development and the extra capacity required is accounted for when planning renewals and upgrades, currently undertaking a District Plan renewal.
 - Financial Contributions Policy is to be updated with the intention to implement a broader Financial Contributions policy across the whole district in the near future to address growth issues.
 - Once water meters are installed across the district, the Council will explore funding tools such as volumetric, flow rate at time of day and peak flow charging to help manage the impact of growth.
 - Te Manahuna Ki Uta also supported looking at user pays relating to tourism to help fund the impact of tourism growth. This could be possible in the medium term in the domains of parking and public toilets.
- ensure we have sufficient knowledge of asset condition.
 - that funding is available.
 - that maintenance and renewals are actioned in a timely manner.
- The asset management process identifies where investment in upgrading assets will provide the most appropriate service delivery levels in the longer term.
 - Sealing and resealing of roads is currently insufficiently funded to keep renewals up to date as per best practice.
 - Renewals are often required to be renewed to new design standards and improve the resilience of the asset which increases the amount of operational expenditure and impacts across the whole infrastructure portfolio.
 - It is considered best practice to not to just replace “like with like” but to replace to present day standards—this includes incorporating our current knowledge of resilience and hazard mitigation.
 - As part of the regular renewal programmes, we prioritise the replacement of critical or vulnerable assets. We consider the resilience of the replacement solutions at the design phase.
 - Materials
 - Extremes of weather are likely to impose additional demand. Additional capacity will continue to be added to the network to meet future requirements. Climate change and other extremes are considered whenever assets are renewed, replaced or new assets planned, and proposed work programmes take this into account.
 - Underground pipe networks represent the greatest risk to the community because of their extent and inaccessibility.

5.4.2 RENEWAL: Renewal and replacement of aging infrastructure

Potential Impact for Mackenzie District

- Affordability is a key challenge for council with a small population with a constrained rating base consequently careful planning is needed.
- The three key aspects for effectively managing renewal of aging infrastructure are:

Response to Renewal Driver and Potential Impact for Infrastructure

- The Council is investing funds into better understanding its piping network and has embarked on a large AC pipe renewal programme.
- There is a lack of good asset data for transport assets which constrains forward planning.
- Renewals are prioritised with resilience being one of the key drivers alongside condition and compliance. Networks are renewed with more resilient infrastructure.
- Water sources of all types may be threatened in the longer-term due to climate change. Alternatives or more secure sources may be needed. Some less secure water sources have alternatives already proposed in this LTP, including formalising a backup bore.
- The large road network means the district is not well-placed to withstand long-term disruption, with rivers the main weak points.
- Where flooding is a recurring issue on parts of the road network these are addressed either with an engineering solution (which may remove or minimize the effect of the flooding) or a standard procedure (traffic management).

5.4.3 COMPLIANCE: Meeting the statutory requirements to protect environment and communities

Potential Impact for our district

- Uncertainty around timeframe and implementation of the changes foreshadowed in the repeal of the Water Reform legislation with the change of government.
- Higher compliance with implementation of Taumata Arowai regulatory standards in the drinking water and public health area.
- Long-term pressure to reduce or maintain volumes in water take resource consents.
- General tightening of environmental discharge rules to improve freshwater quality, affecting the renewal of consents.
- The National Policy Statement for Freshwater Management 2014 (NPS) imposes bottom line standards for freshwater quality.
- Demand for detailed business cases from Waka Kotahi and MBIE to meet criteria for subsidised funding.
- Temporary Traffic Management (TTM) changes driven by NZTA, with additional minimum training and increased on-site requirements causing significantly increased costs in contract.

Response to Compliance Driver and Potential Impact for Infrastructure

- The exact detail of future Three Waters regulations is not clear, and we must be able to adapt to the future. This means considering all reasonable options, working with the government, and preparing to respond as new information arises about more localised delivery. The Council is presently developing service delivery plans in collaboration with neighbouring councils.

- There will need to be increased investment in water treatment and monitoring equipment in the short term and in wastewater and stormwater treatment in the longer term.
- **3 Waters Regulatory Framework** – continue to monitor and respond to the Government’s new Water Regulatory Framework (Local Water Done Well) including but not limited to:
 - Strengthened drinking water safety plans.
 - Multi-barrier approach.
 - Maintaining a disinfection residual in the reticulation.
 - Identifying and managing risks.
 - Training and qualification requirements.
- If the Council is required to hold consents for its stormwater discharges in the future, it may need to undertake upgrades to its stormwater network to meet any environmental standards imposed. Budget allowance has been made for stream monitoring in anticipation of the need for consents.
- Increasing water-use efficiency requires ongoing investment in monitoring, but also in education and communication with customers.
- TTM changes will increase the costs of in-house staff certifications and contractor project costs.
- 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.
- Roading infrastructure will maintain 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. While the level of service is being maintained, the environment requires more input to achieve that same level of service. Transport is improving the quality of the level of service as new standards require an improved standard of sealing to be more resilient. The Mackenzie District Roading network predominantly carries low volume rural traffic on unsealed roads, 519km of the total 732km in the network is rural.
- Public facilities are intending to increase the level of service for toilet cleaning due to high visitor numbers growth.

Response to Level of Service Driver and Potential Impact for Infrastructure

5.4.4 LEVEL OF SERVICE: responding to increasing standards and changing priorities. Potential Impact for Mackenzie District

- The Council will continue to provide similar services to the community in the future to those delivered currently. However, changes to the delivery of water services are still undecided following the change of the Government.
- Over the term of the LTP, the Council’s maintenance budget is largely ‘business as usual’, with minor increases in some areas that are experiencing pressure or where there is potential for levels of service to be affected.
- Current levels of service include;
 - Council provides safe, smooth, quality sealed roads to reduce travel times and vehicle wear.
 - Council provides a safe and efficient roading network. Ready access is provided around the district except in extreme weather conditions.
 - Footpaths are maintained in good condition and are fit for purpose.
- The Council is constrained to address growth and pressure issues within the proposed maintenance budgets, to maintain our levels of service.

- The Council has planned very few **increases in levels of services** over the lifetime of this Strategy due to affordability. Some that are incorporated are:
 - Drainage improvements add to resilience.
 - To the cycling network specifically the A2O
 - Increased planting across the district
 - Expansion of Fairlie cemetery
 - Increased public toilet cleaning.
- Note that the Albury water supply does not meet drinking water standards and this matter needs to be addressed with the community.

5.5 Other Issues Considered

Other issues addressed ***are resilience, public health and environment and climate change.***

Resilience is the ability of the network to remain as fully functional as possible when there is disruption to parts of it, and to recover quickly from this disruption.

There is a reasonable probability of a significant earthquake in the life of our infrastructure assets and planning is well underway concerning mitigating the effects of Alpine fault 8, AF8.

Climate change is expected to lead to more frequent and more extreme weather events, including heavy rain and flooding, increased fire risks and drought conditions.

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

5.5.1 Resilience

Potential Impact for our district

- Council intends to improve the approach to building resilience by:
 - 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.
- The council has several lifeline bridges that are at risk from natural flood disasters and earthquakes.
- Council is highly exposed to natural hazard events significantly impacting on infrastructure assets – in particular, the age, condition, and location of critical infrastructure assets (poorly maintained and/or aging infrastructure poses a potentially higher risk to councils).
- the consequent vulnerability of those assets to damage from natural hazard events; and
- Significant challenges for service continuity should a significant asset fail.
- New and renewed infrastructure needs to be designed to remain as serviceable as possible, or be quickly repaired, after a natural disaster. This will affect construction priorities and methodologies.

Response to Resilience Issues and Potential Impact for Infrastructure

- In the Three Waters AMP specific projects have been identified for the LTP period. These include seismic upgrades for pipes reservoirs and the installation of auto shut off valves to preserve water in reservoirs after an earthquake. (Some of these works are renewals, some are growth, and some have a component of resilience.)
- Undertake drainage maintenance and works to improve asset preservation and resilience.
- Material modification on unsealed roads to reduce impact of dry / wet weather.
- Consideration of climate change-based forecasts for storm and other weather events
- Allocation of funding for emergencies, or more frequent events that do not attract 'emergency works' funding.
- Vulnerable bridges should be replaced, and others have had work completed to improve their resilience. A study of structures focused on lifelines to assess critical structures and look at ensuring these against natural events is underway.
- Recently, the Mackenzie District has faced several natural events (including climate change related) that have challenged the land transport network. This is occurring with increasing frequency and severity. A more resilient land transport network requires the Council to plan, future-proof, and make evidence-based investment decisions. As the Council learns more about how our road network handles unexpected disruptions, and key or weak parts of our network, knowledge of what the Council requires to invest to support a more resilient road network can be identified.
- The Council has identified the natural hazards impacting throughout the district as:
 - Flooding
 - Fire
 - Ice / Snow
 - Extreme Weather
 - Earthquake
 - Erosion and slips.
- The Council's approach is to continue to manage risk by treating natural hazards as a 'source' of risk and putting into place controls to manage the failure to deliver a service and any consequences of the natural hazard event (e.g. stream improvements).
- The Council checks the backbone of the Three Waters' networks for seismic resilience when determining the renewals programme.

5.5.2 Climate Change

Mackenzie District Council is in the process of developing a Climate Change Response and Adaptation strategy. The strategy will acknowledge the role of the 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).

Table 19: Impacts of Climate Change

Potential Impact for Mackenzie district	Potential Impact for Infrastructure
<p>Temperature</p> <ul style="list-style-type: none"> • Within 15 years, by 2040, temperatures are likely to be 0.7°C to 1.0°C warmer (than baseline 1995) and 0.7°C to 3.0°C warmer by 2090. • 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>Temperature</p> <ul style="list-style-type: none"> • Extreme heat can contribute to roads seals failing more quickly from buckling, cracking creating potholes. • Warmer temperatures could see a reduction of frosts per year which will likely have a positive effect on the council's roading, with fewer incidents and damage related to frost heave
<p>Rainfall</p> <ul style="list-style-type: none"> • By 2090, winter rainfall is projected to decrease by up to 12 per cent in Christchurch and up to 6 to 28 per cent in Tekapo. • According to the latest projections, the frequency of extreme rainy days in the Canterbury region is not projected to significantly change because of climate change. 	<p>Rainfall</p> <ul style="list-style-type: none"> • Recent flooding events indicate that the impacts from these events can be significant. Currently estimates indicate that remediation of flooded infrastructure cost between \$3.8m in 2022/2023 and \$5 million across the Mackenzie District. • The Council needs emergency funding available for these events to ensure the roads are kept at the current level of service. • 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> <ul style="list-style-type: none"> • The Canterbury region will likely experience significant decreases in seasonal snow. Expecting events to be more extreme while snow may not last as long as there are more events. The duration of snow cover is also likely to decrease, particularly at lower elevations. • 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 	<p>Snowfall</p> <ul style="list-style-type: none"> • As indicated above, snowfall and flooding events will have an impact on both roading and water infrastructure. • Again, the Council will need to be sure its infrastructure is maintained to an appropriate level of service. • Additional engineering resilience's will need to be implemented as these events increase.

Potential Impact for Mackenzie district	Potential Impact for Infrastructure
<p>Water shortage</p> <ul style="list-style-type: none"> Higher temperatures, more frequent rainfall events and greater evapotranspiration are likely to cause increasing pressure on water resources, Droughts are likely to become more frequent and more extreme. Less rainfall water stored in mountains as snow and snow not staying for as long therefore water storage depleting. 	<p>Water shortage</p> <ul style="list-style-type: none"> Potential future water shortages will increase the need for the Council to improve or increase its water storage capacities. The Council is already investigating the potential for water metering in Twizel. This will reduce water leakages within the water network. Additionally, the Council is looking to improve the reservoirs in Fairlie within this LTP period.
<p>Wind</p> <ul style="list-style-type: none"> The frequency of extremely windy days in Canterbury by 2054 is likely to increase. Changes in wind direction may lead to an increase in the frequency of westerly winds over the South Island, particularly in winter and spring. 	<p>Wind</p> <ul style="list-style-type: none"> Extreme wind events and increase in wind speeds, could increase the damages to infrastructure. Fallen trees, signs, etc. will mean council will need to ensure its emergency response funding is adequate to quickly and efficiently repair damages
<p>Fire Risks</p> <ul style="list-style-type: none"> Strong winds, combined with high temperatures, wilding pines, 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. 	<p>Fire Risks</p> <ul style="list-style-type: none"> Fire resilience's within existing and new infrastructure will need to be prioritised as fire risks become more prevalent

5.5.3 Public health and environmental outcomes

The Council provides for public health and environmental outcomes through the delivery of a potable water supply, the safe disposal of wastewater and the disposal of stormwater in an environmentally sustainable manner.

The Council intends to maintain its A1-a1 grading for its reticulated water supply which is the best grading available in New Zealand.

A key environmental outcome for the Council is the compliance with legislative, planning and consenting requirements. GWRC is currently reviewing its five regional plans and will be replacing them with a single regional plan (the Natural Resources Plan) with standards developed at a catchment level. Consenting requirements for stormwater discharges are likely to be more rigorous. The Council is currently monitoring 10 stormwater sites for water quality.

The Council is currently not required to hold stormwater discharge consents.

A resilient roading network is imperative to maintain to enable lifeline access throughout the district.

5.6 Partnerships

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

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 Council 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 20: Key partners and how they contribute to core infrastructure.

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, Te Manahuna Ki Uta "Destination Mackenzie".
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 is a major shareholder 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
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 Department of Conservation (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.

6. Asset Groups Area of focus

6.1 Water supply

The Council maintains and manages the abstraction, treatment, and distribution of water through community water supplies in the townships of Twizel (including Pūkākī Airport), Takapō/Lake Tekapo, Fairlie and Burkes Pass and rural schemes at Allandale. The Council also administers two public stock water race systems within the district, Ashwick /Opuha and School Road. It is proposed to connect the Allandale supply to the new Fairlie water treatment plant when it is commissioned. Routine operations of a small, piped stock water scheme, Kimbell Rural, are carried out by consumers.

The quality of water is very high. Mackenzie presently has an "A1-a1" grading for its source and reticulated water supply, which is the best grading available in New Zealand. This means full compliance being achieved for source and distribution under the New Zealand Drinking Water Standards except for protozoa screening across the district.

Domestic water consumption is currently averaging 345L/person/day which is high compared to the average for other rural based regions. The council monitors consumption, undertakes leak detection, and runs education programmes in relation to water conservation. Water metering is being introduced and the Council will continue with the installation of smart water meters to properties connected to urban water supplies, beginning in Twizel, to monitor consumption and to encourage water conservation.

The Albury Water Supply (rural scheme) is owned by the Council, and the management and operation have been delegated to a committee, the Albury Rural Water Supply Society Incorporated. From time to time the Council receives applications from Rural Water Scheme bodies to privatise the water supply. This is possible subject to meeting the conditions under Sections 131 and 135 of the Local Government Act 2002.

Specific management issues related to privatisation of public supplies include but are not limited to:

- Ensuring compliance with the Water Services Act and the Drinking Water Quality Assurance Rules.
- Designated properties – procedure to terminate/transfer.
- Public utilities on private properties have a measure of protection under the LGA 2002. Private utilities may require easements or formal agreements.
- Service Level Agreement to manage, regulate and protect private infrastructure (replacing the Council Bylaw).
- Ownership and associated responsibilities.

There is a memorandum of understanding in place for this arrangement. Long-term operating arrangements are yet to be determined by both parties.

From modelling the water supply network can meet current predicted demand with no changes anticipated to the work programme over the lifetime of this Strategy at this time, which focuses on:

6.1.1 Focus Areas

- Complete and fully commission new water treatment plant in Fairlie.
- Appropriately update the Allandale water supply to meet drinking water standards.
- Clarify obligations to the Albury Water Supply,
- Investigate additional water source for resilience and growth beyond 30 years and build new water infrastructure for Twizel.
- Install water meters to best manage consumption starting in Twizel then Takapō/Lake Tekapo, Burkes Pass and then Fairlie.

- Create pipe renewal programmes based on water meter data based on condition rather than just age.
- Upgrades to SCADA & UV at all treatment sites
- Commence water conservation education programmes to mitigate effects of climate change particularly drought.
- Examine the utilization of funding tools to manage demand, total, peak and time of day.

6.2 Wastewater

The council is responsible for the management of wastewater (sewage) collection, treatment, and disposal services for its urban communities, for black water tank users, and campervans. Wastewater services are provided to protect public health within our communities, support the development of the district and to protect the natural and built environment. There are community wastewater systems in the townships of Twizel, Takapō/Lake Tekapo, Fairlie and Burkes Pass. In each case, effluent is collected and treated using a waste stabilisation pond system and then discharged to disposal fields.

Additionally, there are a range of renewals being undertaken including.

- Pipe replacement programme: Renewal of aging or defective wastewater pipes will continue across the urban centres based on the condition rating and performance of the wastewater network.
- New Wastewater Screens and Inlet works: Work at all wastewater treatment plants is ongoing to install new inlet screens at Twizel, Fairlie and Takapō/Lake Tekapo. This will help prevent the build-up of inert materials in the bottom of the recently desludged sewage treatment ponds. As part of the work at Fairlie and Twizel, tankered septage reception facilities are being installed. Improved nitrate sequestration via plant life is being investigated.
- Pressure Sewer Systems: Two areas have been identified for the extension of the reticulated wastewater network into the Allandale Industrial area in Fairlie and Lyford Lane rural residential area in Twizel.
- Management of sludge within the treatment ponds to maintain treatment capacity.

6.2.1 Focus Areas

- Upgrade Takapō/Lake Tekapo wastewater treatment plant.
- Wastewater Reticulation – New including response to growth.

6.3 Stormwater

The stormwater network provides drainage away from the road corridor and homes to minimise the incidence of flooding. The Council manages stormwater networks in Twizel, Takapō/Lake Tekapo and Fairlie. Each of these schemes are subject to consent conditions imposed by Environment Canterbury Regional Council (ECAN).

6.3.1 Focus areas:

- Minor stormwater treatment improvements are planned to be undertaken in Takapō/Lake Tekapo to improve the quality of stormwater discharged to the environment.
- Improving resilience in the event of a natural disaster (pipes, storage, and supply).
- Pipe renewals (Regent Street) Takapō/Lake Tekapo, Twizel, Fairlie,
- Stormwater pump station improvement - flood alleviation multiple sites.
- Treatment upgrades/devices - Lochinvar Takapō/Lake Tekapo.

6.4 Transportation – Roads

Our transportation activity supports the provision of our district’s roading network, which is vital infrastructure for our community, underpinning our district’s economic wellbeing and supporting significant activities such as farming, tourism, and development. Our roading network links areas, connects people with each other and essential services, underpins our district’s iconic tourism economy, enables businesses to access resources and markets, and provides people with social, cultural, recreational and employment opportunities. The transportation activity is concerned with provision of the land transport network and associated assets and services throughout the district. It delivers both asset (such as roads, signs, and infrastructure) and non-asset functions (such as temporary traffic management and road safety initiatives). Roads across the district are also particularly vulnerable to the increased frequency of high intensity, localised rainfall events.

The Council currently manages over 740.22km of roads (70% unsealed), 96 bridges, 65km of footpath, drainage facilities (e.g., soak pits, culverts), signs, carparks, kerb, and channel, 1,154 streetlights, cycleways (including the Alps 2 Ocean Trail), and road marking. Overall management of the assets is provided by the Council, with operational work carried out by contractors. Passive transport (walking and cycling) is a key part of our transportation activity. We provide many cycleways and walkways throughout the district; these range from footpaths and cycleways in the road corridor to cycleways that are off-road. We provide and continue developing cycleways and walkways throughout the district. These cycleways are used to connect communities and attract tourism.

The Council plans to continue to own, control, and manage the district’s local road network as one of its core activities, and as a result, our priority is to maintain, operate, and protect the existing road network assets, ensuring long term viability. The Council has established levels of service with the community and road users in mind, as agreed through public consultation. To achieve these levels of service, the right investment, resources, and dedication is required.

The land transport network is currently able to meet agreed levels of service. Generally, traffic can move around the district with relative ease. “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). Resilience in bridges increases in expenditure in the Long-Term Plan. Most of the district consists of unsealed rural roads which are popular with multiple users especially heavy rural traffic including cyclists, walkers, and freedom campers. Sightseeing causes specific traffic flow hazards due to vehicles stopping in the carriageway. The mixed use of unsealed roads combined with increasing traffic volumes is a growing and ongoing problem. From a sustainability and economic perspective, the Council is investing in several opportunities to assist in demand management.

A new project is being developed to revive and connect the lake front at Takapō/Lake Tekapo, along with the development of a masterplan linking all activities around the village centre.

6.4.1 Focus areas.

- Renewal of aging structures such as bridges is a key focus in the LTP. There is increased freight and truck movements especially around bridges to service tourism and growing rural production sector.
- Maintaining and enhancing the unsealed metalling and sealed resurfacing as a cornerstone of our levels of service which supports our network lifelines, connectivity, commercial activity, farming, tourism, accommodation and residents.
- As the frequency and severity of extreme weather events increases, the Council is considering taking the initiative to improve and build resilience into the network for the future. This will in turn support the road network to avoid being damaged whenever there is a flood, reducing the need for emergency works. Assessing and mitigating the vulnerability of the roading network to natural hazard events.
- Road safety is a priority focus for Mackenzie District. While the numbers of deaths and serious injuries (DSI) are not particularly high on the Mackenzie District local roads, the Council works very hard at keeping the road incidents

down through road safety promotion. There are many unreported incidents and crashes as staff see skids and vehicles in ditches. With high speeds, high risk alignments, and a relatively low frequency of incidents, it is still important that the Council look at the road network holistically and address the highest risk elements first.

- Commercial activity on unsealed roads that supports the community. All road users need to be considered when the Council looks at the road network. This includes not only the community living in the district but also visitors coming through the district. With the pressures of tourism, we have seen increased road users who are unfamiliar with our network, particularly our unsealed road conditions.
- Ensuring the road network is resilient, efficient, effective, and safe and assists in the delivery of council's strategic goals.
- Delivering agreed levels of service as the district enters a period of growth.
- Continuing advocacy work with Aorangi Roding collaboration and Waka Kotahi/ NZTA for capacity and safety upgrades of state highways 79 and 8.
- Improving and utilizing data to drive asset management.
- Creating parking bylaw, enabling enforcement and planning parking solutions

6.5 Public Facilities

Council Public Facilities currently include owning of six community centres and halls, (management of five as Albury Hall is managed by a community group), 10 community housing units, two council administration offices, two swimming pools and 25 public toilet blocks. It is expected that the Council will increase the following levels of service for public facilities:

Swimming Pools

With the installation of heat pump heating systems at Twizel and Fairlie pools, there is some community pressure to increase the length of the summer season and hours. This has been addressed to some extent in the 2023/24 budget, but it

is possible that there will be further requests for operating extensions (Note: further season extensions for these pools are not considered economically justified, so no additional budget provision has been made). Twizel and Fairlie end of lives.

Events Centres

Structural upgrades are required for all of our major event centres to remove the earthquake prone risks.

Improvements to the management of the Mackenzie Community Centre, Fairlie, is considered necessary to better manage access and use. On-site, dedicated management of the facility is considered the best way to achieve this. This will improve security, and should lead to enhanced utilisation, however, costs may exceed direct revenue increase.

A major project is the development in Twizel of new community facilities and sports fields. The rebuilding of the Twizel school has led to the Ministry of Education proposing to fence off the school, including the library and sports fields which were open to the public. Negotiations are currently underway to mediate a solution so that the school reduces the perimeter of the fence line and allows Council to take over the management of up to 4 to 5 sports fields. If these negotiations are not successful, then the Council faces large costs in developing community and sports fields at 2 other sites Man Made Hill or at Lake Ruataniwha.

There is also community demand for establishing new squash courts near the community hall at Takapō/Lake Tekapo.

Public Toilets

While Council owns 25 public toilet blocks across the district there is no provision in the 10-year LTP for an increase in capacity of the existing toilet infrastructure. It is anticipated that in the Years 11 to 20 of the Infrastructure Strategy provision will be made to increase the capacity and or new toilet blocks.

Our current cleaning frequency for toilets located at sites of high visitor use is daily through winter and twice daily through the peak summer months. This level of service is not resulting in a consistently good standard being achieved and

options for increasing the number of cleans per day at these sites are being explored. From December to February this last summer cleaning three times per day was trialed however this was at increased operational expense and was a significant issue in the 2024 to 2034 Consultation document. The Council supports continuing with the additional clean and has allocated funding in its LTP.

Several sites are also at capacity, particularly Takapō/Lake Tekapo Central and Twizel Market Place. (Lake Pūkākī main lookout toilet capacity will be increased with 2024 development)

6.5.1 Focus areas:

- Work with the community to investigate the needs for new community and sports facilities in Twizel.
- Ensuring that community facilities are maintained so that they are fit for purpose.
- Increase in level of service for public toilets to meet increasing visitor growth.
- General investigation into the capacity and life of existing swimming pools needs to be undertaken in the next few years.
- Improve the IL4 rating for EOC and welfare centres.
 - Strengthening of Twizel events centre, Takapō/Lake Tekapo hall, and Mackenzie Community centre.

6.6 Parks and Places

The Council manages approximately 197 hectares of parkland, of which 180 hectares are defined as **Actively maintained/urban park**, which can be used for comparison purposes as follows 180 hectares is equivalent to 33 hectares per 1,000 residents compared to national median of 9.6 hectares per 1,000 residents.⁶

Mackenzie District has a large area but a small population and therefore facilities such as park lands need to be replicated in our townships due to geographical distances between these townships. These park lands also need to cater for the normal residential population and for the peak population when all the holiday homes particularly Takapō/Lake Tekapo and Twizel are fully occupied.

Therefore, Mackenzie District Council currently has significantly more park land than is typical for other councils in New Zealand as well as 62.5km of paths/trails such as the Alps 2Ocean trail and the Twizel town trail. eight playgrounds and two skate parks. Sports grounds, 493 Peace trees and five cemeteries are also included in this portfolio. The provision of cemeteries meets the Council's obligations under the Burial and Cremation Act 1964 to make provision for burials within the district.

The Council plans to upgrade the Fairlie Village Green in 2027/2028 and the Fairlie Domain Playground in the following years in 2036. In Takapō/Lake Tekapo the domain playground will be completed in 2024/25. In Twizel it is planned to upgrade the Market Place playground in 2035 and the Lake Ruataniwha reserve in the years from 2042.

There are over 493 Peace Trees along state highway 8 between Kimbell and Fairlie and the Council is undertaking a replanting and maintenance programme. This programme is over the 10 years from 2024 to 2034.

Currently the Council does not have reserve management plans covering most of our reserves and over the term of this strategy it is proposed to prepare these as appropriate. This will help manage development of the reserves and help control issues such as freedom camping.

A20 and other trails

⁶ Public Facilities, Parks and Places AMP

Additional investment is being undertaken or planned to increase the amount of trails, including off-roading A2O and new and improved trail networks and facilities in all townships. There is also significant investment planned for upgrading cycleways such as Alps to Ocean and constructing the Twizel trail. In the foreseeable future, there is expected to be increasing emphasis on passive facilities such as walkways consistent with an aging population and visitor growth. This is also consistent with a general trend towards putting greater emphasis on the environment and restoration of native vegetation and habitats around waterside areas. The demand for amenity plantings and trees is a part of any passive appreciation of open space...

The Alps to Ocean (A2O) cycle trail is one of our major tourist attractions and requires significant additional investment to complete off-roading of the sections along the east of Lake Pūkākī and Glentanner. The A2O cycle trail is 312km long beginning in the Southern Alps at Aoraki Mt Cook National Park, descending 780m through the Mackenzie basin and down the Waitaki Valley to Oamaru with multiple access points and options to begin or end the ride or to ride only local sections. The route has been carefully selected to avoid major river crossings and utilises existing dam and bridge structures. The route utilises a combination of on-road sections along low volume roads and off-road shared use paths. To support the A2O activity and to promote the district as an attractive Mountain Bike/trail riding destination, other trail developments and Level of service enhancement projects are being prioritised which includes Glen Lyon Road, plus a bridge across the Weir at Lake Ohau. Unfortunately, MBIE have advised that there is no funding available until at least 2026 to assist with these developments.

Freedom camping sites

As a result of the 2023 legislation and updated Council Bylaw there is an intention to better develop, maintain and manage nominated freedom camping sites. This would be an increase in level of service for this activity.

Parks and Reserves

There is currently development underway or planned for existing (largely undeveloped) reserve land, which will result in increased OPEX costs. Improvements and developments are underway or planned for several sites including:

- Lake Ruataniwha
- Lake Tekapo – lakefront vegetation enhancement
- Twizel River
- Lake Wardell
- Lake Opuha
- Man Made Hill

Wilding Pines

The removal of wilding pines from Council land has been identified as a high priority, to reduce fire risk and for environmental protection (reduce seed source and ongoing spread). Following the removal of the wilding pines there is significant investment required to rehabilitate these sites, with leveling/grassing and amenity tree planting. Targeted areas include:

- Reserve 4038
- NW Arch Reserve
- Glen Lyon Rd/Twizel Cemetery
- Lake Ruataniwha Reserve
- Lake Wardell
- Tekapo River

Cemeteries

The major projects for the cemeteries are:

- Fairlie - Preliminary tidy up and development of extension area.
- Twizel – Clearance of wilding pines and replanting.
- Burkes Pass - Rabbit proof fencing (and likely removal of existing conifers).

Lake Alexandrina and McGregor Reserves

Follow-up and completion of the recommendations in the 2019 “Future Management of Lakes Alexandrina and McGregor” report, including:

- Improved liaison with the hut holder committees and other stakeholder groups.
- Review of camping at Lake McGregor.
- Prepare non statutory Management Plan to review and confirm reserves objectives and management policies.
- Establishment of management/advisory group(s).
- Various improvements - prepare action plan and implementation.

6.6.1 Focus areas:

- A20 - off roading of East Pūkākī section, followed by Glen Lyon Road and bridging Ohau Weir.
- Improve freedom camping sites development and management.
- Development of reserve land at Lake Ruataniwha, Takapō/Lake Tekapo lakefront, Twizel River reserve and Lake Wardell
- Playground upgrades at Takapō/Lake Tekapo Central Reserve, Lake Ruataniwha Reserve, Fairlie Village Green, Twizel Market Place and Ohau Reserve.
- Development of new walking and cycle trails throughout the district
- Removal of wilding pines from all reserves and re vegetation with appropriate tree species
- Complete Man-Made Hill development

- Potential sports ground development at Twizel
- Ongoing development of trails throughout the district
- Completing Councils suite of reserve management plans

7. Significant Decisions

This section outlines the main significant decisions to be made in the coming years. These range from very specific decisions about projects to matters of strategic direction and significant investment decisions.

7.1.1 Wastewater- Takapō/Lake Tekapo upgrades to wastewater treatment plant and disposal

7.1.2 Wastewater – Sewer Reticulation - Pipe renewals over 30 years.

7.1.3 Wastewater - Upgrade of each wastewater treatment plant/disposal at time of consent expiry

7.1.4 Wastewater and Water supply - Twizel reticulation upgrading, intensification, and growth.

7.1.5 Water supply – Upgrade Allandale and Albury water supplies to meet drinking water standards.

7.2.1 Transport - Cass River bridge replacement 2029/2030.

7.2.2 Transport- Renewals package: levels of unsealed road metaling & sealed road resurfacing.

7.2.3 Transport -Safety Roads Seals – Lilybank Road.

7.3.1 Public Facilities – Structural upgrade of three community events centres, Fairlie, Takapō/Lake Tekapo, Twizel.

7.3.2 Places -Upgrade Alps to Ocean trails.

7.3.3 Public Facilities -Increase capacity of existing public toilets.

7.3.4 Public facilities – Upgrade/ replacement swimming pools in Fairlie and Twizel.

In this section, figures used are inflated to facilitate comparisons between options.

7.1 Three Waters

7.1.1 Wastewater- Takapō/Lake Tekapo upgrades - Wastewater Treatment Plant and disposal

Driver: Growth and renewal and compliance

Decision required: 2024.

An upgrade of the wastewater treatment plant is required to cater for growth in the residential and tourism market including new subdivisions. In the long term this is likely to include the establishment of a new treatment plant and a new discharge site. In the interim additional treatment capacity of wastewater at Takapō/Lake Tekapo needs to be installed along with the realignment of one of the pond’s embankments and the expansion of the disposal fields. From 2025 it is proposed to investigate the options of extending the life of the existing plant and disposal fields along with de-risking its location ensuring the total facility is fit for purpose out to its consent expiry in 2040.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Staged development across 4 years	Develop a staged approach which will ensure affordability in the short term while complying with current consent	\$8.480m to extend the life of the existing plant to 2040
Other Option	Construct new wastewater treatment plant at Takapō/Lake Tekapo	Consent and budgeting constraints may delay timeline of this project.	\$47m for a plant with a design life of 50 years
Other Options	Do nothing	Failure to meet consent conditions and damage the environment. Stop growth in Tekapo.	\$0m

7.1.2 Wastewater- Sewer Reticulation - Pipe renewals

Driver: renewal

Decision required: 2024.

Wastewater network sewer reticulation -pipe renewals over 30 years is a total investment of \$21.76m of which \$5.06m will be invested in the next 10 years to replace end of life infrastructure noting that wastewater reticulation has the highest % of pipes in poor condition of the Three Waters.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	WW pipe renewals programme over 30 years	Wastewater network renewals	\$5.063m over 10 years and \$16.69m for the following 20 years
	Stage renewal programme over longer timeframe and reduce level of service	Higher risk of inflow and ingress increasing demand on the treatment plants, shortening their design lives and upping risk on not meeting consent conditions	Dependent on time frame adopted
Other Options	Do nothing	Restrict the growth of Twizel and Takapō/Lake Tekapo. Also increasing demand on the treatment plants, shortening their design lives and upping the risk on not meeting consent conditions and reputation of Council.	\$0

7.1.3 Wastewater - Upgrade of each wastewater treatment plan at time of consent expiry - at Fairlie, Burkes Pass, Twizel and Takapō/Lake Tekapo

Driver: Growth and renewal and compliance

Decision required: 2037, 2039, 2049.

The consents for the wastewater treatment plants at four locations are due to expire within the next 30 years. Fairlie consents expire in 2038, Burkes Pass and Takapō/Lake Tekapo expire in 2040 while Twizel expires in 2050. Capacity of the existing plant in Twizel will be exceeded if the changes in District Plan Change 21 is implemented as growth of 70% is anticipated by 2042 for Twizel. The timeframe and budget for the 4 wastewater treatment plants is outlined below:

Treatment plant	Consent expires	Funding	Amount Inflated	Total capital inflated
Fairlie	2038	2037/2038	\$52.86m	\$52.86m
Burkes Pass	2040	2038/2039	\$8.04m	
		2039/2040	\$5.43m	\$13.48m
Takapō/Lake Tekapo	2040	2038/2039	\$40.22m	
		2039/2040	\$20.39m	\$60.16m
Twizel	2050	2048/2049	\$45.92m	
		2049/2050	\$30.99m	\$76.91m

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Upgrade wastewater capacity at Fairlie, Burkes Pass, Takapō/Lake Tekapo and Twizel.	Wastewater capacity at Fairlie, Burkes Pass, Takapō/Lake Tekapo and Twizel is increased. Consents approved compliance with regulation. Life of existing plants maximized as are consents.	\$52.86m
			\$13.48m
			\$60.16m
			\$76.91m
			Total \$203.86m
Other Options	Build new wastewater plants at all four locations.	Build at end of consents abandoning any inherent value in the existing plant/disposal.	Will far exceed upgrade cost estimates of \$203.86m
Other Options	Do nothing	Restrict the growth of Takapō/Lake Tekapo & Twizel plus compromise the existing community as new consent will be required. Will become non-compliant and severely restrict both the existing towns and growth.	Estimate exponential increase in maintenance expenditure by 10% per year on year

7.1.4 Wastewater and Water Supply - Twizel Reticulation Upgrading & Intensification

Driver: Growth

Decision required: 2029/30.

Twizel is growing a rapid pace comparatively with the rest of the district. There are proposals to subdivide larger sections on the outskirts of Twizel, but this will necessitate upgrading water supply and wastewater reticulation to facilitate this development. The Twizel Intensification and Growth Servicing Preliminary Design Report, April 2023, identifies the need to upgrade the pipe network to meet District Plan Change 21. The report anticipates a 70% increase water supply in demand by 2042. The report has formed the basis of the costings which have been updated with inflated amounts and are in the budget.

The table below shows the level of expenditure that is planned during the LTP period and in the next 20 years for both water supply and wastewater upgrades.

Year	Water Supply \$	Wastewater \$	Total
2031/2032	-	\$1.35m	\$1.35m
2032/2033	\$1.19m	-	\$1.19m
2033/2034	\$1.22m	\$1.40m	\$2.62m
2034/2035	\$1.27m	\$4.74m	\$6.01m
2035/2036	\$1.27m		\$1.27m
Total	\$4.95m	\$7.49m	\$12.44m

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Upgrade wastewater and water reticulation in Twizel to support residential intensification approved by Plan change 21.	Capacity at Twizel is increased but could limit growth in Twizel till the works are completed. Works programmed to ensure affordability as part may require funding from loan.	Water supply \$4.95m Wastewater reticulation \$7.49m for a total investment of \$12.44m.
	Delay the projects further, Limit growth.	Provide part of the increased capacity, thus putting a break on the ability of Twizel to grow to meet demand.	Between \$1m and \$9m to match the growth aspiration.
Other Options	Do nothing.	Severely restrict the growth of Twizel.	\$0m

7.1.5 Water Supply - Upgrade Allandale and Albury water supplies to meet drinking water standards.

Driver: Level of service, renewal and compliance

Decision required: 2024.

When the new Fairlie water treatment plant is commissioned in 2024 it is planned to begin designing integration to the Allandale rural water scheme. It is proposed to commence the extension of the reticulation to upgrade the Allandale water supply in 2025/2026 \$1.64m and 2026/2027 \$1.78m for a total of \$3.42m. Note as part of the design, point of supply treatment options, owned and controlled by Council, will also be explored as an alternative option.

The Albury Water Supply (rural scheme) is owned by the Council, and the management and operation have been delegated to a committee, the Albury Rural Water Supply Society Incorporated. There is a memorandum of understanding in place for this arrangement, long-term operating arrangements and responsibility for compliance are yet to be ascertained by both parties.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Integrate Allandale rural water scheme into new Fairlie Water supply treatment plant.	Allandale water scheme meets drinking water standards and regulatory framework, noting that this will be evaluated alongside a point of supply option prior to commencement.	\$3.42m
	Create separate plant for Allandale.	New design and construct new plant and obtain consents.	\$6m
Other Options	Do nothing.	Not meet drinking water standards.	\$0m

7.2 Transportation

7.2.1 Cass River bridge replacement 2029/2030

Driver: Renewal, Compliance, Growth

Decision required: 2028.

Cass River bridge needs replacement as it is not fit for purpose and has reached the end of its useful life. It is a heavy vehicle route as well as the bus route and tourists drive over the bridge regularly. Heavy traffic must use the fords to navigate the river which poses risk to such a sensitive environment and Takapō/Lake Tekapo as a place of outstanding cultural significance. Some light vehicles also opt to use the ford and often get into trouble and need rescuing. Fertilizer and fuel trucks have potential environmental issues as they utilize the ford. Black stilts and other rare birds are present on the Cass River delta. The bridge is degrading with age and weather impacts. Timaru Boys High school, along with others, use the bridge as a school bus route as John Scott lodge used for camps. Council requires funding from partners including NZTA and private landowner. Council has not made a decision regarding how much funding is required from partners but has stated that Council will not proceed if funding is not forthcoming.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Replace Cass River bridge.	Replacement needed to mitigate extreme risk of structure failure and increase in serious accidents.	\$4.508m
Other Option	Traffic use ford.	Potential risks for tourists as driving through fords subject to weather events, potential loss of life. Significant environmental risks associated with traffic using ford.	Cost of a life currently valued by NZTA at \$12.5m plus potential environmental cost
Other Options	Do nothing	Noncompliance Closed bridge for structural safety. Increase in risk of trucking material being spilt in the river, and loss of access to DOC land for locals and tourists. Significant risk for reputation of the Council.	Cost of a life currently valued by NZTA at \$12.5m plus potential environmental cost and reputational cost

7.2.2 Transport: Renewals package: Unsealed Road metaling & sealed road resurfacing

Driver: *Renewal and level of service*

Decision required: 2025 annually.

Unsealed metaling and sealed resurfacing are key levels of service. Maintaining this level of service on network lifelines and connectivity supports commercial activity such as farming, tourism, accommodation, Round Hill ski field and Te Araroa trail traffic as well as delivering the lowest life cycle cost of maintaining the districts roading asset.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Renew unsealed roads with metal, resealing sealed roads on an annual cyclic programme.	Level of service will be maintained. Asset preserved.	Over the 30 years, Unsealed metaling is budgeted at \$34.58m while sealed resurfacing is budgeted at \$32.37m
Other Option	Reduce the level of investment.	Failure to meet industry minimum standard and pavement degradation resulting reduction in level of service, pavement deterioration and increase in pavement deficiencies.	\$1.183m per annum for 10 years
Other Options	Do nothing.	Reduction in level of service and degradation of roads results in unsafe/unpassable roads	\$0m

7.2.3 Transport -Safety Roads Seals – Lilybank Road

Driver: Growth & Level of Service

Decision required: 2034.

Lilybank Road is currently unsealed and carries over 400 vehicles as an average over the ski season including tourist campervans and heavy freight vehicles. Vehicle numbers can peak at over 750 a day. During winter the road is often subject to ice and snow and is the main access route to Roundhill ski field. Proposed to extend the seal approximately \$500,000 worth from 2035. Currently spending \$250,000 a year re. maintenance and sealing would reduce the maintenance cost.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Seal Lilybank Road	Increased safety for rural road users including heavy vehicles and services to farms and commercial ski fields. Less cost to maintain	\$10m to seal
	More regular maintenance	Eventually Opex more expensive requiring more maintenance from heavy traffic throughout ski season.	Approximately additional \$300k per year from 2035
Other Options	Do nothing	Reduction in level of service and degradation of roads results in unsafe roads.	\$400k per year

7.3 Public Facilities, Parks, and Places

7.3.1 Public Facilities – Structural upgrade of 3 community centres, Fairlie, Takapō/ Tekapo, Twizel

Drivers: *Level of service*

Decision required by: 2027.

The three main community centres in Fairlie, Takapō/Lake Tekapo and Twizel require structural upgrades to be fit for purpose and be compliant with building regulations. Funds have been budgeted for the Mackenzie Community Centre in Fairlie \$2.42 million in 2028/2029, Takapō/Lake Tekapo Community Hall \$1.60m in 2038/2039 and Twizel community centre \$3.41m in 2034/2035. These centres service a myriad of community needs and are key facilities for response and welfare in a civil defence emergency. Structural upgrades will incorporate other critical works such as ventilation, mould elimination and the strengthening of essential services such as emergency provision for water, wastewater, and electricity.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Upgrade three community events centres at Fairlie, Tekapo and Twizel to meet structural regulations and support emergency management operations centres.	All three centres are used in emergency management as control and welfare centres and currently are not compliant with structural regulations.	Mackenzie Centre \$2.42m Tekapo Community Hall \$1.60m Twizel Community Centre \$3.41m
	Delay upgrades even further	Opex more expensive requiring more maintenance as halls deteriorate over time. Extends risk that community may not have an appropriate facility in an emergency.	Increased reactive maintenance plus reduction in income due to facilities becoming not fit for purpose. \$0.2M to m \$0.5m per annum escalating till upgrade occurs.
Other Options	Do nothing	Reduction in level of service and degradation of halls potentially leading to closure and risking reputation of the Council. Not being able to provide required facilities in an emergency.	\$0.2m to \$0.5m continuing to escalate until use drops to zero.

7.3.2 Parks and Places - Upgrade Alps to Ocean trails

Driver: Level of Service, Growth and Renewal

Decision required: 2035-45.

The existing walking and cycling trails require realigning for safety reasons to deliver critical safety outcomes while accommodating local community and visitor needs. This work will also eliminate an aspect which is seen as a significant barrier for some riders. It is proposed to upgrade the existing Alps to Ocean cycle way. Proposal to build off road trails parallel along East Pūkākī (Hayman's Road), along Glen Lyon Road and build a new bridge across the Ohau River to increase safety and experience of users.

	Principal Options	Implications of Options	Cost Estimate
Preferred Scenario	Upgrade Alps to Ocean trails	The current trails share busy roads. The improvements are to increase safety and experience for all users and attract more tourist investment into the district.	\$4.1m
Other Option	Staged approach to Upgrade over 4 years with MBIE funding	Alps to Ocean East Pūkākī trail would be the preferred constrained investment scenario as with high visitor growth it supports wider economic growth across the district and is currently very high risk. Estimated costs based on increased costs over longer time frame, calculation is 25% increase over 4 years.	\$5m
Other Option	Do nothing	High risk to visitor safety anticipated to increase in risk. Increased maintenance required of cycleway will increase ongoing operational expenditure from \$65k to \$80k per year plus increased health and safety risk for users.	\$80k per annum

7.3.3 Public Facilities - Increase Capacity by upgrading existing and building new public toilets.

Driver: Growth

Decision required: 2034 to 2042.

The current provision of public toilets is inadequate to meet the existing visitor numbers let alone meet the 100% forecast increase in visitor numbers over the next 30 years. Opex needed for increasing cleaning regimes of all toilets due to high visitor numbers. Takapō/Lake Tekapo and Twizel have increasing demand from visitors and limited capacity.

	Principal Options	Implications	Cost estimate
	Increase capacity by upgrading/ constructing existing toilets at Takapō/Lake Tekapo and Twizel	High projected growth in domestic and international visitors is contributing to lack of capacity and need for increased cleaning of facilities in Takapō/Lake Tekapo and Twizel 750k each. Design is to mirror existing toilets in Twizel to increase capacity.	\$2.22m
	Upgrade Takapō/Lake Tekapo toilets	Only intend to upgrade 1 block of toilets at Takapō/Lake Tekapo. This may result in visitor demand at Twizel contributing to unhygienic and	\$750,000

		unsatisfactory levels of service and high levels of responsive maintenance.	
	Do nothing	Will lead to a reduction in Levels of service and increasing complaints with increased visitor numbers and growing population. As a result, it is expected that cleaning costs will increase by \$500,000 above existing cleaning contract costs of \$400,000 per year.	\$50,000

7.3.4 Public Facilities – Upgrade/ replacement swimming pools in Fairlie and Twizel

Driver: Renewal

Decision required: 2033.

There are 2 public swimming pools in the district, Strathconan is in Fairlie and Twizel pool in Twizel. Both pools are aged and lack modern changing and accessible features. It is proposed to undertake some refurbishment of Strathconan pool in 2034/2035 and more major work in 2039/2040. The pool at Twizel is planned for an upgrade in 2039 to 2041 over two seasons. The population in both towns is ageing and therefore accessibility is becoming more important. There is growing demand for extended hours and extended seasons.

	Principal Options	Implications of Options	Cost estimate
Preferred Option	Upgrade swimming pools in Fairlie and Twizel	The upgrade of the two pools will require careful planning to align with the off-season period during autumn and winter to undertake the required upgrades, particularly to changing sheds and improving accessibility.	Strathconan \$2.48m Twizel pool \$2.57m
	Upgrade one pool and incur additional regular maintenance for the non-upgraded pool.	Should the decision be made to defer upgrading one pool it is anticipated that the annual maintenance budget would increase as the equipment that supports the pool operation is at the end of its useful life.	Reduction in income from pool as it becomes not fit for purpose for a growing % of the community hence an increase in operating costs \$0.3 to \$0.5 m per annum, restored after upgrade
Other Options	Do nothing	Reduction in level of service and degradation of roads results in unsafe roads	Reduction in income from pool as it becomes not fit for purpose for a growing % of the community hence an increase in operating costs \$0.3 to \$0.5 m per annum, with cost increasing as patronage drops off.

8. Financial Expenditure Operating and capital

8.1 Financial Expenditure – Operating and Capital (inflated)

This section shows projected data and graphs of operating and financial expenditure that is associated with the management and maintenance of the assets. Annual expenditure is shown for the first 10 years and aligns with the 2024 to 2034 LTP. The following 20 years are shown in five yearly bands. The details of each programme of operational and capital expenditure are contained in the AMPs for three waters, transportation and public facilities, parks and places. The projections have been inflated based on BERL indices.

During the development of this strategy, we developed 2 scenarios for investment decisions: a constrained scenario and an unconstrained scenario and presented to the Council both scenarios for consideration of addressing major infrastructure renewals, growth, and level of service drivers. This section contains the constrained scenario.

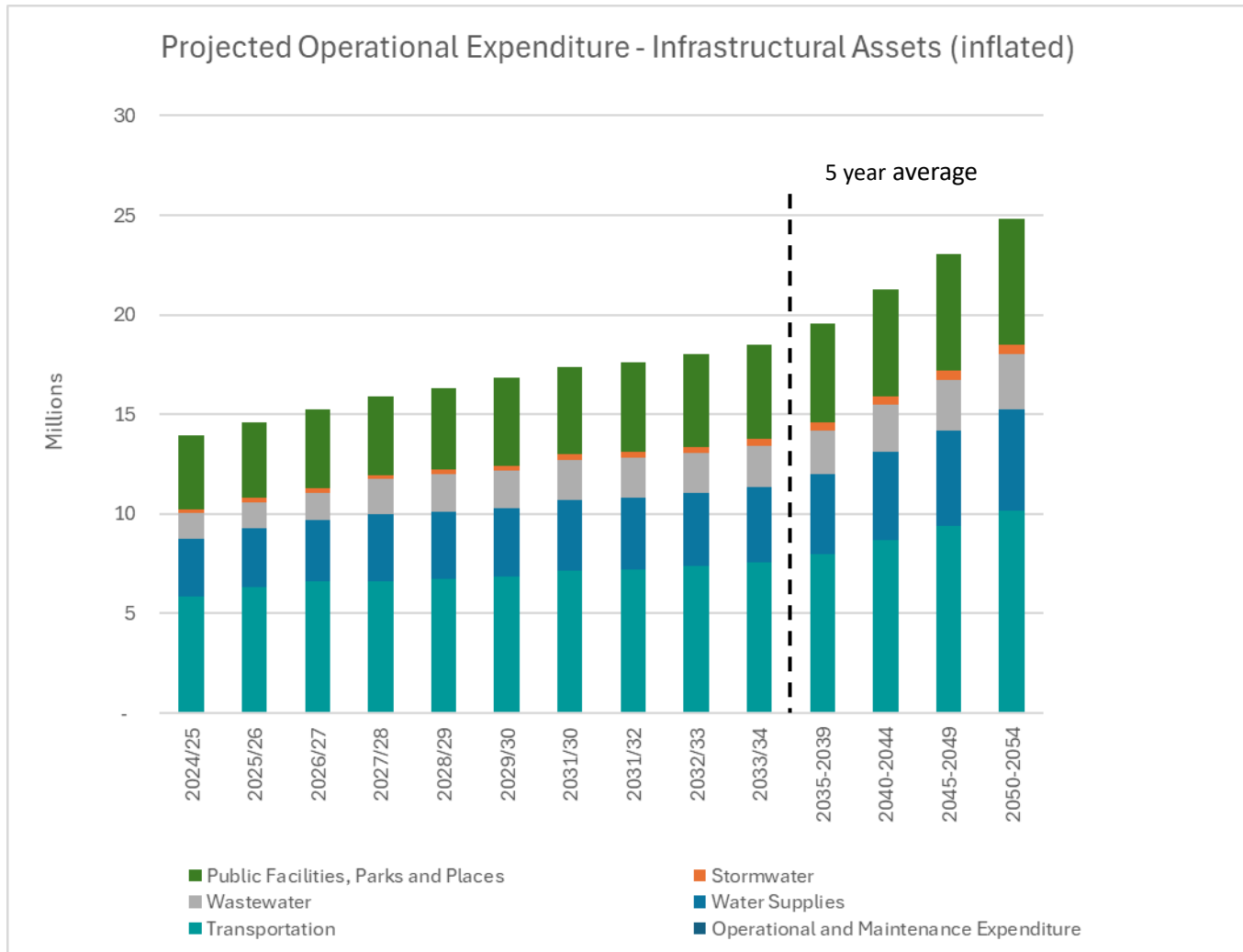
There will always be a need for continued renewals across all assets. For networks such as transport water and wastewater these can be smoothed but for smaller networks and specific assets, such as stormwater and facilities respectively these need to fall where they lie.

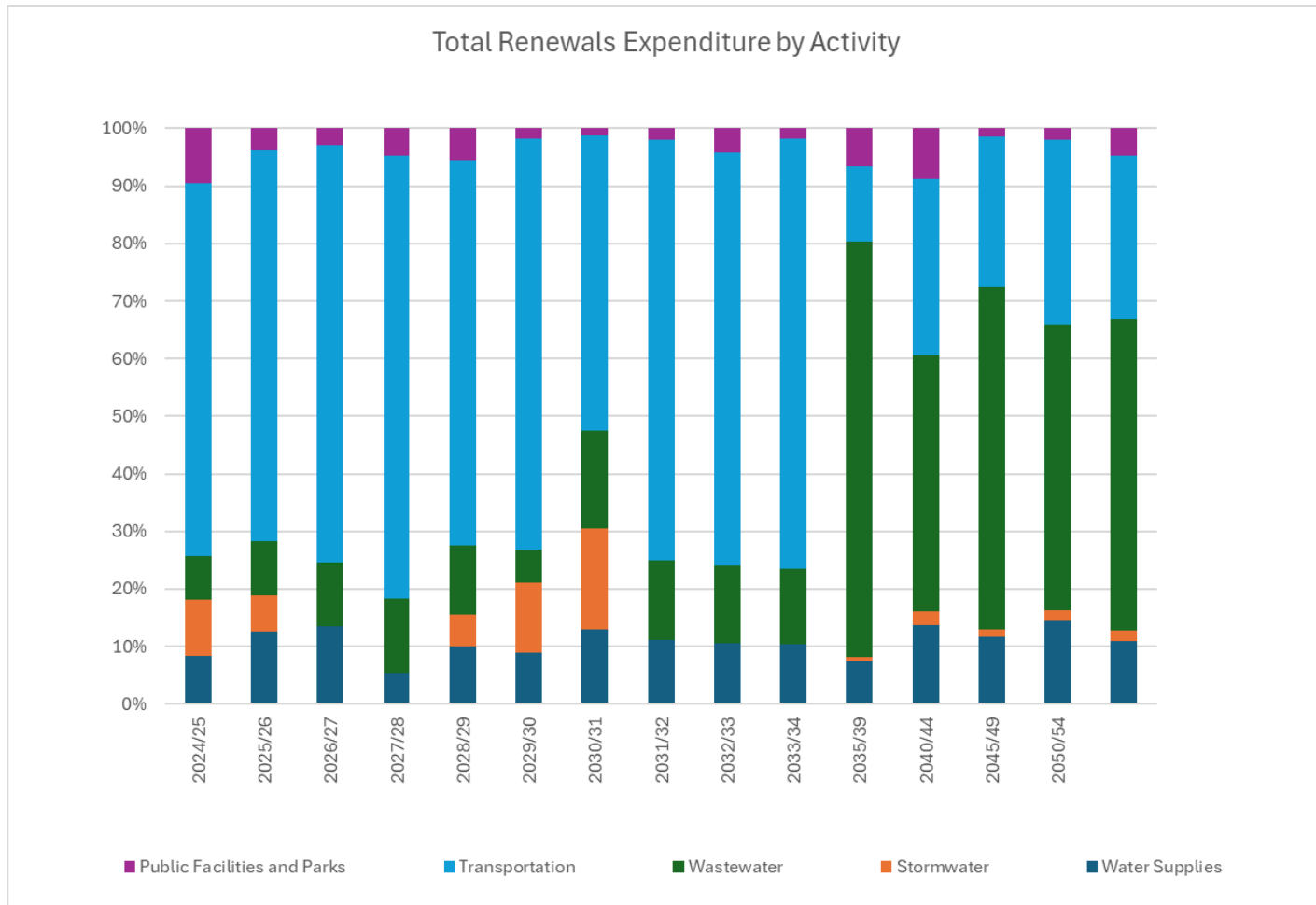
8.2 Total Operational Expenditure

The operational costs through this period are expected to rise over the 30 years in keeping with the increased asset base and inflation. The total operational expenditure for the IS assets in the LTP period is \$164,568,000 and for the entire period is \$607,845,000

8.3 Total Renewal Expenditure

The overall level of renewal expenditure is constant throughout the first 10 years, with significant expenditure on renewing wastewater treatment plants, transport and community facilities scheduled in the following 20 years. The total renewal expenditure for the 30-year period is \$417,979,000. In the period 2034 to 2054, the significant increases required for renewals reflect the aging infrastructure needing replacement and to allow for the renewal of wastewater treatment plants to the standards applying at the time. Further information is available in each AMP.





8.4 Total Capital Expenditure

The total capital expenditure for the 30-year period of \$583,390,349 is shown in the graph below. Wastewater has the biggest call on capital followed closely by transport. The main driver in the wastewater space is for new treatment plants as discharge consents expire.

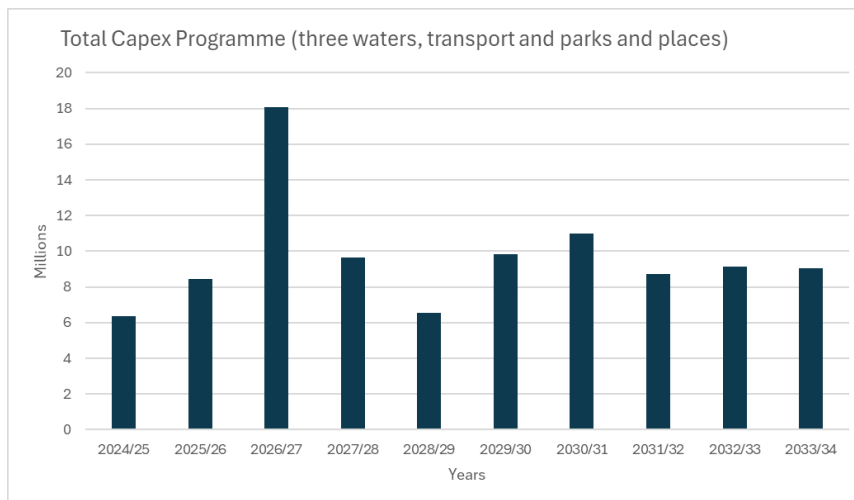
Council has endeavoured to spread projects over the 10 years of the Long-Term Plan (LTP) to minimise borrowings and pressure on rates. The spike in year 3 (2026/2027) is the Tekapo wastewater treatment plant upgrade.

Carry forward works are not in the LTP as they have been budgeted in the previous years but not completed due to design, consenting and construction programmes not aligning with accounting financial years.

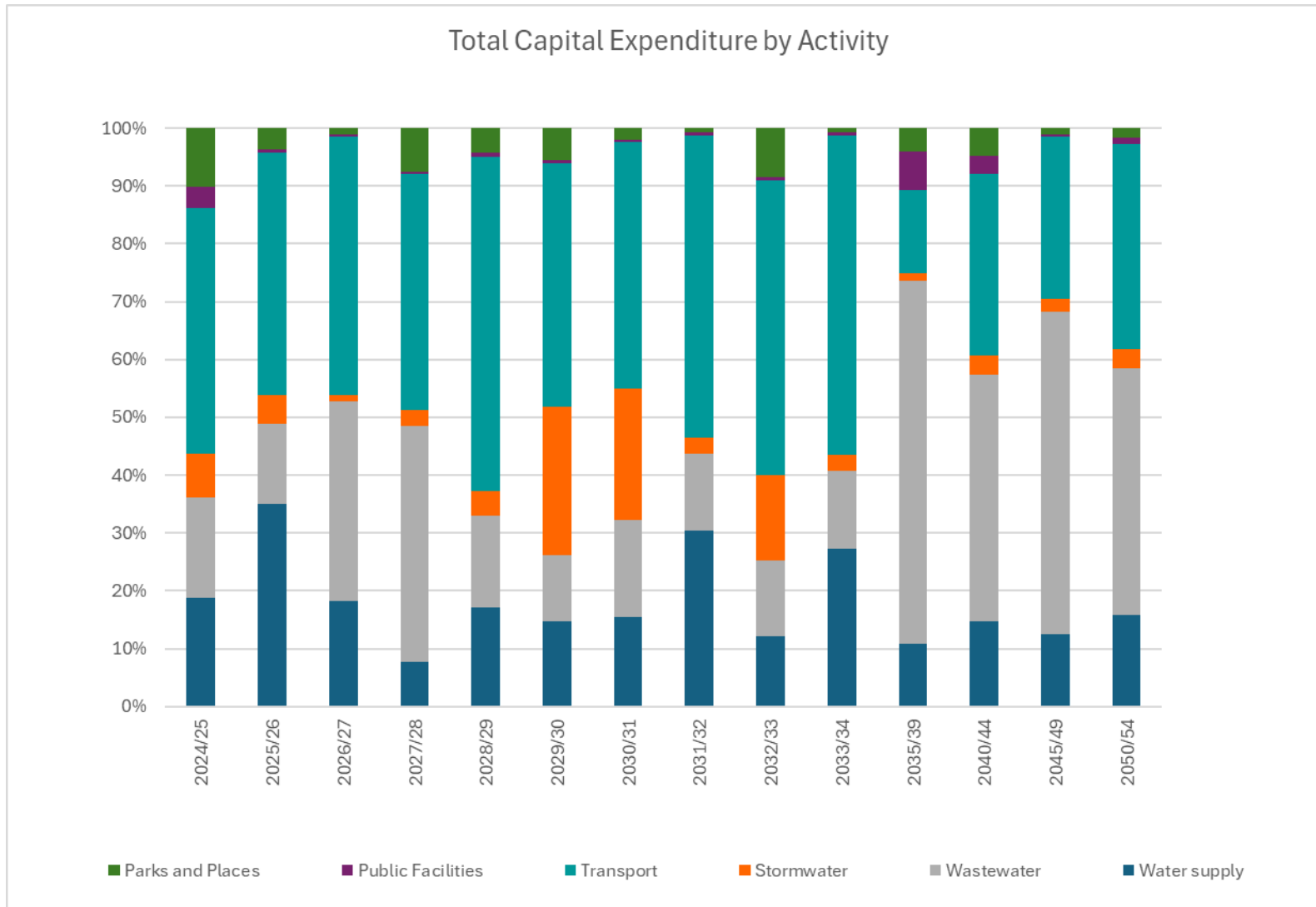
. Year 4 and 5 see an increase in investment due to the renewal of the Takapō /Lake Tekapo Wastewater Treatment plant.

The 30-year profile below shows the high levels of investment in the replacement of the wastewater treatment plants in Twizel and Fairlie and Takapō/Lake Tekapo in the outer years and investment in transport assets.

Total Capital Expenditure 10 years LTP



Total Capital Expenditure by Activity



Total Capital Expenditure continued.

The 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”. This changed in 2021 when the Council added an additional \$10million into the capital programme as a local Covid stimulus package and central government released tranche 1 of the 3 waters stimulus package followed by the Better Off funding. The council moved to a delivery model that involved out-sourced project managers.

The level of complexity of the water infrastructure projects, the value associated with them and the risk of non-delivery, prompted the Council to contract out the project management and delivery of the works via an open process. Beca Limited (Beca) were successful in securing a significant portion of the works and are progressing delivery via a dedicated project manager and delivery team. Unspent funds will be carried forward into this LTP as mentioned above.

The balance of the Council’s Capital works programme for the Long-Term Plan contains projects related to the upgrading of core assets such as the upgrade of the Takapō/Lake Tekapo Wastewater Treatment Plant and projects focused on upgrading Council- owned buildings to address condition issues. Renewals, however, make up the bulk of the capital programme.

As mentioned previously, the 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, the Council has focused on allocating funds to projects over a period of 10 years to reflect the need to investigate, design, tender and construct works. An example of this is the Takapō/Lake Tekapo Wastewater Plant upgrade, with works progressing over several years reflecting a process of consenting, land procurement, design and construction.

Based on the experience of the last three years the Council will continue to supplement in-house resources with external project managers to ensure the delivery of the capital programme is achievable in the context of time, budget and scope.

The Council’s transport capital works programme is a large investment and the first three years of the LTP has a significantly reduced Low-Cost, Low- Risk project program. The new Road Maintenance Contract has the ability to add capital and renewal works via a performance-based approach and this has been approved by Waka Kotahi. This will result in a seamless approach to the delivery of these works, based on contractor performance and also provides the Council with the flexibility to open tenders if required.

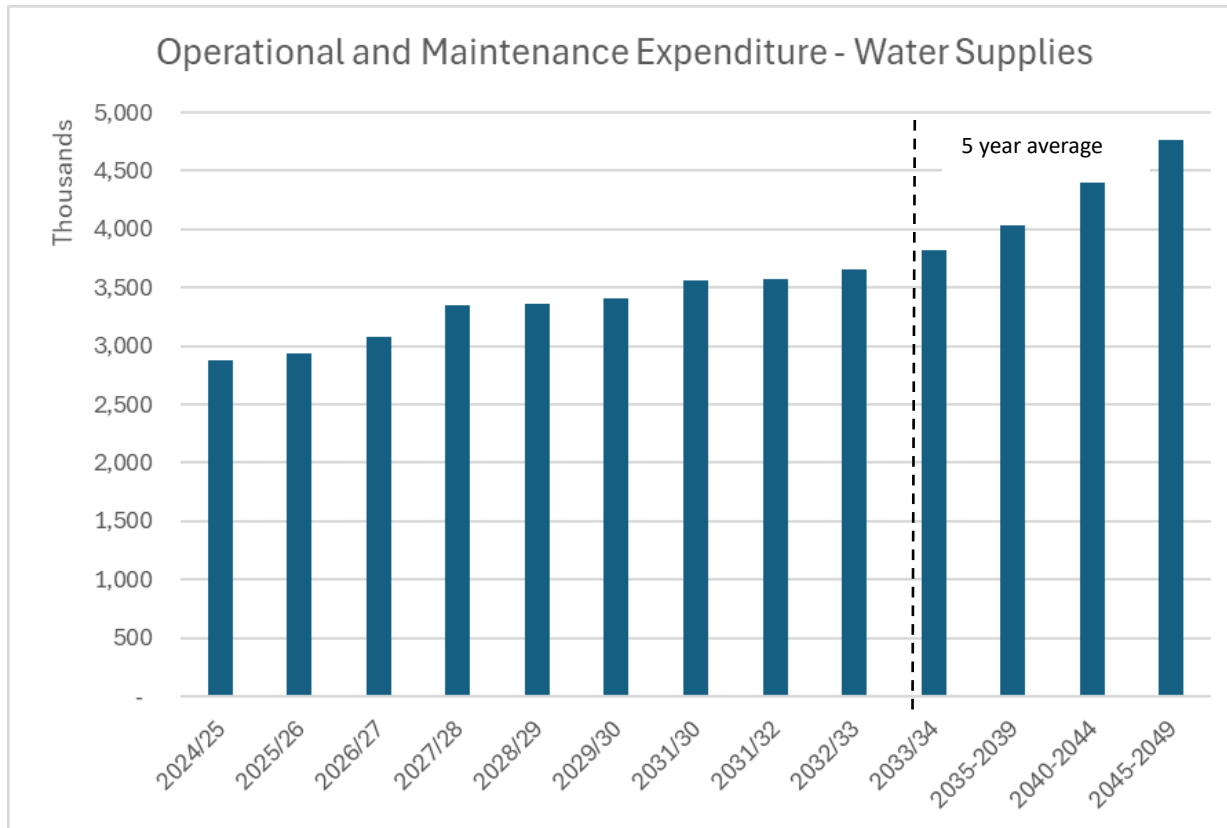
Public Facilities Parks and Places is a smaller programme when compared with water and transport, but the programme reflects the needs of the communities and the requirements of meeting steady growth in the townships of Takapō/Lake Tekapo and Twizel.

8.5 Programme operating and capital costs

8.5.1 Water Supply Operating costs

The graph below represents the operating cost for water. Future expenditure for the years beyond the LTP is represented in the table below as the average annual total inflated cost over each 5-year period. The total operating expenditure for water supply over the 30-year period is \$125,169,864 of which \$33,616,131 is budgeted for in the LTP period.

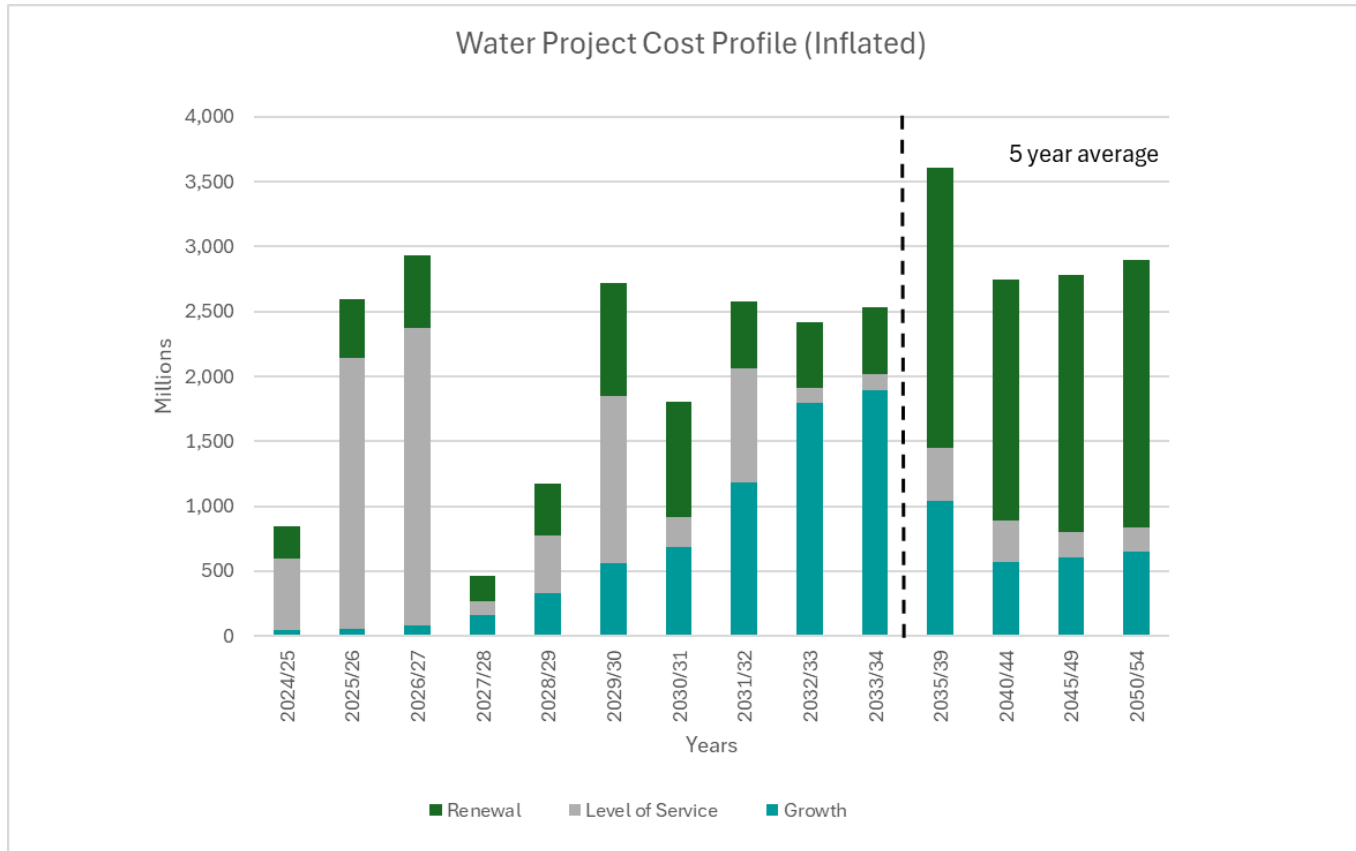
Water Supply Operating Expenditure



8.5.2 Water Supply Capital Expenditure

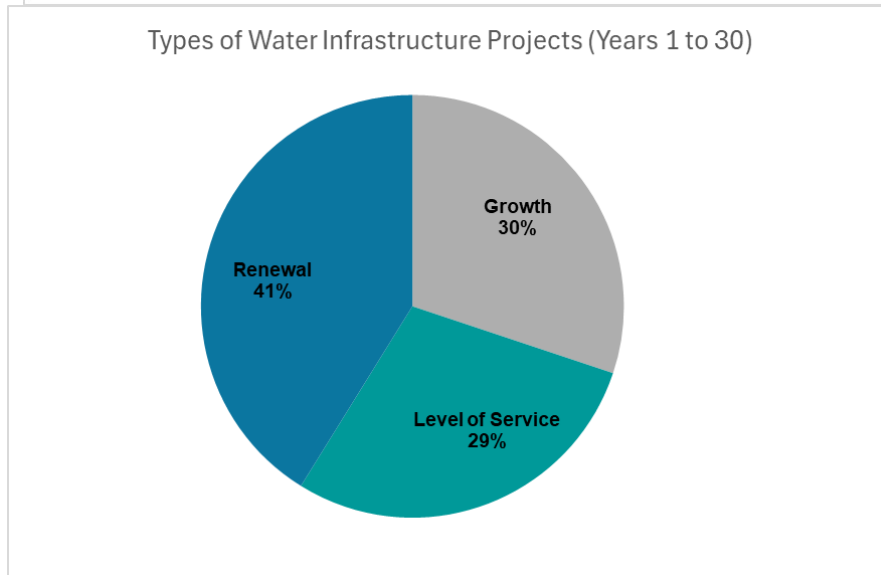
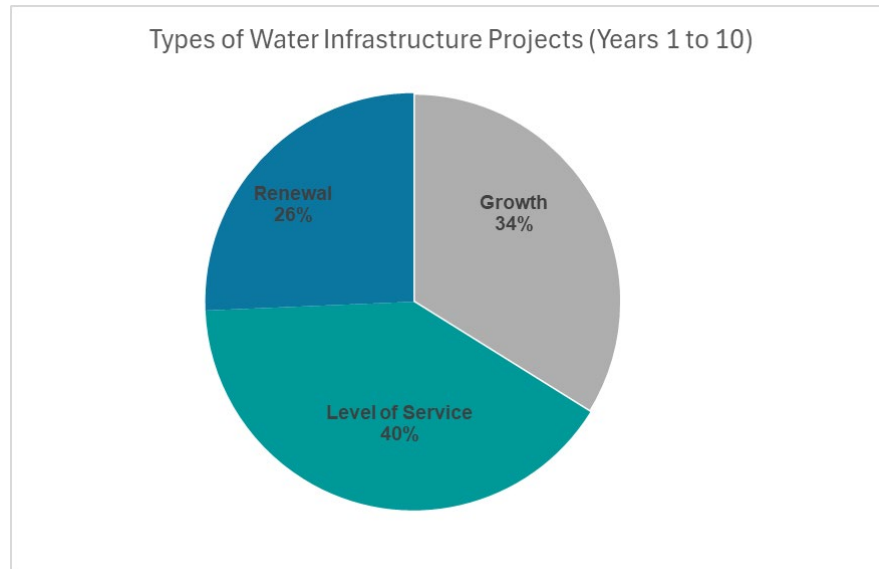
The total capital expenditure over 30 years for water supply is \$80,511,067

Water Supply Capital Cost Profile (Inflated)



Each of the above infrastructure upgrades responds to one of three key drivers: meeting growth, improving the level of service, replacement or renewal of aging infrastructure. The figures below show the proportion of water projects over the next 30 years which respond to each of these drivers. The majority of water infrastructure projects seek to improve the level of service.

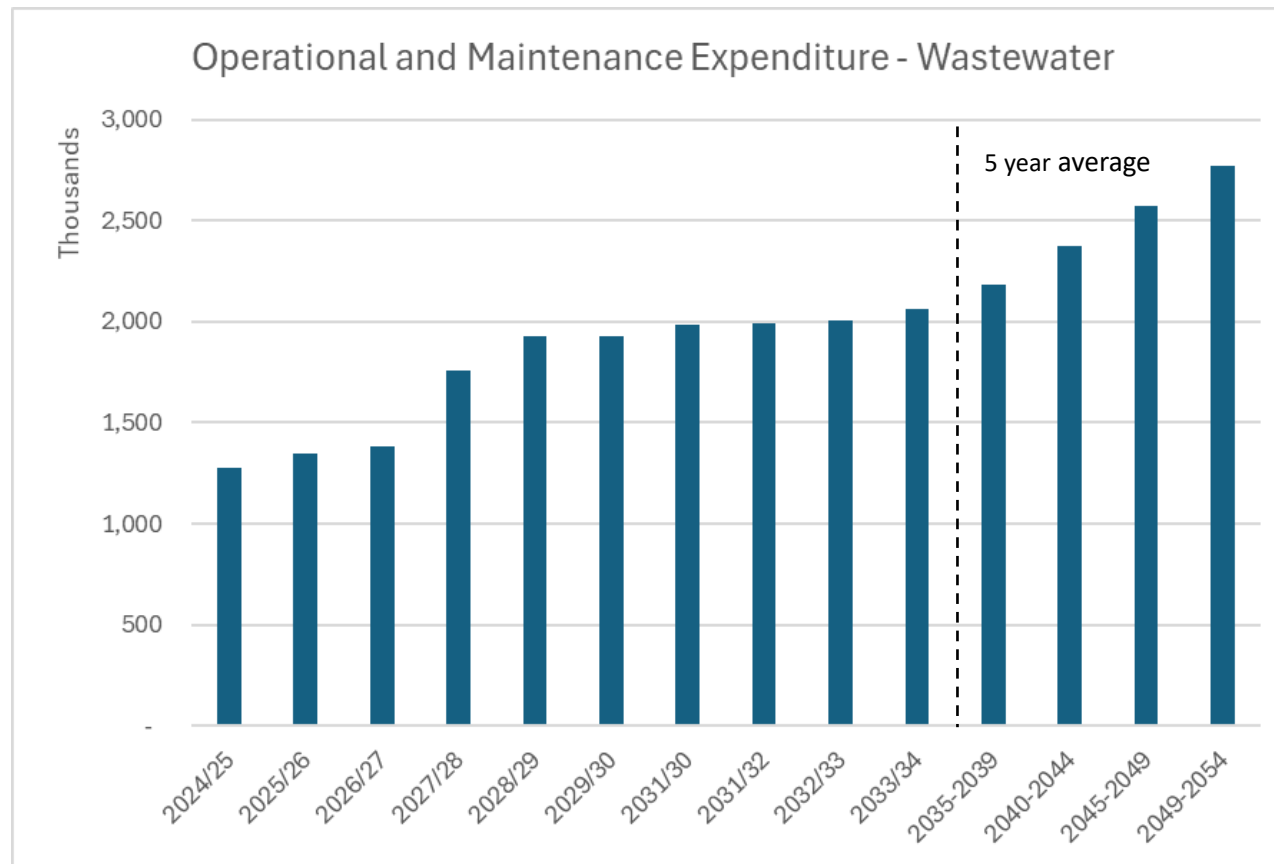
Key priority types of water supply infrastructure projects Years 1 to 10 and Years 1 to 30



8.5.3 Wastewater Operating costs

The total expenditure for operating costs over 30 years is forecast to be \$67,152,448 of which \$17,669,451 is in the LTP period. Note that the outer years expenditure beyond the LTP is represented as the average annual expenditure over the five-year period.

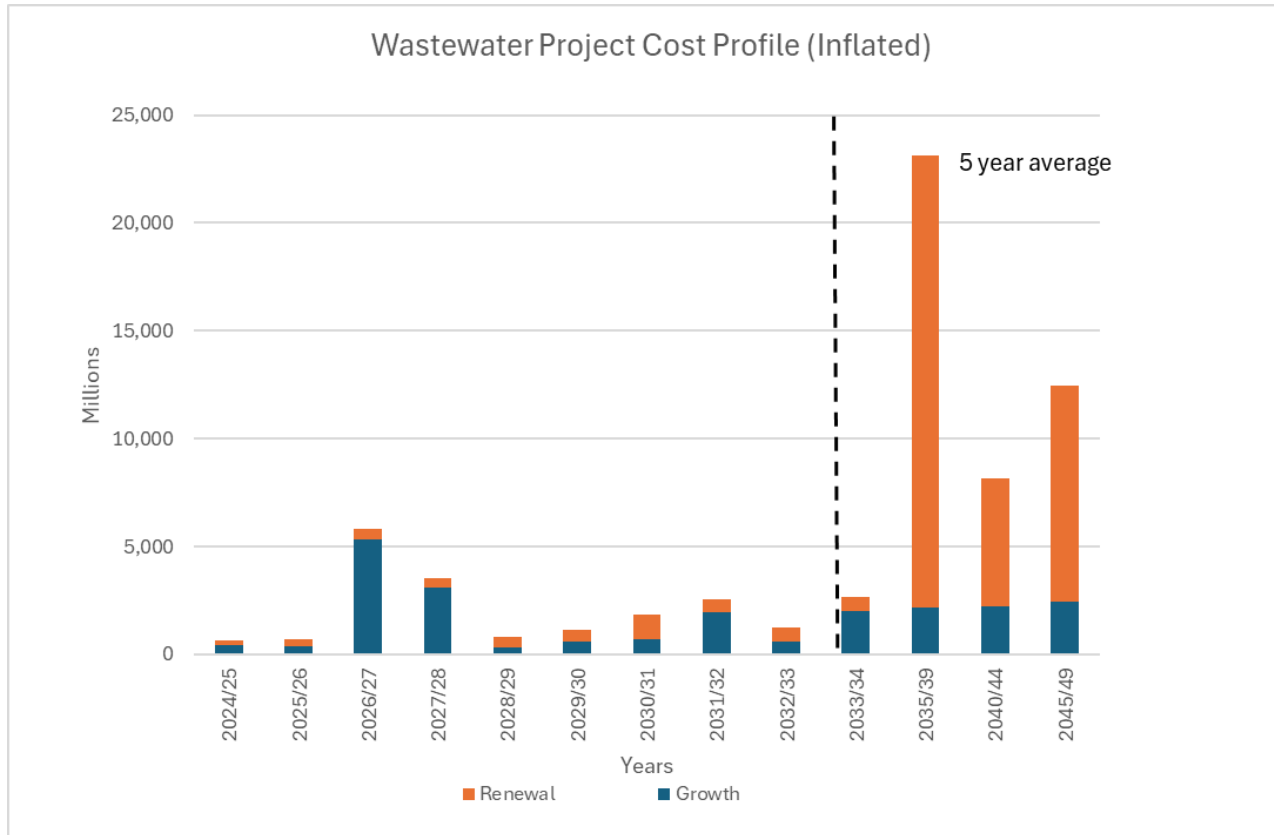
Waste water operating expenditure



8.5.4 Wastewater Capital Expenditure

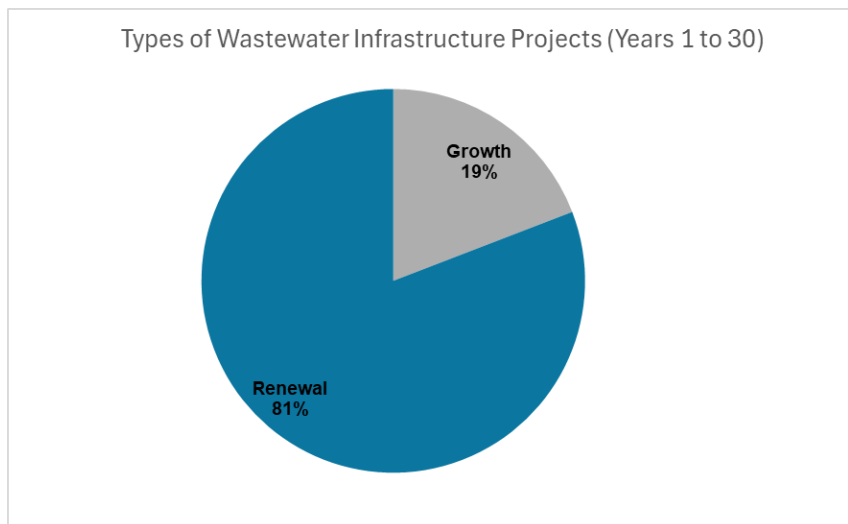
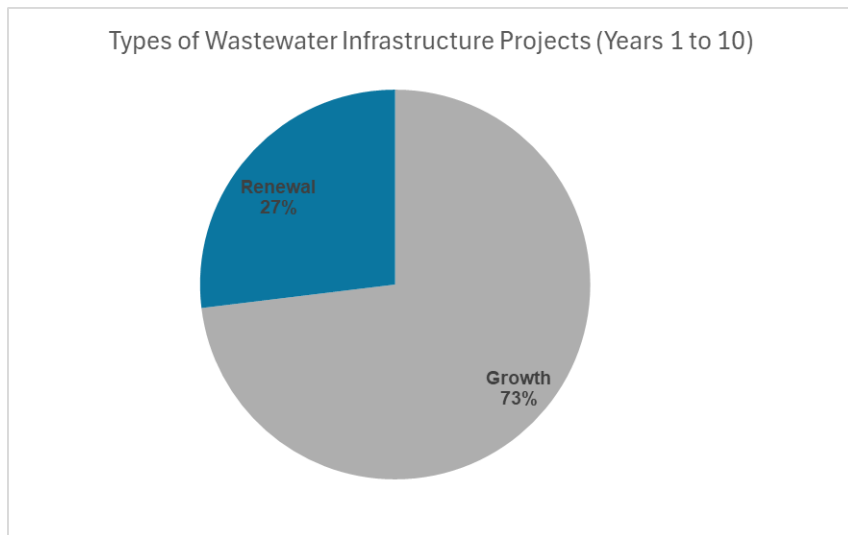
Capital expenditure over 30 years for wastewater is forecast to be \$279,816,014.

Wastewater Project Capital 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 or 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 are responding to growth issues across the district.

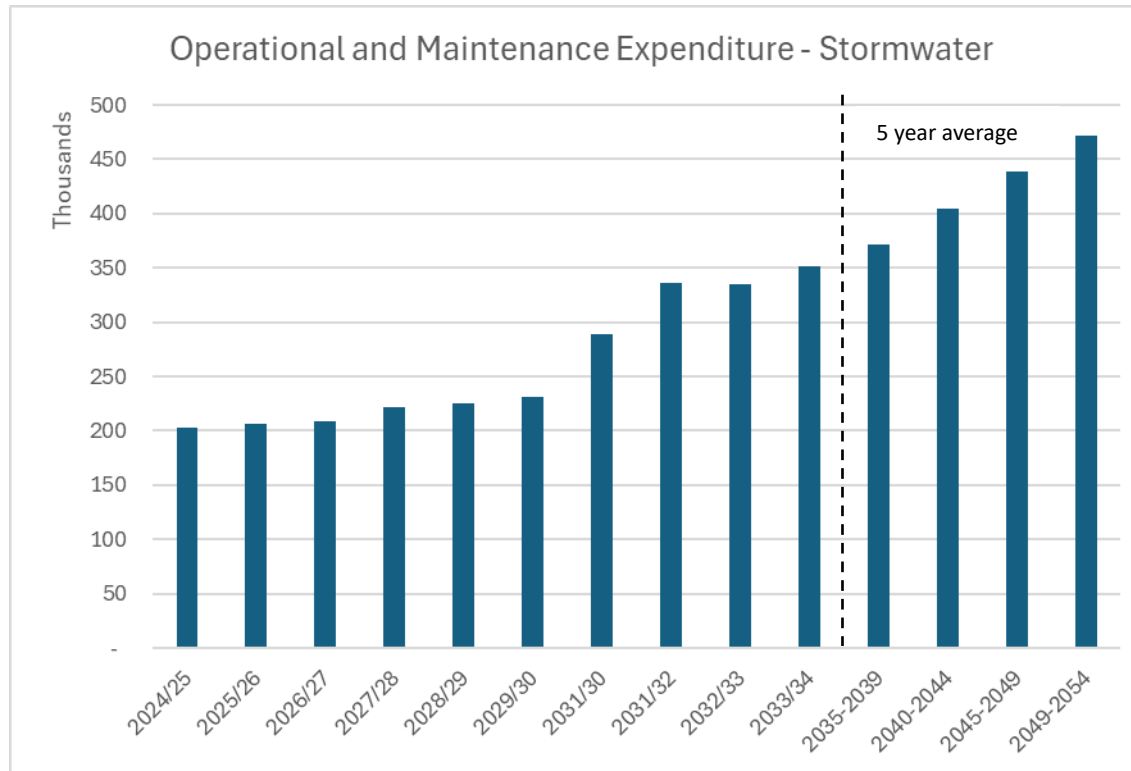
Key priority types of wastewater infrastructure projects (Year 1 to 10)



8.5.5 Stormwater operating expenditure

Stormwater operating expenditure across the 30 years is forecast to be \$11,037,275 of which \$2,605,510 is in the LTP period. Note that the outer years expenditure beyond the LTP is represented as the average annual expenditure over the five-year period.

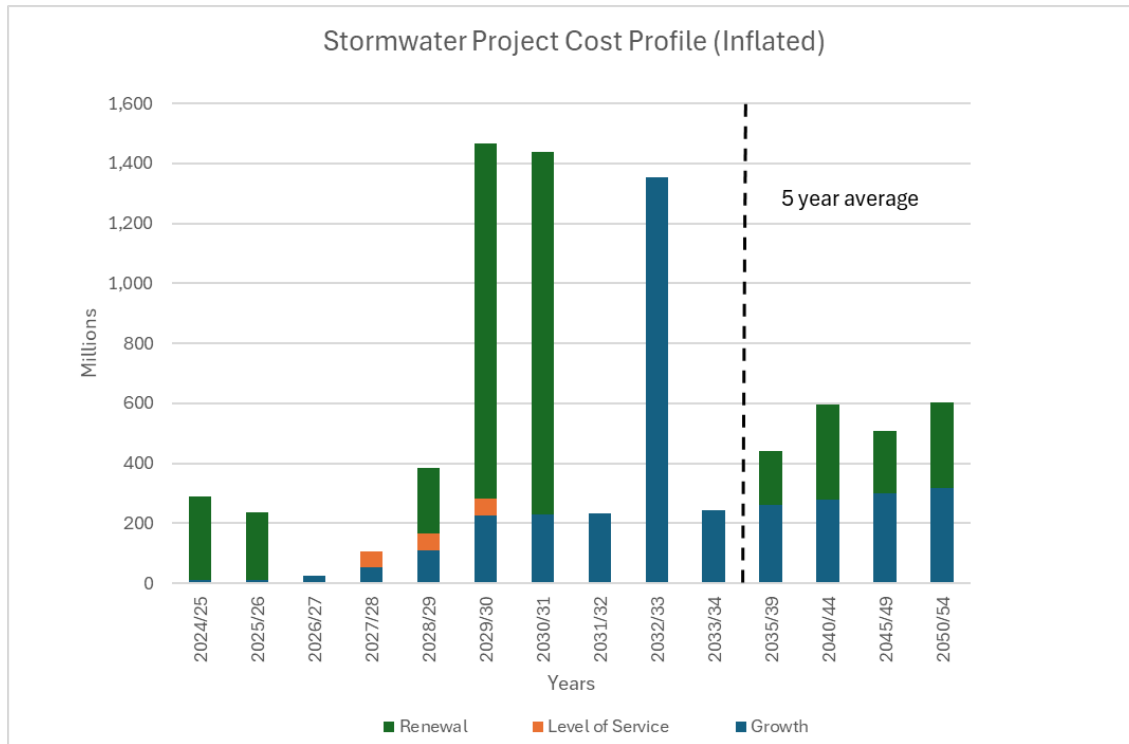
Stormwater operating expenditure



8.5.6 Stormwater capital expenditure

In the graph below stormwater capital expenditure which totals \$17,410,083 is profiled.

Stormwater Project Capital Cost Profile (Inflated)

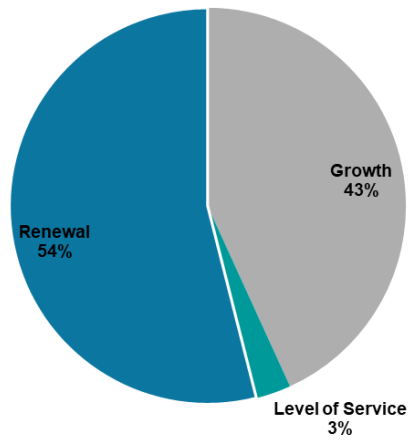


Each of the above infrastructure upgrades responds to one of the of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows the proportion of stormwater projects over the next 10 years which respond to each of these drivers.

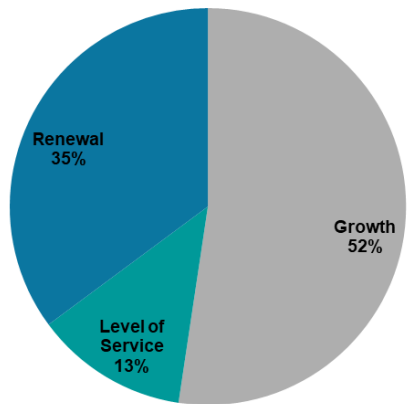
The figure below shows the proportion of stormwater projects over the next 30 years which respond to each of these drivers.

Key priority types of Stormwater infrastructure projects

Types of Stormwater Infrastructure Projects (Years 1 to 10)



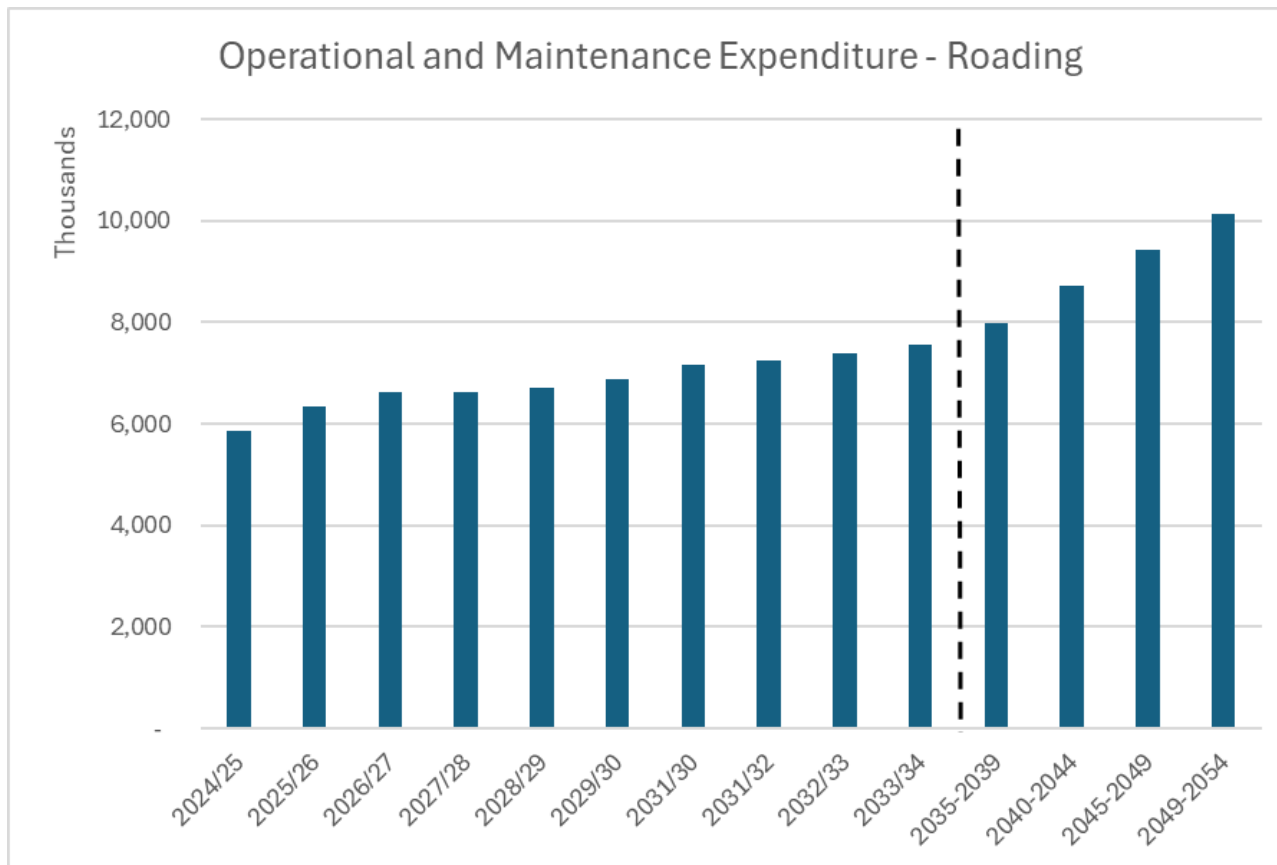
Types of Stormwater Infrastructure Projects (Years 1 to 30)



8.5.7 Transportation operating expenditure

Transportation has a large operating expenditure profile forecast for the next 30 years at a total of \$249,662,606 which includes \$68,390,886 for the LTP period. This is shown in figure below. Note that the outer years expenditure beyond the LTP is represented as the average annual expenditure over the five-year period.

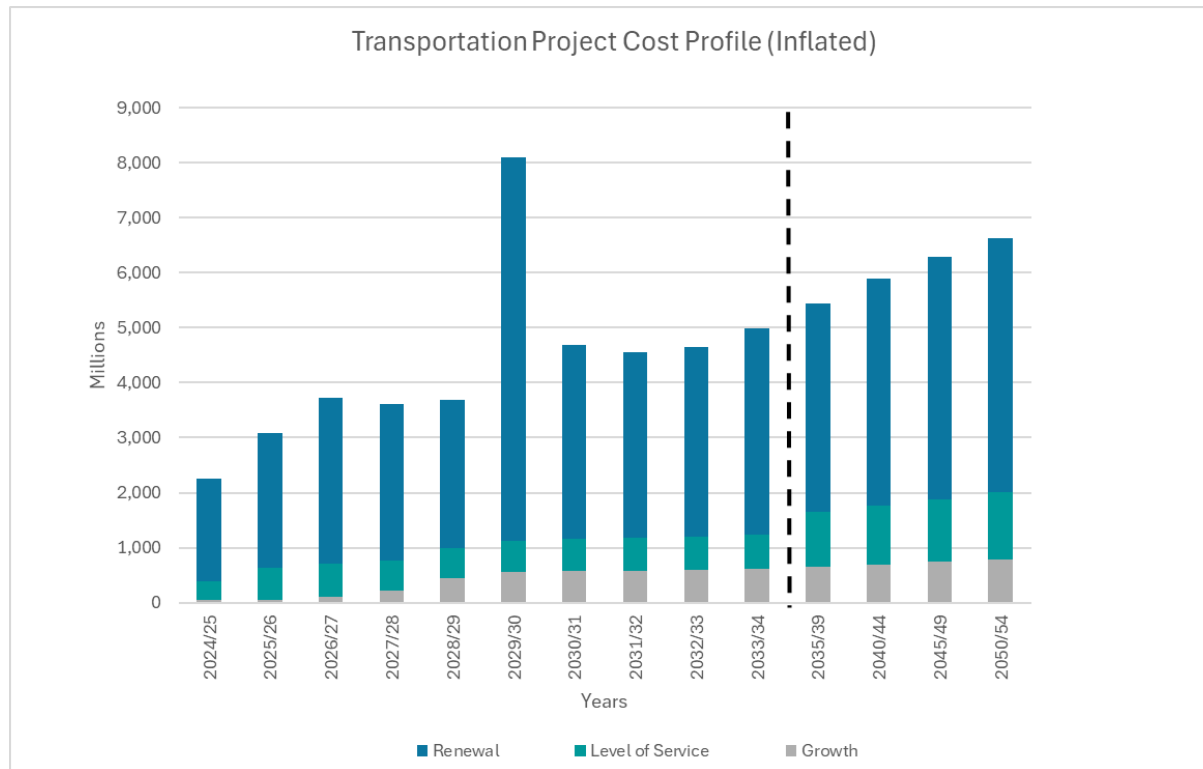
Transportation Operating Expenditure



8.5.8 Transportation capital expenditure

Total capital expenditure for the 30 years for Transportation is forecast at \$164,582,716 with further financial support from New Zealand Transport Authority/Waka Kotahi.

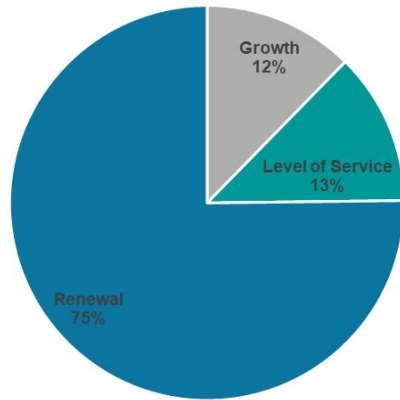
Transportation Capital expenditure Years 1 to 30



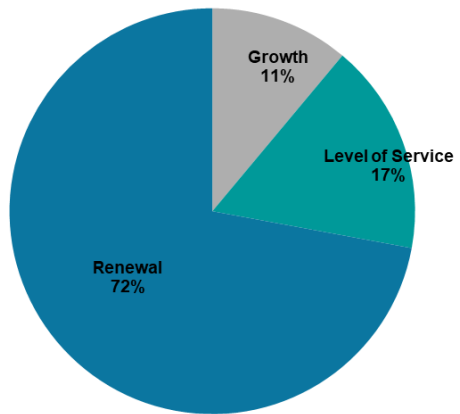
Each of the above infrastructure upgrades responds to one of the of the three key drivers: meeting growth, improving the level of service and replacement and renewal of aging infrastructure. The figure below shows the proportion of transportation projects over the next 10 years which respond to each of these drivers.

The majority of transportation projects respond to the renewal of aging assets and improvements to the level of service.

Types of Transportation Infrastructure Projects (Year 1 to 10)



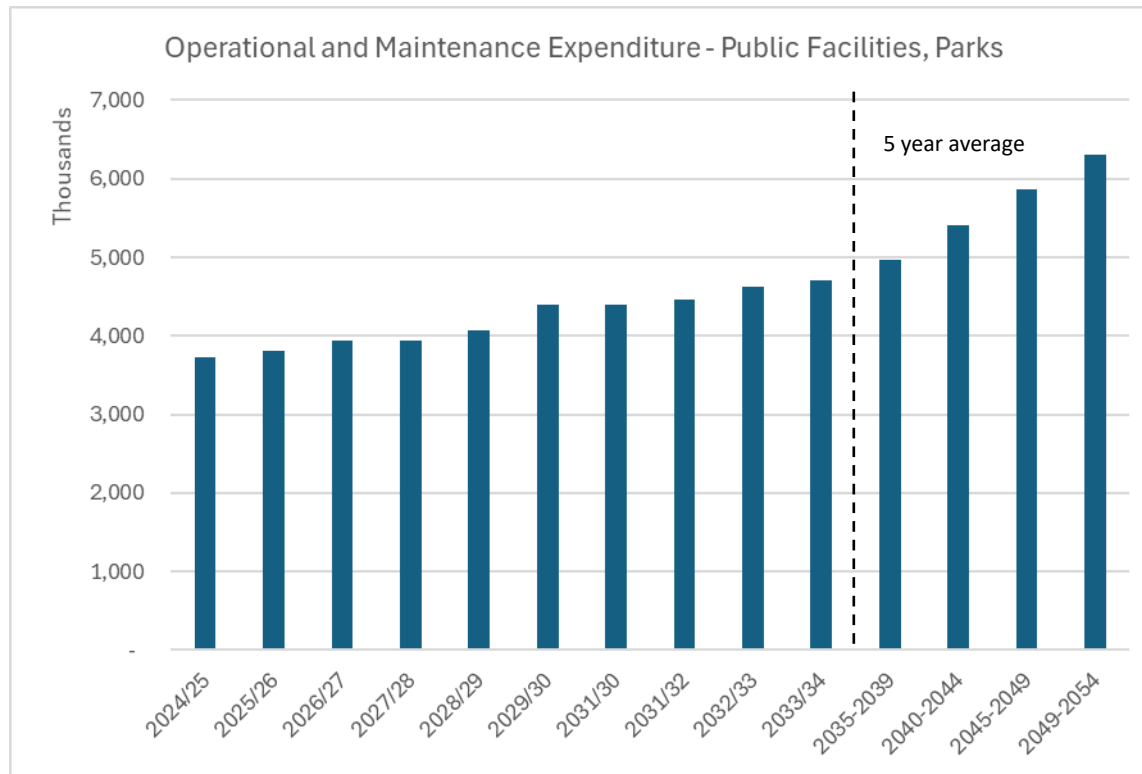
Types of Transportation Infrastructure Projects (Year 1 to 30)



8.5.9 Public Facilities, Parks and Places Operating costs

The total operating expenditure for Public Facilities, Parks and Places over 30 years is forecast to be \$154,755,760 of which \$42,049,188 is in the LTP period. The graph below profiles the forecast spend. Note that the outer years expenditure beyond the LTP is represented as the average annual expenditure over the five-year period.

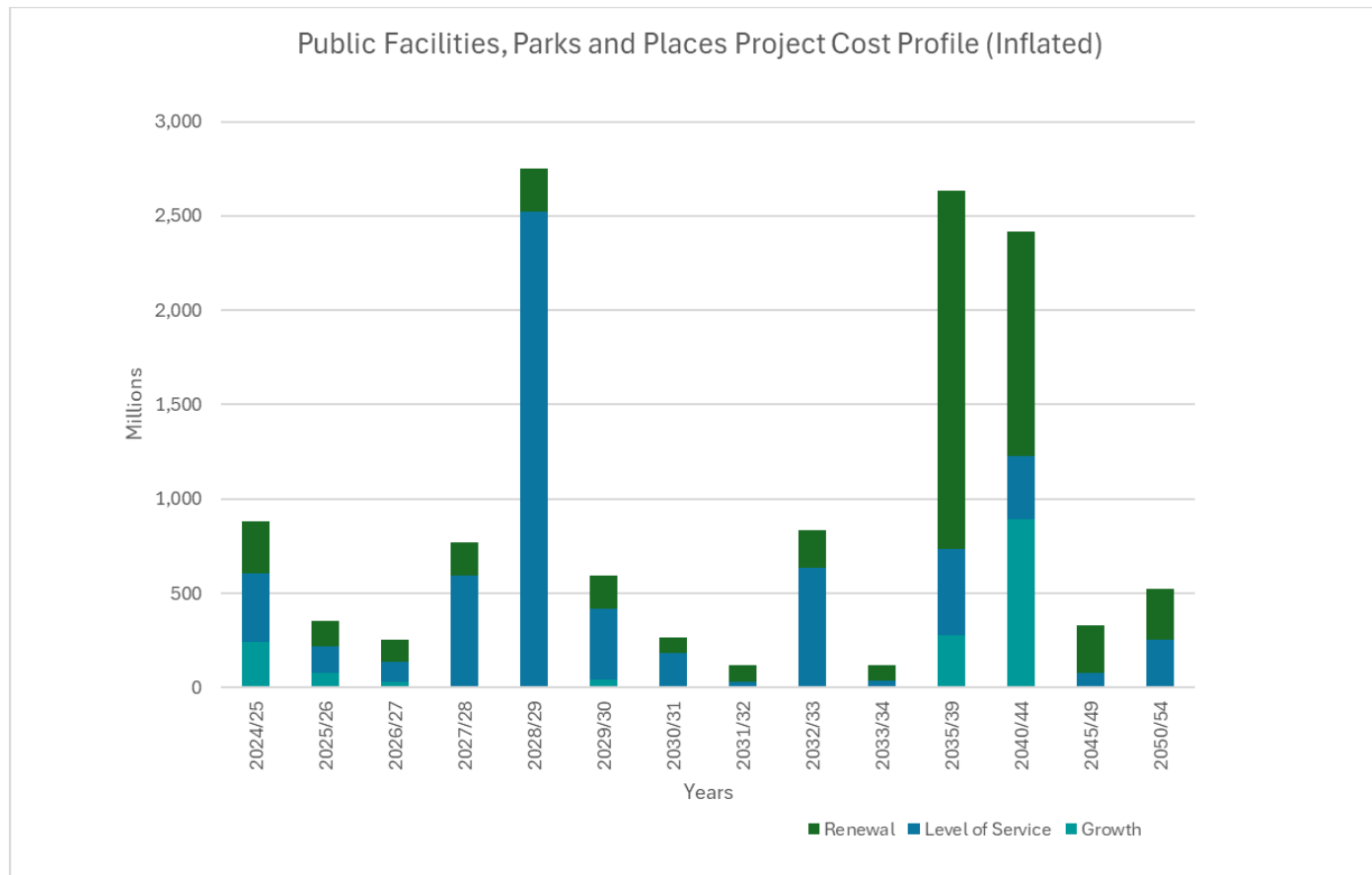
Public Facilities, Parks and Places Operating expenditure



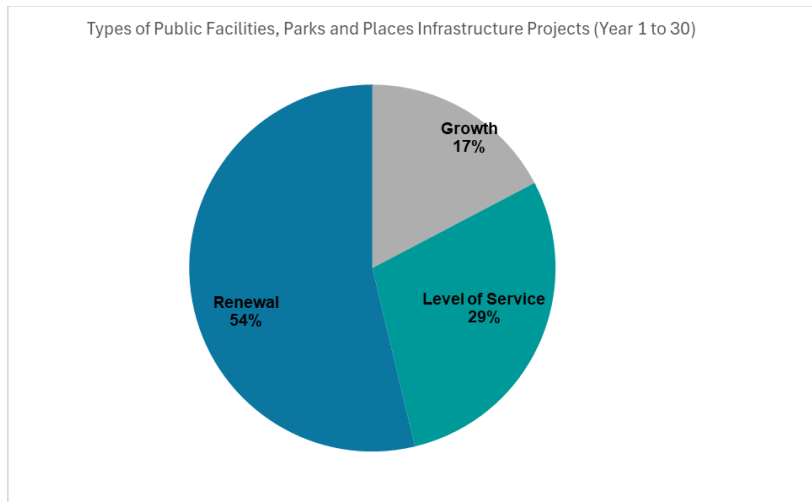
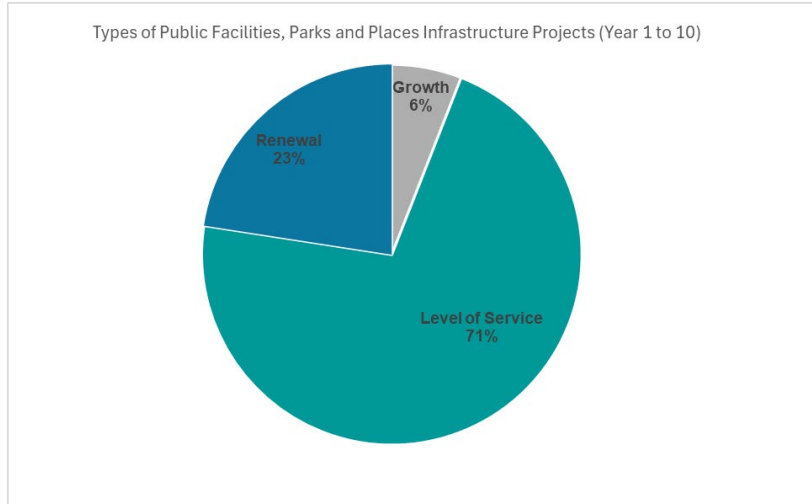
8.5.10 Public Facilities, Parks, and Places Capital costs

The forecast 30-year capital expenditure for Public Facilities, Parks and Places is \$17,452,442 for Public Facilities and \$19,014,312 for Parks and Places which gives a grand total of \$36,466,754 as profiled in graph below.

Public Facilities Parks & Places total capital expenditure



Public Facilities Parks and Places drivers Year 1 to Year 30 capital expenditure



As the graph shows the drivers for capital expenditure change quite dramatically over the 30 years for Public Facilities Parks and Places.

Tables with financial data which support the graphs in this chapter are attached in Appendix A.

Appendix A: Financial Tables

Operational and Maintenance Costs – Roading

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2031/30	2031/32	2032/33	2033/34	Total LTP	2035-2039	2040-2044	2045-2049	2049-2054	30 year total
Operational and Maintenance Expenditure																
2003-Other Employee Costs	15,000	15,435	15,774	16,137	16,508	16,871	17,225	17,570	17,921	18,261	166,702	96,509	105,183	113,857	122,531	604,783
2301-Insurance	17,400	17,905	18,298	18,719	19,149	19,570	19,980	20,381	20,788	21,183	193,373	111,952	122,014	132,076	142,138	701,553
2309-Administration Expenses	2,500	2,573	2,629	2,690	2,751	2,812	2,871	2,928	2,987	3,044	27,785	16,088	17,533	18,979	20,425	100,811
2401-Operating and Maintenance	72,000	74,088	180,875	77,458	79,236	193,448	82,678	84,334	205,488	87,653	1,137,258	463,246	504,881	546,516	588,152	3,240,053
2403-Contractors and Professional Services	145,000	225,351	152,482	155,991	185,985	163,082	166,504	197,950	173,232	176,523	1,742,100	932,924	1,016,772	1,100,621	1,184,469	5,976,887
2407-Maintenance	1,550,086	1,922,392	2,172,965	1,966,793	2,011,950	2,056,192	2,099,338	2,141,387	2,184,167	2,225,668	20,330,938	11,762,655	12,819,848	13,877,040	14,934,232	73,724,713
2600-Depreciation	3,407,470	3,414,470	3,425,639	3,741,551	3,751,607	3,761,662	4,027,276	4,037,331	4,047,387	4,304,123	37,918,516	22,747,288	24,791,746	26,836,204	28,880,662	141,174,416
4210-Internal Charges	18,000	18,522	18,929	19,364	19,809	20,245	20,669	21,083	21,505	21,913	200,039	115,810	126,219	136,628	147,036	725,732
4220-Allocations	62,319	64,780	68,648	67,544	68,920	72,703	71,579	72,856	76,743	75,417	701,509	398,579	434,402	470,225	506,048	2,510,763
4230-Finance Costs Internal	245,768	232,268	218,768	205,268	191,768	182,741	263,999	246,522	229,046	211,570	2,227,718	1,118,147	1,218,643	1,319,139	1,419,635	7,303,282
2000-Salaries and Wages	321,901	331,236	338,511	346,301	354,252	362,042	369,639	377,043	384,575	391,882	3,577,382	2,071,096	2,257,240	2,443,384	2,629,528	12,978,631
2001-Employer Contributions (defined)	9,657	9,937	10,155	10,389	10,628	10,861	11,089	11,311	11,537	11,756	107,320	62,130	67,715	73,299	78,883	389,346
2002-ACC Levy	869	894	914	935	956	977	998	1,018	1,038	1,058	9,657	5,592	6,094	6,597	7,099	35,038
2302-Legal		5,145	5,258	5,379	5,503	5,624	5,742	5,857	5,974	6,087	50,569	32,170	35,061	37,952	40,844	196,596
Total Expenditure	5,867,970	6,334,996	6,629,845	6,634,519	6,719,022	6,868,830	7,159,587	7,237,571	7,382,388	7,556,138	68,390,866	7,986,837	43,523,352	47,112,518	50,701,683	249,662,606

Operational and Maintenance Costs – Water Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2031/30	2031/32	2032/33	2033/34	Total LTP	2035-2039	2040-2044	2045-2049	2049-2054	30 year total
Operational and Maintenance Expenditure																
2301-Insurance	15,746	16,202	16,558	16,939	17,329	17,709	18,082	18,443	18,811	19,170	174,989	101,313	110,419	119,525	128,631	634,877
2309-Administration Expenses	2,054	2,114	2,160	2,210	2,260	2,310	2,359	2,406	2,454	2,501	22,828	13,218	14,406	15,594	16,782	82,827
2401-Operating and Maintenance	218,663	221,520	224,947	229,692	234,913	240,029	245,012	249,918	254,858	260,135	2,379,687	1,374,813	1,498,378	1,621,942	1,745,506	8,620,326
2403-Contractors and Professional Services	692,000	712,068	727,707	744,454	761,546	778,292	794,624	810,540	826,732	842,441	7,690,404	4,452,301	4,852,460	5,252,620	5,652,779	27,900,564
2404-Utilities	174,434	179,492	183,435	187,656	191,964	196,186	200,302	204,315	208,396	212,356	1,938,536	1,122,301	1,223,171	1,324,040	1,424,909	7,032,956
2407-Maintenance	700	720	736	753	770	787	804	820	836	852	7,778	4,503	4,908	5,312	5,717	28,217
2500-Finance Costs External	26,980	25,797	25,697	29,311	36,123	43,278	38,868	38,485	38,959	38,455	341,953	203,235	221,501	239,767	258,033	1,264,488
2600-Depreciation	1,225,166	1,247,566	1,293,069	1,471,465	1,477,465	1,490,261	1,613,347	1,629,347	1,650,803	1,765,188	14,863,677	9,329,019	10,167,483	11,005,947	11,844,411	57,210,537
4210-Internal Charges	62,750	64,570	65,988	67,506	69,056	70,575	72,056	73,499	74,967	76,392	697,359	403,732	440,018	476,304	512,590	2,530,003
4220-Allocations	38,055	39,787	43,449	41,382	42,351	46,299	44,229	45,135	49,239	46,950	436,876	248,131	270,432	292,733	315,035	1,563,207
4230-Finance Costs Internal	422,176	420,638	489,900	557,500	528,019	516,686	536,009	505,701	533,526	551,889	5,062,044	2,916,733	3,178,881	3,441,028	3,703,175	18,301,861
Total Expenditure	2,878,724	2,930,474	3,073,646	3,348,868	3,361,796	3,402,412	3,565,692	3,578,609	3,659,581	3,816,329	33,616,131	20,169,299	21,982,055	23,794,811	25,607,568	125,169,864

Operational and Maintenance Costs – Wastewater Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2031/30	2031/32	2032/33	2033/34	Total LTP	2035-2039	2040-2044	2045-2049	2049-2054	30 year total
Operational and Maintenance Expenditure																
2301-Insurance	13,800	14,200	14,512	14,846	15,187	15,521	15,847	16,164	16,487	16,800	153,364	88,788	96,768	104,748	112,728	556,396
2309-Administration Expenses	9,180	-	-	-	-	-	-	-	-	-	9,180	-	-	-	-	9,180
2401-Operating and Maintenance	68,500	111,647	114,099	116,724	119,404	122,030	124,591	127,086	129,625	132,088	1,165,794	698,085	760,827	823,569	886,310	4,334,585
2403-Contractors and Professional Services	355,000	365,295	373,318	381,909	390,678	399,269	407,647	415,812	424,119	432,177	3,945,224	2,284,055	2,489,340	2,694,624	2,899,908	14,313,150
2404-Utilities	97,630	100,461	102,668	105,030	107,442	109,804	112,109	114,354	116,639	118,855	1,084,992	628,149	684,605	741,061	797,517	3,936,323
2600-Depreciation	649,123	664,373	671,873	806,935	840,685	840,685	897,852	902,852	917,227	973,178	8,164,783	5,143,246	5,605,505	6,067,765	6,530,024	31,511,323
4210-Internal Charges	58,499	60,195	61,518	62,933	64,378	65,794	67,174	68,520	69,889	71,217	650,117	376,382	410,210	444,038	477,866	2,358,613
4220-Allocations	27,791	28,986	31,367	30,180	30,881	33,438	32,239	32,893	35,545	34,205	317,525	180,773	197,021	213,268	229,516	1,138,103
4230-Finance Costs Internal	-	-	10,659	242,325	357,698	342,985	328,271	313,558	298,845	284,131	2,178,472	1,501,632	1,636,595	1,771,557	1,906,519	8,994,775
Total Expenditure	1,279,523	1,345,157	1,380,014	1,760,882	1,926,353	1,929,526	1,985,730	1,991,239	2,008,376	2,062,651	17,669,451	10,901,111	11,880,870	12,860,629	13,840,388	67,152,448

Operational and Maintenance Costs – Stormwater Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2031/30	2031/32	2032/33	2033/34	Total LTP	2035-2039	2040-2044	2045-2049	2049-2054	30 year total
Operational and Maintenance Expenditure																
2401-Operating and Maintenance	13,000	13,377	13,671	13,985	14,307	14,621	14,928	15,227	15,531	15,826	144,473	83,640	91,158	98,675	106,192	524,139
2403-Contractors and Professional Services	45,000	46,305	47,322	48,411	49,523	50,612	51,674	52,709	53,762	54,783	500,101	289,528	315,550	341,572	367,594	1,814,345
2404-Utilities	20,930	21,537	22,010	22,516	23,033	23,540	24,034	24,515	25,005	25,480	232,600	134,662	146,765	158,868	170,971	843,865
2600-Depreciation	92,450	92,450	92,450	102,435	103,060	103,685	111,361	111,361	111,361	129,779	1,050,392	685,882	747,527	809,172	870,817	4,163,790
4210-Internal Charges	24,251	24,954	25,502	26,089	26,688	27,275	27,847	28,405	28,973	29,523	269,507	156,029	170,052	184,076	198,099	977,764
4220-Allocations	7,393	7,672	8,120	8,000	8,184	8,661	8,539	8,710	9,199	9,052	83,530	47,840	52,140	56,439	60,739	300,687
4230-Finance Costs Internal	-	-	-	-	-	2,157	50,046	94,776	90,901	87,027	324,907	459,938	501,276	542,613	583,951	2,412,685
Total Expenditure	203,024	206,295	209,075	221,436	224,795	230,551	288,429	335,703	334,732	351,470	2,605,510	1,857,519	2,024,467	2,191,415	2,358,364	11,037,275

Operational and Maintenance Costs – Parks, Facilities, Parks and Places

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2031/30	2031/32	2032/33	2033/34	Total LTP	2035-2039	2040-2044	2045-2049	2049-2054	30 year total
Operational and Maintenance Expenditure																
2301-Insurance	143,764	147,380	150,620	154,087	157,622	161,087	164,468	167,764	171,114	174,365	1,592,271	921,519	1,004,342	1,087,166	1,169,989	5,775,287
2401-Operating and Maintenance	167,800	180,385	250,070	196,656	201,171	273,077	209,909	214,113	290,073	222,541	2,205,795	1,176,129	1,281,836	1,387,543	1,493,250	7,544,554
2403-Contractors and Professional Services	1,667,000	1,626,335	1,668,364	1,713,211	1,759,152	1,797,836	1,835,559	1,872,325	1,909,731	2,027,580	17,877,093	10,715,760	11,678,861	12,641,961	13,605,062	66,518,737
2404-Utilities	195,998	201,681	206,112	210,854	215,697	220,440	225,062	229,572	234,158	238,609	2,178,183	1,261,049	1,374,388	1,487,727	1,601,066	7,902,413
2407-Maintenance	607,000	636,952	629,908	644,405	659,203	673,698	687,834	701,611	715,628	729,224	6,685,463	3,853,949	4,200,330	4,546,712	4,893,093	24,179,547
2600-Depreciation	700,203	714,532	757,812	758,737	792,233	872,696	879,208	880,571	916,228	926,391	8,198,610	4,895,975	5,336,010	5,776,046	6,216,081	30,422,722
4220-Allocations	90,039	151,299	130,258	116,607	119,325	132,336	126,315	130,056	145,473	138,907	1,280,615	734,123	800,104	866,085	932,066	4,612,994
4230-Finance Costs Internal	86,811	85,798	82,205	79,423	102,590	200,908	192,822	188,464	177,935	167,404	1,364,360	884,730	964,247	1,043,764	1,123,281	5,380,382
2402-General Grants	60,000	61,740	63,096	64,548	66,030	67,482	68,898	70,278	71,682	73,044	666,798	386,038	420,733	455,429	490,125	2,419,124
Total Expenditure	3,718,615	3,806,102	3,938,445	3,938,528	4,073,023	4,399,560	4,390,075	4,454,754	4,632,022	4,698,065	42,049,188	24,829,272	27,060,852	29,292,433	31,524,014	154,755,760

Capital Expenditure (Projects) – Water Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Water Supplies																
Allandale/Spur Road Water Supply	-	1,648	1,790	-	-	-	-	-	-	-	3,438	365	391	418	445	5,056
LOS	-	1,648	1,790	-	-	-	-	-	-	-	3,438	365	391	418	445	5,056
1053 - Allandale/Spur Road water supply - Reticulation extension	-	1,648	1,790	-	-	-	-	-	-	-	3,438	-	-	-	-	3,438
Allandale/Spur Road Reticulation Renewals smoothed at 2023/24 depreciation rate for years 11-30	-	-	-	-	-	-	-	-	-	-	-	365	391	418	445	1,619
Downlands Water Supply	48	72	174	193	200	65	67	84	69	70	1,041	393	405	433	460	2,732
Renewal	48	72	174	193	200	65	67	84	69	70	1,041	393	405	433	460	2,732
W061 - Downlands Reticulation Renewals smoothed	40	41	42	43	44	45	46	47	47	48	442	261	280	299	318	1,598
W062 - Downlands Plant Renewals smoothed	-	20	6	6	7	7	7	23	7	7	91	39	42	45	48	264
W063 - Downlands Additional water supply delivery	-	-	-	13	13	13	14	14	14	15	96	78	84	90	95	443
W064 - Downlands Reservoir Pipework Renewals	8	-	42	43	44	-	-	-	-	-	136	-	-	-	-	136
W065 - In ground reservoir lining and solid roof cover installation - Downlands	-	10	84	86	88	-	-	-	-	-	267	-	-	-	-	267
W066 - Downlands Water Network Modelling	-	-	0	3	5	-	0	-	-	-	8	15	-	-	-	24
Urban Water Supply	795	875	968	275	975	2,653	1,742	2,495	2,353	2,461	15,593	17,280	12,917	13,051	13,563	71,304
Growth	50	51	79	161	330	562	689	1,185	1,796	1,892	6,796	5,209	2,855	3,049	3,243	21,153
3060-Vested Assets	50	51	79	161	330	562	574	586	597	609	3,600	2,661	2,855	3,049	3,243	15,408
2009 - URBW - Land - Treatment Plant	-	-	-	-	-	-	-	541	-	-	541	-	-	-	-	541
2023 - Treatment - SCADA systems outside of treatment plants	-	-	-	-	-	-	115	59	-	61	235	-	-	-	-	235
Reticulation - Water Infrastructure for Twizel	-	-	-	-	-	-	-	-	1,199	1,223	2,421	2,548	-	-	-	4,969
Twizel Intensification & Growth servicing preliminary design report April 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albury Upgrade (NOT FUNDED at present)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LOS	550	443	505	108	441	1,285	230	881	120	122	4,686	1,675	1,181	523	476	8,262
1126 - Backflow	50	52	53	54	55	56	58	59	60	61	557	326	349	373	397	2,002
1128 - Water Safety Plans Upgrades	-	-	53	54	-	56	58	-	60	61	341	-	-	-	-	341
2007 - URBW - New smart meters	380	391	400	-	-	-	-	-	-	-	1,171	65	139	150	79	1,605
2017 - Reticulation - Second supply main to town from reservoir	-	-	-	-	-	-	-	823	-	-	823	-	-	-	-	823
2020 - Treatment - improved treatment process	120	-	-	-	-	-	-	-	-	-	120	1,284	-	-	-	1,404
2021 - Treatment - water storage monitoring & SCADA	-	-	-	-	386	1,172	-	-	-	-	1,558	-	-	-	-	1,558
2023 - Treatment - water storage monitoring & SCADA	-	-	-	-	-	-	-	-	-	-	-	280	-	-	-	-
2024 - Treatment - Standby generator Tekapo	-	-	-	-	-	-	115	-	-	-	115	-	-	-	-	115
Source Water protection	-	-	-	-	-	-	-	-	-	-	-	-	414	-	-	414
Renewal	195	381	384	5	204	806	823	429	437	446	4,111	10,396	8,881	9,479	9,844	41,889
1032 - Service Connections	15	10	5	5	6	6	6	6	6	6	71	33	35	37	40	215
1033 - Reticulation - Water Pipes Renewal Programme	180	371	379	-	199	800	817	423	431	440	4,040	5,927	6,360	6,792	7,224	30,343
Plant Renewals	-	-	-	-	-	-	-	-	-	-	-	2,117	2,271	2,426	2,580	9,394
at 2023/24 depreciation rate for years 11-30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WTP pH correction & Monitoring	-	-	-	-	-	-	-	-	-	-	-	1,937	-	-	-	1,937
Renew consents	-	-	-	-	-	-	-	-	-	-	-	382	215	224	-	-
Total water supply	843	2,595	2,932	468	1,175	2,718	1,809	2,579	2,422	2,531	20,071	18,038	13,714	13,902	14,468	79,092

Capital Expenditure (Projects) – Wastewater Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Wastewater																
Urban Sewerage Growth	430	360	5,342	3,072	330	562	689	1,937	597	2,015	15,335	10,784	10,055	10,070	4,357	50,602
3060-Vested Assets	50	51	79	161	330	562	574	586	597	609	3,600	3,257	3,494	3,732	3,969	18,052
2000 - WW -Network Growth	-	-	-	-	-	-	-	1,351	-	1,406	2,757	4,750	5,843	6,075	-	19,424
2011 - All plants (post desludging)	-	-	-	-	-	-	-	-	-	-	-	2,548	718	-	387	3,654
1054 - Tekapo New Treatment Plant	100	206	5,264	2,911	-	-	-	-	-	-	8,480	-	-	-	-	8,480
2026 - Treatment - Aerator	-	-	-	-	-	-	115	-	-	-	115	-	-	-	-	115
2028 - Treatment - Real time monitoring	80	103	-	-	-	-	-	-	-	-	183	230	-	264	-	676
2029 - Treatment - Tanker reception	200	-	-	-	-	-	-	-	-	-	200	-	-	-	-	200
Renewal	220	340	463	474	485	564	1,162	635	647	660	5,650	104,777	29,909	50,272	35,622	226,230
2002 - WW -Sewer Reticulation	220	340	463	474	485	564	575	635	647	660	5,063	3,643	4,074	4,351	4,628	21,760
2058 - WW -Pipe upgrade - new pressure main	-	-	-	-	-	-	587	-	-	-	587	-	-	-	-	587
New Fairlie treatment plant consent exp 2038	-	-	-	-	-	-	-	-	-	-	-	52,868	-	-	-	52,868
New Burkes Pass treatment plant consent exp 2040	-	-	-	-	-	-	-	-	-	-	-	8,044	5,439	-	-	13,483
New Twizel treatment plant consent exp 2050	-	-	-	-	-	-	-	-	-	-	-	-	-	45,921	30,994	76,915
New Tekapo treatment plant consent exp 2040	-	-	-	-	-	-	-	-	-	-	-	40,221	20,396	-	-	60,617
Total wastewater	650	700	5,806	3,546	815	1,126	1,852	2,571	1,245	2,675	20,986	115,561	39,963	60,343	39,979	276,831

Capital Expenditure (Projects) – Stormwater Supplies

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Stormwater																
Urban Stormwater Growth	10	10	26	54	110	225	230	234	1,354	243	2,496	1,303	1,398	1,493	1,588	8,277
3060-Vested Assets	10	10	26	54	110	225	230	234	239	243	1,382	1,303	1,398	1,493	1,588	7,162
2005 - STW - Disposal to ground / water course	-	-	-	-	-	-	-	-	1,115	-	1,115	-	-	-	-	1,115
LOS	-	-	-	54	55	56	-	-	-	-	165	-	-	-	-	165
2016 - Network Modelling - Tekapo, Twizel , Fairlie	-	-	-	54	55	56	-	-	-	-	165	-	-	-	-	165
Flood alleviation across multiple sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renewal	280	227	-	-	221	1,183	1,208	-	-	-	3,119	904	1,590	1,045	1,425	8,083
2012 - Renewals - Sloane St, Regent St, Firestation	280	227	-	-	-	-	-	-	-	-	507	-	-	-	-	507
2014 - Flood alleviation multiple sites	-	-	-	-	221	-	-	-	-	-	221	253	563	299	631	1,966
2013 - Pipe renewals	-	-	-	-	-	1,183	1,208	-	-	-	2,392	651	699	746	794	5,282
Stormwater consent renewal	-	-	-	-	-	-	-	-	-	-	-	-	328	-	-	328
Stormwater Total	290	237	26	108	386	1,465	1,438	234	1,354	243	5,781	2,207	2,987	2,538	3,013	16,525

Capital Expenditure (Projects) – Transportation

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Roading Professional Services	13	13	13	14	14	14	14	15	15	15	140	82	88	94	100	504
Renewal	13	13	13	14	14	14	14	15	15	15	140	82	88	94	100	504
1011 - Plant & Equipment	13	13	13	14	14	14	14	15	15	15	140	82	88	94	100	504
District Rooding	2,251	3,066	3,708	3,594	3,676	8,076	4,679	4,542	4,632	4,969	43,192	27,111	29,364	31,368	33,043	164,079
Growth	50	51	105	215	440	562	574	586	597	609	3,790	3,257	3,494	3,732	3,969	18,242
3060-Vested Assets	50	51	105	215	440	562	574	586	597	609	3,790	3,257	3,494	3,732	3,969	18,242
LOS	350	580	607	547	560	572	584	597	609	621	5,628	4,973	5,336	5,698	6,061	27,697
1012 - Rural Seal Extensions	-	14	28	15	15	15	16	16	16	17	151	88	94	101	107	541
1025 - Minor Improvements	350	567	579	533	545	557	569	581	592	604	5,477	4,885	5,241	5,598	5,954	27,155
Renewal	1,851	2,434	2,995	2,831	2,676	6,942	3,520	3,359	3,426	3,739	33,774	18,882	20,534	21,938	23,012	118,140
1013 - Unsealed Road Metalling	579	803	1,031	840	859	878	1,012	1,033	1,054	1,075	9,165	5,728	6,145	6,563	6,981	34,581
1014 - Sealed Road Resurfacing	604	746	889	781	799	816	949	969	988	1,008	8,548	5,369	5,761	6,153	6,544	32,375
1015 - Drainage Renewal	150	187	221	195	200	204	208	213	217	221	2,017	1,180	1,266	1,352	1,438	7,252
1016 - Sealed Road Pavement Rehal	52	74	97	77	79	81	83	84	86	88	799	467	501	535	569	2,872
1019 - Bridge & Structures Renewal:	268	276	282	288	295	4,508	575	588	599	611	8,290	3,257	3,494	3,732	3,969	22,742
1021 - Traffic Services Renewals	98	101	104	106	109	111	113	116	118	120	1,096	641	688	735	781	3,942
1022 - Footpath Renewal	100	231	356	311	318	325	332	338	345	352	3,008	1,876	2,013	2,150	2,287	11,335
1026 - Car Parking Renewal	0	0	0	216	0	0	230	0	0	245	690	261	555	601	318	2,425
1057 - Cycle path renewal	0	16	17	17	17	18	18	19	19	19	161	103	111	118	126	618
Transport totals	2,264	3,079	3,721	3,607	3,690	8,091	4,693	4,556	4,647	4,984	43,333	27,193	29,452	31,462	33,143	164,583

Capital Expenditure (Projects) – Public, Facilities, Parks and Places

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Public Facilities																
Mackenzie Community Centre	0	10	11	11	2,437	11	12	12	12	12	2,528	65	70	75	79	2,817
Renewal	0	10	11	11	11	11	12	12	12	12	101	65	70	75	79	390
1039 - Furniture & Fittings - Other	-	10	11	11	11	11	12	12	12	12	101	65	70	75	79	390
LOS	0	0	0	0	2,426	0	0	0	0	0	2,426	0	0	0	0	2,426
Mackenzie Community centre Structural upgrade	-	-	-	-	2,426	-	-	-	-	-	2,426	-	-	-	-	2,426
Tekapo Community Hall	5	5	5	5	6	6	6	6	6	6	56	1,641	35	37	40	1,809
Renewal	5	5	5	5	6	6	6	6	6	6	56	1,641	35	37	40	1,809
1041 - Furniture & Fittings	5	5	5	5	6	6	6	6	6	6	56	33	35	37	40	200
Tekapo community hall Structural Upgrade	-	-	-	-	-	-	-	-	-	-	0	1,609	-	-	-	1,609
Twizel Community Centre	210	10	11	11	11	11	12	12	12	12	311	3,480	70	75	79	4,015
Renewal	210	10	11	11	11	11	12	12	12	12	311	3,480	70	75	79	4,015
1042 - Community Assets - Buildings	200	-	-	-	-	-	-	-	-	-	200	3,415	-	-	-	3,615
1043 - Furniture & Fittings - Other	10	10	11	11	11	11	12	12	12	12	111	65	70	75	79	400
Pensioner Housing - Fairlie	8	8	8	9	9	9	9	9	10	10	89	52	56	60	64	320
Renewal	8	8	8	9	9	9	9	9	10	10	89	52	56	60	64	320
1044 - Buildings - Housing	8	8	8	9	9	9	9	9	10	10	89	52	56	60	64	320
Albury Hall	2	2	2	2	2	2	2	2	2	2	22	404	14	15	16	471
Renewal	2	2	2	2	2	2	2	2	2	2	22	404	14	15	16	471
2041 - Albury Hall - Furniture & Fittings	2	2	2	2	2	2	2	2	2	2	22	13	14	15	16	80
Building upgrade (kitchen, toilets, roof)	-	-	-	-	-	-	-	-	-	-	0	391	-	-	-	391
Strathconan Swimming Pool	5	5	5	5	6	6	6	6	6	6	56	475	2,074	37	40	2,682
Renewal	5	5	5	5	6	6	6	6	6	6	56	475	2,074	37	40	2,682
1045 - Plant and Equipment	5	5	5	5	6	6	6	6	6	6	56	33	35	37	40	200
Pool Upgrade and development	-	-	-	-	-	-	-	-	-	-	0	443	2,040	-	-	2,482
Twizel Swimming Pool	5	5	5	5	6	6	6	6	6	6	56	33	2,612	37	40	2,777
Renewal	5	5	5	5	6	6	6	6	6	6	56	33	2,612	37	40	2,777
1047 - Plant and Equipment	5	5	5	5	6	6	6	6	6	6	56	33	35	37	40	200
Pool Upgrade and development	-	-	-	-	-	-	-	-	-	-	0	-	2,577	-	-	2,577
Public Toilets	0	0	0	0	0	0	0	0	0	0	0	1,027	914	0	620	2,561
LOS	0	0	0	0	0	0	0	0	0	0	0	1,027	574	0	620	2,221
Public Toilets	-	-	-	-	-	-	-	-	-	-	0	1,027	574	-	620	2,221
Growth	0	0	0	0	0	0	0	0	0	0	0	0	340	0	0	340
User Pays introduction	-	-	-	-	-	-	-	-	-	-	0	-	340	-	-	340
Total Public Facilities	235	46	47	49	2,476	51	52	53	54	55	3,117	7,177	5,845	336	977	17,452

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	10 year Total	2035/39	2040/44	2045/49	2050/54	30 year Total
	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's	000's
Parks & Places																
Cemeteries	13	57	29	3	3	43	142	4	4	4	301	70	21	22	24	438
Growth	3	26	29	3	3	43	3	4	4	4	122	20	21	22	24	209
2025 - Fairlie extension land developments - stage 1	-	-	21	-	-	39	-	-	-	-	61	-	-	-	-	61
2027 - Fairlie cemetery road	3	26	8	3	3	3	3	4	4	4	61	20	21	22	24	148
LOS	0	0	0	0	0	0	138	0	0	0	138	51	0	0	0	189
2059 - Twizel tree planting	-	-	-	-	-	-	138	-	-	-	138	-	-	-	-	138
Tekapo cemetery fencing	-	-	-	-	-	-	-	-	-	-	0	51	-	-	-	51
Renewal	10	31	0	0	0	0	0	0	0	0	41	0	0	0	0	41
2042 - Burkes Pass - tree works and fencing	10	31	-	-	-	-	-	-	-	-	41	-	-	-	-	41
District General	0	0	0	0	0	0	0	0	0	0	0	1,096	1,315	597	870	3,879
LOS	0	0	0	0	0	0	0	0	0	0	0	385	966	224	473	2,049
District Trails Development	-	-	-	-	-	-	-	-	-	-	0	385	966	224	473	2,049
Renewal	0	0	0	0	0	0	0	0	0	0	0	711	349	373	397	1,830
District trail renewals	-	-	-	-	-	-	-	-	-	-	0	711	349	373	397	1,830
Fairlie Township	0	21	31	542	61	37	3	4	14	4	717	1,134	127	90	95	2,162
LOS	0	0	0	539	55	0	0	0	0	0	594	0	0	0	0	594
2032 - Fairlie playground upgrade	-	-	-	539	-	-	-	-	-	-	539	-	-	-	-	539
2033 - Central Plaza lighting upgrade	-	-	-	-	55	-	-	-	-	-	55	-	-	-	-	55
Renewal	0	21	31	3	6	37	3	4	14	4	123	1,134	127	90	95	1,568
Domain playground	-	-	-	-	-	-	-	-	-	-	0	385	-	-	-	385
Town centre development (Parking and amenities)	-	-	-	-	-	-	-	-	-	-	0	632	-	-	-	632
3651 - Asset Renewals	-	19	31	3	6	37	3	4	14	4	120	78	84	90	95	467
1106 - Signage Upgrade	-	3	-	-	-	-	-	-	-	-	3	38	43	-	-	84
Tekapo Township	170	31	19	3	62	29	3	4	25	0	347	1,368	169	134	143	2,161
Growth	0	0	0	0	0	0	0	0	0	0	0	866	0	0	0	866
Sports Hall/Squash precinct development incl playground	-	-	-	-	-	-	-	-	-	-	0	759	-	-	-	759
Trails - Ddevelopment	-	-	-	-	-	-	-	-	-	-	0	107	-	-	-	107
LOS	170	26	0	0	0	0	0	0	0	0	196	0	0	0	0	196
1108 - Tekapo Domain Playground	120	-	-	-	-	-	-	-	-	-	120	-	-	-	-	120
2034 - Asset Level of Service	50	26	-	-	-	-	-	-	-	-	76	-	-	-	-	76
Renewal	0	6	19	3	62	29	3	4	25	0	151	502	169	134	143	1,099
Scott Street Playground	-	-	-	-	-	-	-	-	-	-	0	193	-	-	-	193
1107 - Signage Renewal	-	3	-	-	-	-	-	-	-	-	3	38	43	-	-	84
Tennis court refurbishment	-	-	-	-	-	-	-	-	-	-	0	154	-	-	-	154
3651 - Asset Renewal	-	3	19	3	62	29	3	4	25	-	148	117	126	134	143	669
Twizel Township	317	128	57	154	127	402	45	33	714	34	2,011	1,085	4,419	299	318	8,131
Growth	240	52	0	0	0	0	0	0	0	0	292	0	4,097	0	0	4,388
2036 - Man Made Hill - final stage	240	52	-	-	-	-	-	-	-	-	292	-	-	-	-	292
Chau Road (Dump) Hill Development	-	-	-	-	-	-	-	-	-	-	0	-	612	-	-	612
Lake Ruataniwha development	-	-	-	-	-	-	-	-	-	-	0	-	2,795	-	-	2,795
Camper Effluent Disposal Station	-	-	-	-	-	-	-	-	-	-	0	-	689	-	-	689
LOS	60	62	53	54	39	378	40	29	629	31	1,374	284	140	149	159	2,106
1051 - Implement of Development Plan	-	-	-	-	-	338	-	-	599	-	937	-	-	-	-	937
3673 - Tree Planting	50	52	42	43	28	28	29	18	18	18	325	65	70	75	79	614
Twizel township trails	-	-	-	-	-	-	-	-	-	-	0	154	-	-	-	154
2037 - Twizel River Reserve	10	10	11	11	11	11	12	12	12	12	111	65	70	75	79	400
Renewal	17	14	4	100	88	25	5	4	85	4	346	801	183	149	159	1,637
3675 - Asset Renewal	7	9	4	100	33	25	5	4	85	4	276	130	140	149	159	854
2039 - Twizel Market Place - Lighting renewal	-	-	-	-	55	-	-	-	-	-	55	-	-	-	-	55
2035 - Twizel Signage renewal	10	5	-	-	-	-	-	-	-	-	15	38	43	-	-	96
Market Place Playground	-	-	-	-	-	-	-	-	-	-	0	632	-	-	-	632
Other Reserves	135	52	53	0	0	0	0	0	0	0	239	1,050	0	0	0	1,289
Growth	0	0	0	0	0	0	0	0	0	0	0	513	0	0	0	513
Lake Alex/McGregor - Campground development	-	-	-	-	-	-	-	-	-	-	0	513	-	-	-	513
LOS	135	52	53	0	0	0	0	0	0	0	239	536	0	0	0	775
2040 - Lake Alex - Native restoration	75	52	53	-	-	-	-	-	-	-	179	-	-	-	-	179
2051 - Lake Alex - carpak development and beautification (picnic benches)	60	-	-	-	-	-	-	-	-	-	60	-	-	-	-	60
Lake Alex trail	-	-	-	-	-	-	-	-	-	-	0	536	-	-	-	536
Rural Works & Seivces	13	18	21	20	21	32	22	22	24	23	216	188	204	164	182	954
Renewal	13	18	21	20	21	32	22	22	24	23	216	188	204	164	182	954
2048 - Tree Planting	10	12	11	17	18	18	18	19	19	20	162	104	112	119	127	624
3621 - Asset Renewals - Rural	-	3	11	3	3	14	3	4	5	4	49	45	49	45	55	244
3622 - Signage Rural	3	3	-	-	-	-	-	-	-	-	5	38	43	-	-	86
Total Parks & Places	648	306	209	723	273	543	215	66	781	65	3,831	5,990	6,255	1,306	1,632	19,014

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Appendix C: Wastewater Treatment Plant upgrades

Background

By far the largest capital expenditure identified in the infrastructure strategy is for the upgrading of the wastewater treatment plants at the end of their consents. Within the infrastructure strategy the following plants have been identified as needing significant upgrades.

- Fairlie wastewater treatment plant, 2038, \$52.9 million
- Burkes Pass wastewater treatment plant, 2040, \$13.5 million
- Takapo/Lake Tekapo wastewater treatment plant, 2040, \$60.6 million
- Twizel wastewater treatment plant, 2050, \$76.9 million.

Note that the date relates to the expiry of the existing consent and the dollars are inflated.

The Takapo/Lake Tekapo wastewater treatment plant also has an interim solution proposed in the first four years of the LTP costing a total of \$8.5 million which will enable it to continue to deliver the levels of service required under its existing resource consent through to 2040.

This level of expenditure is significant for the Mackenzie District Council, particularly when you consider its small ratepayer base and the other capital demands across the district. Regarding doability the Council will have significant lead time and will deliver in a similar mode to that use with the Fairlie water treatment plant. With the two plants being run back-to-back this does give the opportunity to council to let one contract covering both plants thus streamlining administration and ensuring standardisation of equipment for ongoing maintenance efficiency. Experienced consultants will be used to either draw up the performance specification for a design and build contract or for the designing of the plant if a more conventional track is taken. The Council will also employ skilled and competent project managers to oversee the delivery phase. Tenders around New Zealand show there are several companies who tender for this scale

project and the success of the Fairlie Water Treatment Plant shows Mackenzie is no different. Over the last three years we have not had a nil response to any of our contracts and have attract bids from across New Zealand.

The purpose of the infrastructure strategy is to identify:

- significant infrastructure issues for the local authority during the period covered by the strategy; and
- The principal options for managing these issues in the implications of those options.

The Councils' infrastructure strategy meets this purpose, and this note is a supplementary document that outlines some of the issues around these projects.

Identified still to be determined matters going forward.

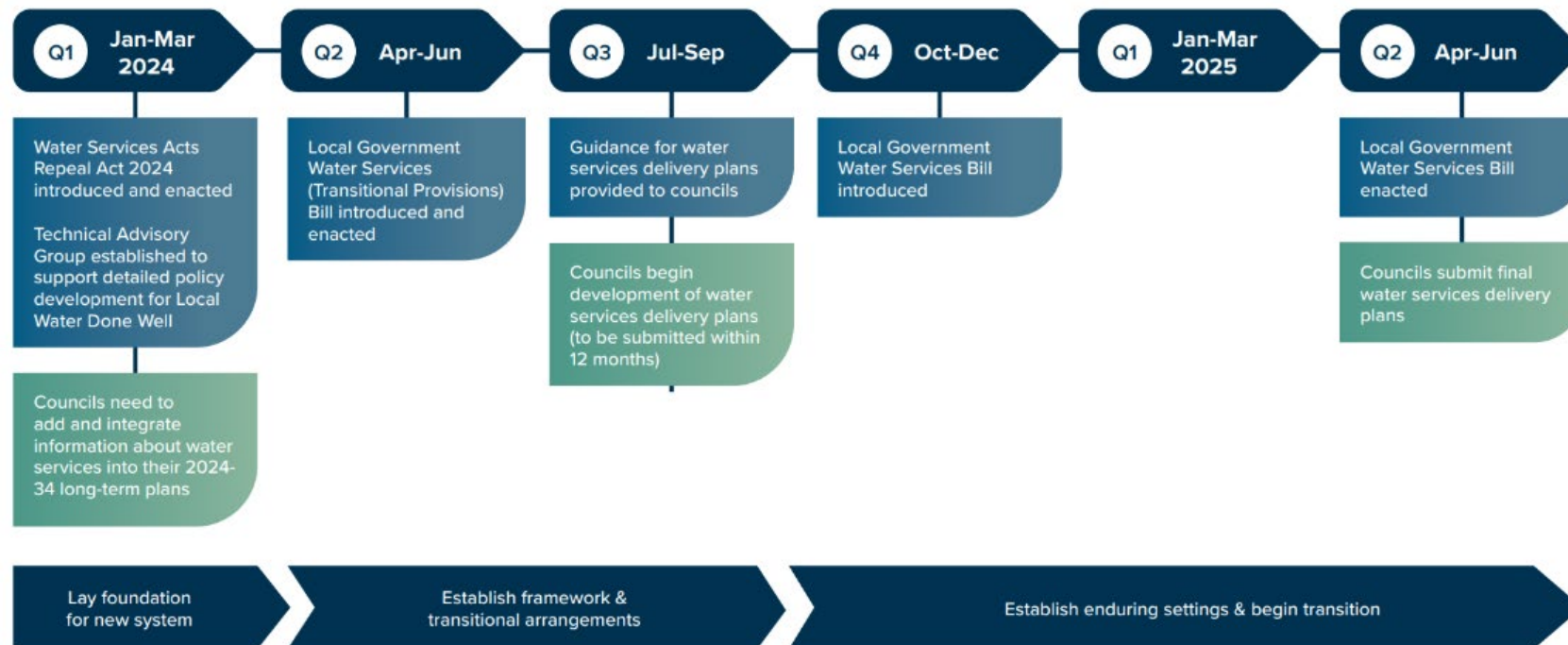
Regarding the future consents, the treatment plants and disposal systems required to meet these future consents and the funding of the same, are all subject to several non-definable future matters. As these matters resolve themselves the Council will be able to make a more definitive position on consenting needs, treatment and disposal options and their respective sustainable funding.

The first matter which has a high level of uncertainty surrounding it, is water reform and the future regulatory, funding and organisational environment that will have an impact on how these projects will be delivered and funded. Measures to be introduced through new legislation in mid-2024 will establish the Local Water Done Well framework and the transitional arrangements for the new water services system. The measures include requirements for councils to develop Water Services Delivery Plans, steps towards future economic regulation, and streamlined processes for setting up water services council-controlled organisations (water services CCOs). Economic regulation is also a key feature of Local Water Done Well. It is intended to ensure consumers pay efficient, cost-reflective prices for water services, that those services are delivered to an

acceptable quality, and that water services providers are investing sufficiently in their infrastructure. Relevant provisions would be included in the third Local Water Done Well Bill (to be passed in mid-2025).

Under Local Water Done Well, a range of structural and financing tools will be available to councils to use for water services including a new class of financially independent council-owned organisations. These options will be included in the third Local Water Done Well Bill, with policy decisions expected to be announced in mid-2024. This Bill is expected to be introduced in December 2024 and passed in mid-2025.

The below timeline provides an indicative outline of policy, legislation and related council activity. It is subject to parliamentary processes and timetables.



The second matter of concern relates to the consenting environment. All of Councils wastewater treatment plants are in freshwater environments located in sensitive environments. This means that consents within the district are already attracting local, regional and national submissions and are expected to result in stricter consenting conditions. This area is also very political and subject to regular reform.

The Government has announced its intention to begin work on a replacement for the National Policy Statement for Freshwater Management (NPS-FM) in 2024. In preparation for this, the repeal legislation extends the date that councils are required to notify freshwater plan changes, by three years to 31 December 2027.

The Government has also announced it will amend the Resource Management Act to change how councils apply Te Mana o te Wai to individual consent applications in the meantime. All of these changes will impact on consent conditions and therefore the plant and disposal system required.

The third matter is that of funding. As stated above the Government will be looking at how Three Waters will be funded, and Mackenzie District Council is by no means the only council in New Zealand that will struggle to fund its future needs relating to Three Waters.

The Government has recently reformed its funding for tourism infrastructure and tourism is certainly a significant driver of costs of these new plants, particularly in Takapō/Lake Tekapo, Burkes Pass and Twizel. In January 2024, Tourism and Hospitality Minister, Matt Doocey, said nothing is off the table when it comes to helping fund the industry and the vital infrastructure it needs.

Doocey said it was important for regions to have the visitor infrastructure necessary to accommodate visitors and put less strain on communities. The Government has however not announced what this funding assistance will look like nor how it intends to distribute the \$35 International Visitor Levy which generates about \$80-90 million a year. This will also be relevant to these projects.

Summary

Council has a large bow wave of wastewater treatment projects spreading from 2026 to 2050 totalling more than \$200million. There is a lot of uncertainty around these renewals as they will need new consents, the government is proposing new freshwater policy, the structure of Three Waters is still being debated, the funding of Three Waters is still to be finalised as is funding of infrastructure for tourism.

The process for renewing plants are likely to have the following characteristics.

- Mackenzie District Council will be proactive in applying for their resource consents for the construction of the plants in time for them to become operative by the expiry date of the existing consent.
- All plants are in sensitive freshwater environments and consents going forward are likely to contain conditions around removal of pathogens and nutrients on top of the standard biological oxygen demand and suspended solids conditions.
- Estimates of the plants have been based on the Takapō/Lake Tekapo wastewater treatment plant report altered for variations in flow and flow variation over the year.
- Land disposal will be a key element of all plants, and this reflects current consents that are being granted around New Zealand.
- As with all consents within Mackenzie District, there will be a strong interest from national environmental groups, regional Interest groups, mana whenua and residents and ratepayers which will result in comprehensive consents in all four cases.

The critical stage in the process, providing legislation does not change, will be the submission of the application for the new consent. Providing this happens prior

to the existing consent expiring operations can continue as per the old consent until the plants have been finalised. The consents will need to be performance-based consents so that innovative tenders can be received via the tender box as it's the outcome and effects that is critical to be consented, not the up the pipe technology. There are no real threats to the levels of service providing that new consents are applied for in time.

The plants when build will need to have the capacity for the flow at the time of construction plus a growth component, possibly 20 years plus. Staging is not an option for this initial build as full treatment will be needed from day one but the selection of a plant such as membrane or batch reactors that can be easily added to in the future could ensure additional capacity in the future could be added in a cost-effective manner.

Delivery will either be via a design and build contract, preferable as it adds the maximum scope for innovation or a more traditional design and construct contract which may be a better option if the consents are particularly tough or go up the pipe and start to dictate process. Consultants will need to be used to either draw up the performance spec for a design or build or for the designing of the plant if a more conventional track is taken.

The reset of the renewals can be considered business as usual as they either occur year in, year out or are small in comparison to the wastewater treatment plant renewals. The wastewater plant renewals have been identified within the Infrastructure Strategy and identified as key decision points.

While the principal option identified in the plan is funding these projects by loan there is a lot of uncertainty associated with these projects and therefore this option reflects potentially the worst-case scenario, but it is based on what is known at this stage.

The wastewater treatment projects spreading from 2026 to 2050 totaling more than \$200million have been identified within the Infrastructure Strategy and identified key decision points. While the principal option identified in the plan is funding these projects by loan there is a lot of uncertainty associated with these

projects and therefore this option reflects potentially the worst-case scenario, but it is based on what is known at this stage.

Options and refining of options will progressively become clearer as;

- Central Government clarifies and legislate their Local Water Done Well legislation.
- Central Government makes clear its policy position relating to fresh water.
- Regional Council translates the government policy on fresh water into regional plans.
- Other consents are issued across New Zealand under the new fresh water regime.
- Central Government confirms its funding intentions for Three Waters and tourism infrastructure.

In conclusion, there is no option but to get a new consent and this will trigger an upgrade. Infrastructure should not limit growth, good planning should, therefore infrastructure needs to keep up with growth. In theory if we have Financial Contributions correct, they should meet a significant portion of the costs.

Appendix D: Graphic Overview of infrastructure Strategy key projects

Appendix D: Infrastructure Strategy 2024 to 2054 – Summary of Capital Works

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2035/39	2040/44	2045/49	2050/54		
LTP year	1	2	3	4	5	6	7	8	9	10	15	20	25	30		
Water	Reticulation – water pipes renewal programme										Reticulation – water pipes renewal programme					
	Backflow prevention										Backflow prevention					
	Downlands Reticulation & plant renewals										Downlands Reticulation & plant renewals					
	Service connections										Service connections					
			Allandale reticulation extension								New smart meters					
	New smart water meters										Treatment - improved treatment process					
								Treatment - water storage monitoring & SCADA			WTP pH correction & Monitoring		WTP pH correction & Monitoring		WTP pH correction & Monitoring	
										Reticulation - Second supply main to town from reservoir		Twizel intensification				
											Treatment - SCADA systems outside of treatment plants		Treatment - SCADA systems outside of treatment plants			
	Wastewater	New Sewer Reticulation										Network Growth				
										Sewer Reticulation						
Tekapo Treatment Plant										New Fairlie treatment plant consent exp 2038						
Treatment - Tanker reception										New Burkes Pass treatment plant consent exp 2040						
Treatment - Real time monitoring												New Twizel treatment plant consent exp 2050				
					WW -Pipe upgrade - new pressure main					New Tekapo treatment plant consent exp 2040						
										All plants (post desludging)		All plants (post desludging)			All plants (post desludging)	

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2035/39	2040/44	2045/49	2050/54		
	1	2	3	4	5	6	7	8	9	10	15	20	25	30		
Stormwater																
						Flood alleviation multiple sites						Flood alleviation across multiple sites				
							Pipe Renewals			Disposal to ground / water course						
												Stormwater consent renewal				
	Pipe renewals															
Transportation	Unsealed Road Metalling											Continuation of sealed and <u>unsealed</u> drainage bridge renewals.				
	Sealed Road Resurfacing															
	Drainage Renewal															
	Sealed Road Pavement Rehabilitation															
	Structures Component replacements bridges															
				Car Parking Renewal				Car Parking Renewal				Car Parking Renewal				
	Bridge & Structures Renewals															
	Traffic Service Renewals															
												Cycle path renewal				
Footpath Renewal																

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2035/39	2040/44	2045/49	2050/54	
LTP year	1	2	3	4	5	6	7	8	9	10	15	20	25	30	
Public Facilities	Mackenzie Community Centre -furniture & fittings				Mackenzie Community centre structural upgrade										
	Tekapo Community Hall- furniture & fittings										Tekapo Community Hall structural upgrade 38/39				
	Twizel Community Centre- furniture & fittings										Twizel Community Centre 34/35				
	Pensioner Housing – Fairlie & Twizel renewals										Pensioner Housing – Fairlie & Twizel renewals				
	Albury Hall –furniture & fittings										Albury hall upgrade				
	Strathconan Swimming Pool- plant & equipment										Strathconan Pool upgrade				
	Twizel swimming pool – plant & equipment										Twizel pool upgrade				
	Public toilets										Public toilet upgrade				
	Public toilets										Public toilet user pays				
												Lake Ruataniwha Reserve			

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2035/39	2040/44	2045/49	2050/54		
LTP year	1	2	3	4	5	6	7	8	9	10	15	20	25	30		
Parks and Places	Fairlie Township- Fairlie playground update, central plaza lighting upgrade										Domain playground Town centre development					
	Tekapo Township – Domain playground										Sports Hall/Squash courts development Trails development Scott St playground Tennis court refurbishment					
	Twizel Township- Man-made hill final stage, tree planting, <u>Twizel river</u> reserve, Market place lighting										Dhau Road Hill development Marketplace playground		Lake Ruataniwha development			
	Lake Alexandrina – <u>native</u> restoration and carpark development										Lake Alexandrina trail &campground					
	Rural Works & Services- tree planting and asset renewals										Rural Works & Services- tree planting and asset renewals					
	Cemeteries – Fairlie extension land development, Burkes Pass tree works										Tekapo cemetery fencing					

Financial strategy 2024 – 2034

Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive Officer July 2024

Purpose

The Financial Strategy outlines our overall approach to managing the Council's finances. It sets out how we plan to fund the required levels of service for our activities and fund core infrastructure over the next ten years. We have worked within that context to balance the conflicts of affordable rates' increases, debt levels and the requirement to produce a balanced budget. It includes a statement of our financial position, the financial limits we will work within, and the impact of what we are doing on our ratepayers and community. 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.

This has been one of the most challenging financial strategies this Council has prepared. Like all other local authorities in New Zealand, we face multiple financial challenges because of high inflation experienced over the past three years, including significantly increased electricity, insurance and debt servicing costs. Local Government costs reflect the type of work we undertake and are significantly affected by the price of items such as energy, bitumen and civil contracting services. These are quite different from CPI and as a result the cost to maintain some levels of service have risen by more than 20%. In addition, there are stricter Three Waters compliance criteria, challenging asset renewal requirements and the costs of climate change adaptation and mitigation.

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). The Council has also a small rating base exacerbated by the significant amount of non-rateable crown land in the district.

Our district continues to grow, particularly tourism, 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.

For decades, Mackenzie District Council has taken a conservative approach to capital renewals and under-invested in the region's infrastructure. We are now in the position where major assets such as our bridges, considered options for the Takapō/Lake Tekapo wastewater treatment plant and water, stormwater and sewer reticulation need urgent attention. This coupled with the costs to meet increased compliance standards has placed the Council's finances under pressure and the Councillors with some difficult decisions.

To address these and to ensure an appropriate level of stewardship of our core infrastructure assets the Council is proposing to further increase rates and the level of debt. It is proposed that rates will increase in 2024/2025 by 14.7% to \$18.287 million and that debt levels will peak at \$25.649m in 2026/2027.

Our financial future

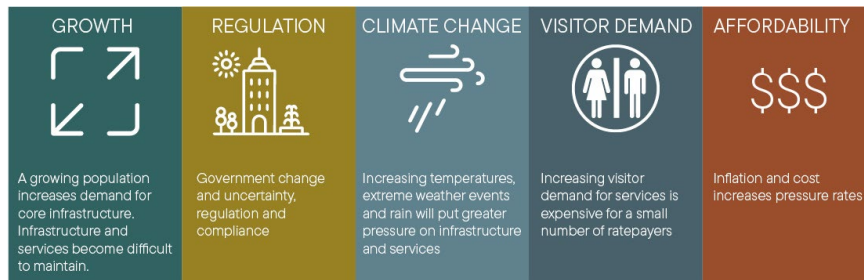
Our projections for the next ten years show the following picture for 2034:

- Total assets are forecast to be \$595 million (2023/24: \$394 million).
- Total equity is forecast to be \$572 million (2023/24: \$367 million).
- Liabilities are forecast to be \$22.8 million (2023/24: \$ 27.2 million) & 3.8% of total assets (2023/24: 6.9%).
- Rates revenue is budgeted to contribute \$70.0% of total income (2023/24: 53.2%).
- At no time over the period 2024/25 – 2033/34 do we expect to breach our debt ratio limits.
- Council will retain its strong financial position.

External Factors

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.

Summary of the Mackenzie Context and Strategic Issues – abbreviated from the Environmental Scan



Growth

Population Growth and our Built Environment

Mackenzie District has a small resident population, with three main settlements of Fairlie, Takapō/Lake Tekapo and Twizel. As of July 2022 (the date of the latest available population estimates) 60% of the population resided in these settlements, with the rest of the population residing either rurally or in the smaller settlements of Burkes Pass, Albury and Kimbell. Pre Covid-19 the district experienced strong growth, with the population increasing by 40% between 2006 and 2020. Growth was focused on Twizel and Takapō/Lake Tekapo, while the population in Fairlie remained steady.

Post pandemic, growth is recovering with the return of the international tourism market. It is forecast that the resident population will increase by a further 68% from 2024 to 2054, from 5,690 residents to 9,565 residents.

Following historical trends, high levels of growth are forecast for Twizel and Takapō/Lake Tekapo, with modest growth forecast in the remainder of the district.

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/Lake 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.

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 has created a platform for changes to the development and subdivision within our landscapes. Key land change matters are detailed below:

- **Continued Urban growth, Twizel and Takapō/Lake Tekapo** – The Council anticipates an increase in the urban area as the result of rezoning of land and the upgrade of infrastructure. It should be noted that there may be infrastructure constraints to development at least in the short term as councils' capital priorities are based on compliance and renewals in the short term.
- **Large scale accommodation (hotel/resort)** - The hospitality sector is a significant part of the Mackenzie economy. With the return of tourists following the COVID-19 pandemic there is already evidence in Twizel of developments starting to be consented and built.

Central Government legislative requirements

The Local Government sector is potentially going through a once-in-a-generation change. With the change in government there is still a lot of uncertainty for both local government and Three waters.

The changes include:

- **Local Water Done Well** – the National-led Government has repealed the current Water Services legislation, returning asset ownership and infrastructure investment to local government. It is not yet clear how this will be structured and what impact it will have on how councils fund the activities. It is expected that by mid-2025, the Council will have more certainty about new framework and our Water Service Delivery Plan. Funding however has always been the main issue in the delivery of threewaters, not structure.

- **Resource management change** – the National-led government has repealed legislation which significantly changed how councils undertake resource management functions. Further changes are expected over the next 3 years.
- **Future for Local Government review** – an independent review panel looked at what councils do and how they do it with a view to seeing more services delivered via local government, central government and community partnership, changes to how councils are funded, how Councils partner with mana whenua/ Māori and how local government is structured. Local Government New Zealand has led work on what localism means but there have been no concrete outcomes of this to date

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 but this investment comes with increased costs as a result of cloud dependence. The SAAS, (software as a service model), which has replaced traditional capital, costs more as a result of expensive monthly operating lease costs.

Climate Change

Climate change is a critical consideration in the Council's long-term planning and the Council is developing a Climate Change adaptation and Mitigation Strategy. The Council uses guidance from the New Zealand Government, based upon the best available climate science, to support the planning. As we have already seen, climate change is changing the frequency of extreme weather events and is expected to introduce some long-term shifts in climate patterns both locally and across the country. This will impact our infrastructure, our economy, our environment and levels of service. This will see more council resources required to respond to natural hazards (fires, floods etc).

Climate change will increasingly impact on the Council's finances in a variety of ways, including:

- Increased maintenance and operating costs as infrastructure is compromised by the effects of climate change such as the impact of extreme weather events.
- Costs associated with upsizing or relocation of Council assets to respond to the effects of climate change.
- Investment in fire protection of our communities based on advice from FENZ.
- Increased insurance costs and/or insurance retreat.
- Emissions reduction and adaptation may affect Council's cost of borrowing. The Local Government Funding Agency offers a 0.02% interest rate reduction if loans are linked to meaningful and measurable sustainability outcomes. Inaction could make it more difficult /expensive to borrow money as lenders become increasingly sensitive to climate risks.
- Central government funding is likely to be increasingly linked to climate action. Budget 2023 included funding for local government resilience initiatives and renewable community energy.

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 and reduce consumption to minimise pumping operating costs. This will be critical in a hotter climate and when drought is experienced. The extension of connections to the new water treatment plant in Fairlie to include the Allandale water scheme which will increase compliance, resilience and security of water supply by improving treatment and increasing storage capacity.
- Implementation of a new District Plan which includes the impacts of climate change across the district such as floor levels and flood zones.

Servicing the High Visitor Demand and Recovery

Tourist numbers to the Mackenzie are increasing. While visitors bring economic benefits, there is also a cost to the council of rubbish removal and use of parks and facilities, including our public toilets.

We have 25 separate public toilets/toilet blocks throughout the district with our main toilets in Fairlie, Takapō/Lake Tekapo and Twizel. Traditionally we have cleaned our main toilets once a day and our more isolated toilets less frequently. High use of the toilets in summer means we have had to increase our cleaning to two cleans a day. Our level of service for toilet cleaning is based on the number of complaints we receive about the condition of our toilets (1.6 a day over 123 days). Cleaning our toilets is funded from general rates which has added to total costs overall, although there has been a user charge system for one of the Tekapo toilet blocks which generates approximately \$20,000 in income a year. Council is not pursuing a user pays policy for toilets. We soLong-Termback on this during consultation on this plan.This Long-Term Plan does not include budget for the building or extending of any new toilets in the district over the next 10 years.

- Address additional central government requirements especially the new requirements compliance set by the new Water regulator in terms of compliance and monitoring for water and wastewater
- Increased associated costs (depreciation and interest payments) for increased capital expenditure.

Operating income drops below operating expenditure in the first two years of the plan due to budgeted deficits. Thereafter income increases in line with the operating expenditure. The peak in 2029/2030 is due to higher NZTA subsidies associated with the Cass River bridge.

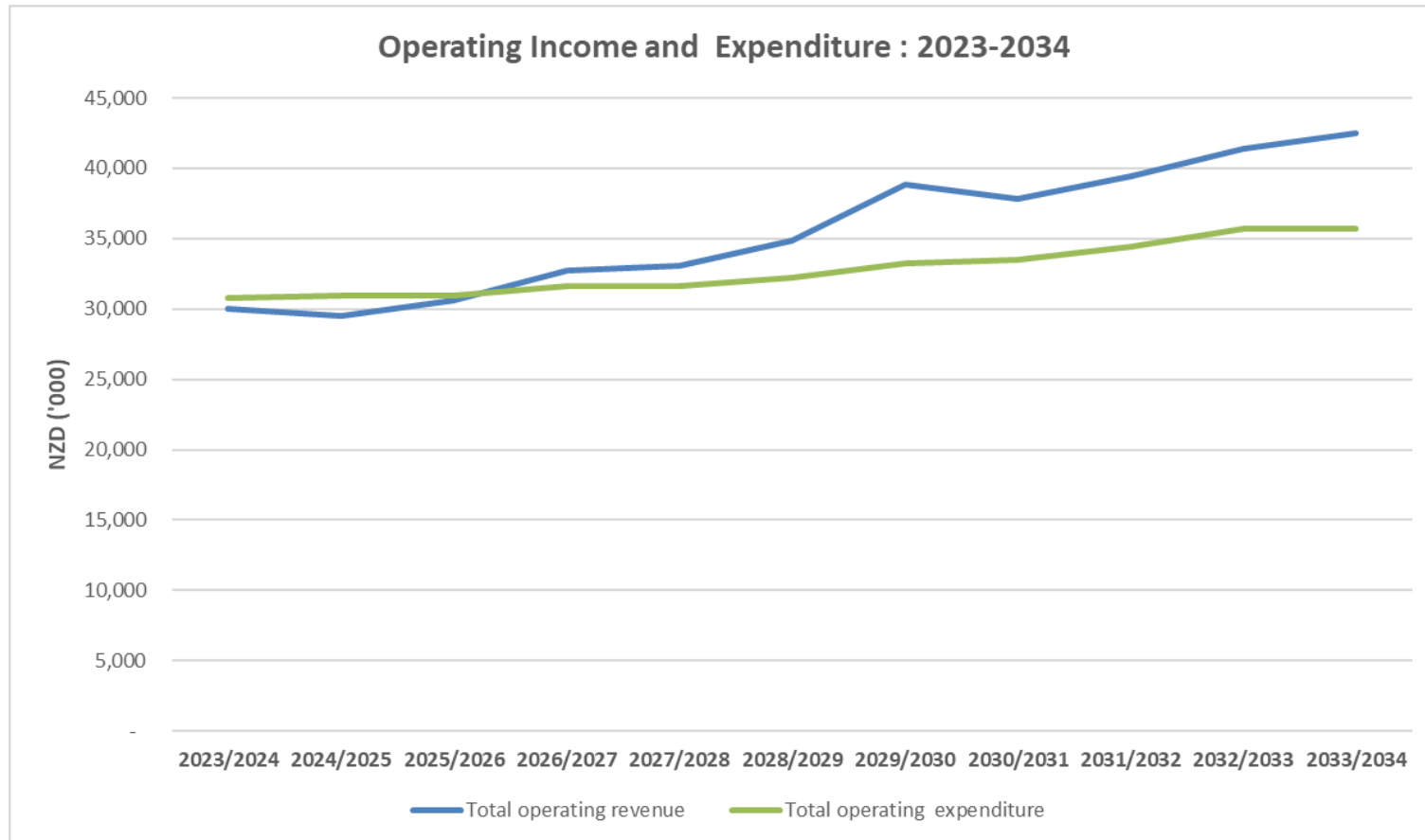
Inflation and cost increases

Our Long-Term Plan 2024-2034 prepares for the delivery of key services and infrastructure. We intend to:

- Adequately fund the required levels of service in township maintenance
- Cost of servicing increasing visitor demand (eg toilet cleaning, litter, car parking, responsible camping)
- Provide for an interim solution to extend the life of the Takapō/Lake Tekapo Waste Water Treatment plant (additional capacity driven by tourism demand)
- Tackle the backlog of bridge deferral , including the replacement of one of our largest, the Cass River Bridge.
- Complete the review of the District Plan
- Mitigation of fire risk to our townships
- Continue to improve roading infrastructure. This is driven by the need to undertake this work to prevent fatalities, especially on high traffic tourist routes.

Operating Income and Expenditure 2023 – 2034

Operating costs for Council range from \$30.9 million in 2024/2025 to \$35.7 m in 2033/2034. Inflation (using the BERL) will add a cumulative effect of 24.05% over the ten years.



Providing reliable and resilient infrastructure

There are a number of key issues influencing our capital investment and funding decisions with respect to infrastructure. In coming to a decision, we have looked to maximise the impact of our capital programme in terms of delivering reliable, cost-effective infrastructure within a realistic funding level and also to keep debt at prudent levels, particularly in the first three years of the Strategy.

Renewing ageing infrastructure

Assets have a finite life after which they need to be replaced to avoid breakdowns and costly repair and maintenance. Significant proportions of our infrastructure networks are either at or coming towards the end of their economic life and need replacing.

We are conscious of the desire to minimise rate increases; however, our asset condition data tells us that increased investment in asset renewals is required to have our infrastructure networks operate reliably and cost-effectively.

Our residents have made it very clear how important it is to maintain levels of service for roads and ensure investment in footpaths, bridge renewals, fire and flood protection, and drinking water supply and wastewater services and improving community facilities. In preparing the capital programme we have assessed these assets specifically to ensure that they remain fit for purpose. Renewal programmes have been prioritised around criticality and resilience. Several critical assets particularly relating to roading and stormwater were identified over the last two calendar years when we experienced multiple high intensity rainfall events.

The Council's approach to the renewal (renew the condition and life of the asset) and replacement of its infrastructure assets over the timeframe of this Strategy will be to prolong the life of its assets by prioritising which assets to renew based on their age, condition, criticality, and risk of failure. To continue to meet the required level of service, Council funds the replacement of assets when their condition dictates.

The Council has an ongoing programme to survey the condition of its assets and review the level of service to be delivered through the asset. This information, together with the history of the asset, including feedback from contractors and customers, and the level of service standards will be used for modelling the networks and to develop the work programmes. Work to minimise the risk of failure from natural hazard events will also be considered when priorities are considered for the renewal programmes.

The Council is of the view that the overall condition of its assets is variable, roading network is good however, road drainage and bridges are not in good condition while three waters pipes are in good condition. Condition is of course a function of both age and use and to an extent the replacement/renewals profile for assets will have peaks and troughs based on historic periods of high growth/investment. The Council's approach is to smooth out expenditure (where possible) to avoid the worst extremes. This means that based upon condition the life of some assets may be pushed out and again based upon condition the replacement of others brought forward. This balancing occurs across all infrastructural assets simultaneously.

Supporting growth

Mackenzie District is poised on a trajectory of population and visitor growth which impact directly on infrastructure provision and renewal. Analysis of the future urban and rural residential subdivision over the next 4 years shows an average of 10 sections per year, along with associated infrastructure, to be vested in Takapō/Tekapo and an average of 46 per year in Twizel. The council believes that there are sufficient consented sites available to support current demand trends.

Over the last decade, the Mackenzie District has seen a change from pastoral farming to more intensive practices in particular logging, dairy conversions, cropping and stock rearing/ finishing. This significant change in land use impacts the road network in terms of increased heavy vehicle volumes. Each dairy conversion adds at least four heavy truck and trailer movements on the adjacent roading network a day minimum. Some of those roads are narrow gravel roads with limited structural strength, and are impacted in particular, by the logging industry with significant heavy loadings on trucks. Future demand for the transportation network will continue to be driven by tourism and land use changes and intensification within the district. Future demand is driven by residents, domestic and international independent travellers and freighters. The forecasted demand for electric charging network presents real challenges for Council.

The region's population is forecast to continue to grow, creating demand for new housing, business premises and community facilities and the infrastructure needed to support these.

The Council needs to provide the right infrastructure at the right time to support sustainable growth and ensure ongoing resilience to the impacts of climate change and natural hazards. We look to fund infrastructure to service growth as much as possible from financial contributions and assets provided by developers when undertaking new developments. This means we keep the rates contribution to fund growth infrastructure to a minimum.

Our Financial Strategy

Our Financial strategy provides the direction and context within which the Council has operated to develop this draft LTP including how we would deliver on our required levels of service and increase our investment in infrastructure. We have worked with in that context to balance the conflicts of affordable rates' increases, debt levels and the requirement to produce a balanced budget.

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

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:

1. 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.
2. Remain operationally and financially sustainable while achieving our strategic goals and priorities.
3. 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.
4. Maintain a sustainable management of investments including how distributions and investment income will be utilised.

This Strategy closely aligns with our 30-year Infrastructure Strategy. The work programmes identified in the Infrastructure Strategy enable the Council to achieve levels of service agreed with our community and meet required technical standards within a prudent financial framework.

The Infrastructure Strategy takes a long look ahead, planning for our region's infrastructure needs over the next 30 years. This is a bigger picture compared to the LTP and Financial Strategy, which focus on the next 10 years. For the coming decade, our Financial Strategy provides for rates to rise materially in the first 2 years. This is to pay for important strategic projects, such as Takapō/Lake Tekapo wastewater treatment plant, our bridges, roads and footpaths, and water and sewer reticulation. However, the plan is to reduce these rate increases and keep them steady in later years of the LTP period.

Cost savings

We have taken the following steps to reduce costs and hold the rate increase to as low as possible;

- Where possible reduced our reliance on contractors and brought the work in-house
- Conducted a line-by-line review of every item of expenditure and eliminated or reduced cost where possible
- Focused on critical projects
- Encouraged community led developments to help drive community projects forward and sourced external funds for key township projects
- Funded the District Plan review through borrowing repaid over a period of time that aligns with the life of the Plan
- Used reserves where possible to reduce borrowing
- Extended our borrowing term from 20 to 25 years where applicable
- Initiated discussions with neighbouring councils looking for opportunities to reduce costs by aligning project deliveries

It is our intention, once the LTP has been adopted to consult with the community on how we might change the way in which we rate so as to recover more from those who benefit from the tourism industry.

Our Funding Approach

Funding of Council activities will be in accordance with Council's Revenue and Financing Policy. All councils are required to set limits on rates and rate increases over the 10 year period of the Long Term Plan.

Inflation

In order to keep up with rising costs we 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 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.

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.

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.

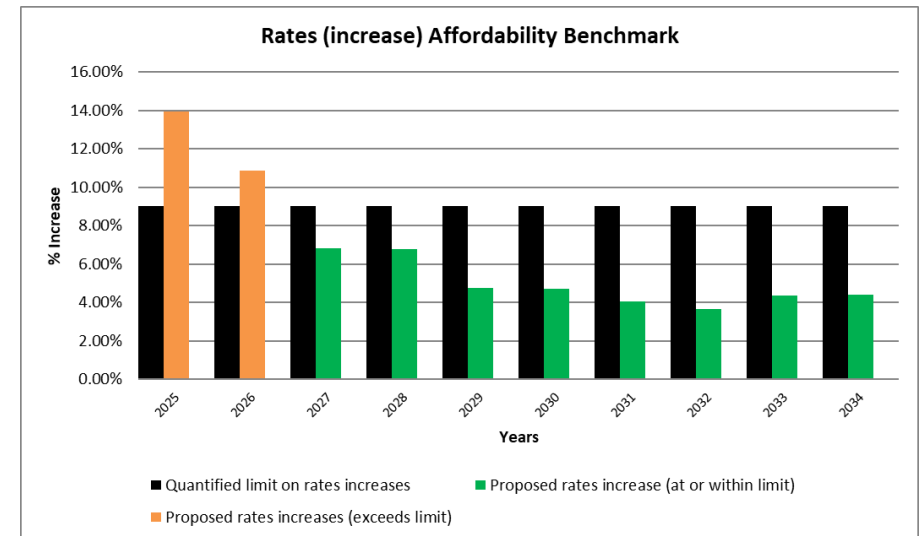
Rates Limit: Annual rates increases will not be more than 9% (including LGCI).

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 2.42%. This means that the annual rates will not increase more than 9% (including LGCI over the life of the plan).

What does the graph below show?

Our first two years of proposed rates rises will exceed our limits but will drop within our target from year three onwards. We believe we need to increase rates for the first few years at a higher rate to address costs that have risen sharply due to cumulative inflation.

Over the 10 years of this LTP the average rates increases are 6.50 % which is lower than the benchmark of 9% including the LGCI.



Operating Expenditure

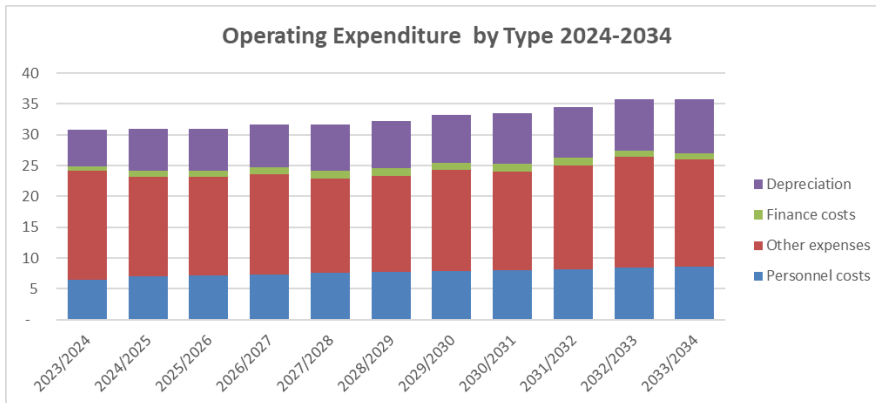
Our services and day-to-day maintenance of our assets are paid for using operating expenditure. We aim to raise enough revenue each year to cover our budgeted operating expenditure (including depreciation) unless it is prudent not to do so.

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 \$30.9 million in 2025 to \$35.7 million in 2034.

The increase is the result of:

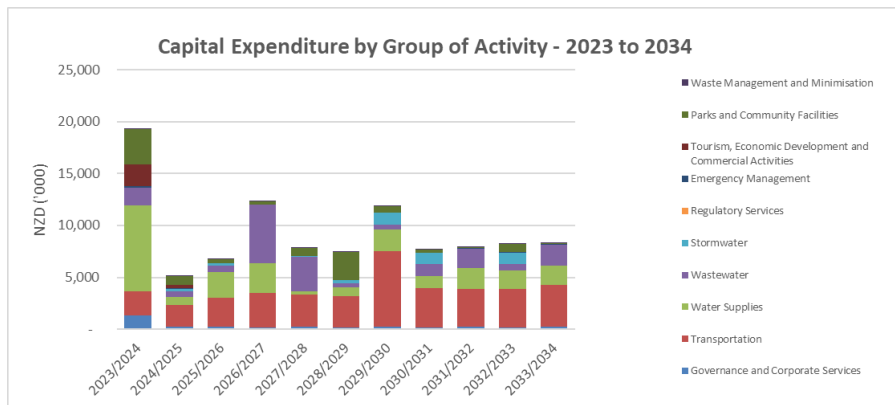
- water compliance costs- software costs for quality monitoring, sampling, and additional plant costs
- Increases in electricity and capital input costs
- borrowing costs
- cumulative inflation across all activities
- insurance due to more frequent intensive weather events
- audit fees
- provision for an interim library
- improvements to the level of service we provide, including increased public toilet cleaning and increased fire protection for our community

The following graph provides a breakdown of our forecasted operational expenditure



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 \$83.555 million between July 2024 and June 2034.



Depreciation Funding

We’re spreading the cost of replacing our assets.

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 reasonably assume that we will have access to external funding assistance to assist with the replacement or where we plan to borrow. Sometimes the decision to not fully fund depreciation has been made to help reduce the level of rate increase.

To balance costs, we have decided it is prudent to continue with our current depreciation policy of not fully funding the depreciation on all assets. We consider that, in most instances, where an asset needs to be replaced, 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 funding of depreciation over the life of the plan.
- **Swimming Pools:** we are planning to increase our depreciation funding (currently 50%) to 100% over our plan.
- **District, Rural and Township Maintenance:** we are planning to increase our depreciation funding (currently 0%) to 80% over our plan.
- **We fully fund depreciation on Urban Wastewater and Water Supply but not for the small rural schemes.** For Allandale water supply we have included transitioning from funding 40% for the first three years to fully funding depreciation after the proposed upgrade (subject to user consultation).

Borrowing

Internal borrowing

We'll continue to use internal borrowing.

The 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.

The 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 e.g. higher interest rates. The 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.

External Borrowing

We're increasing our level of external debt.

In order, to finance our ten-year capital expenditure programme we do need to increase our external borrowing. The 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.

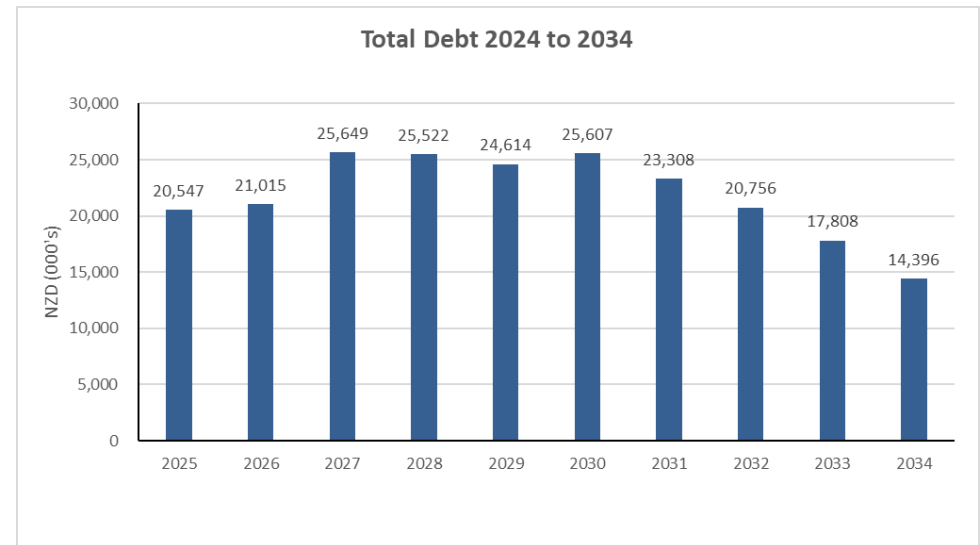
All councils are required to set quantified limits borrowing over the 10-year period of the Long Term Plan.

The Long-Term Plan 2024-2034 will see more external borrowings utilised, increasing from \$20.838 million at the end of June 2024 to a peak of \$25.649 million in 2026/2027. Thereafter debt levels are projected to reduce to \$14.396 million at the end of 2034.

The following graph provides a breakdown of our forecasted total external borrowing

In the first few years of the plan, the Council has taken on large amount of debt to fund major capital projects. As Council accumulates investment funds and reserves, these are utilised to pay down the debt. This means proposed debt decreases from 25.649 million to \$14.396 million in 2033/2034.

This provides Council with capacity to increase debt should this become necessary to cope with events like natural disasters.

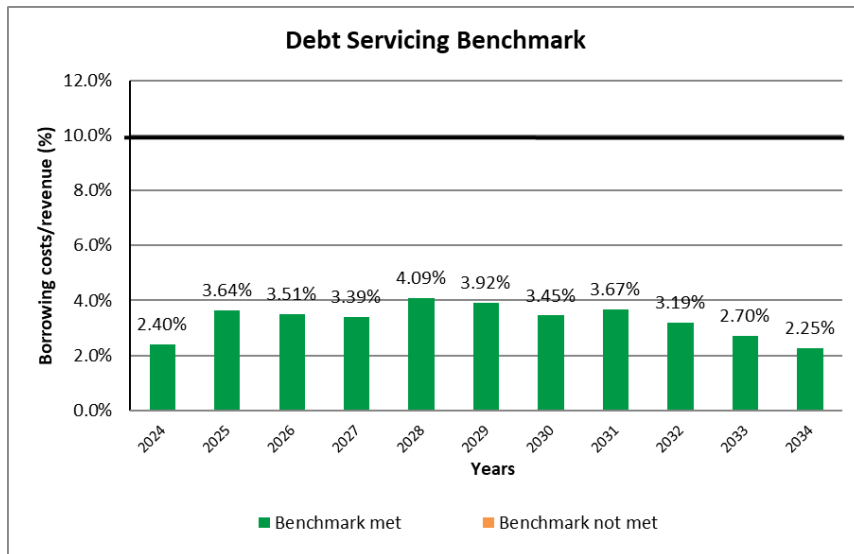


Debt Limit One: Debt will not exceed 175% of our total revenue

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 80% of total revenue.

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

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 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
Net Debt / Total Revenue	<175%
Net Interest / Total Revenue	<20%
Net Interest / Annual Rates Income	<25%
Liquidity	>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.

What assumptions have you made on interest rates?

We have assumed borrowings costs remain fixed at 5% for the duration of the 10 years.

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 (953 hectares of plantation), and a range of property investments.

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 committed banking facilities.
- As a reserve for an unforeseen event

Overall Short-Term investments will remain stable at approximately \$13.768 million at the end of 2024 and grow steadily to \$16.984 million over the next ten years. Cash is invested on short term deposits and bonds 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:

Investment Limit One: the returns on investments and equity securities will be between 2-4%

During this Long-Term Plan, Council will review its investment portfolio and consider new opportunities to that they are bringing the best outcomes for our community.

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

Forestry Investments

We hold approximately 953 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. We are currently working through a Forestry and ETS Strategy with our new contractor PF Olsen.

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.

Balanced Budget

We're working towards balancing our budget.

Although Council shows an operating surplus on our comprehensive revenue and expenditure statement, the balanced budget prudence measure excludes revenue which is used to fund capital expenditure such as financial contributions and revenue which is non-cash such as vested assets and derivative gains.

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.

The balanced budget provisions of the Local Government Act 2002 (s100) allow a council to not fully fund all expenditure (which includes depreciation) provided it can demonstrate that it is financially prudent to do so. Our decision to do this contributes to the situation below.

For years one, two, three and four our revenue (when excluding the items above) is less than our operating expenses, Council does return to a balanced budget from year five onwards. We think that we need to do this to pay for everything that we need to do without further increasing rates and Council had made a conscious decision not to fully fund depreciation.

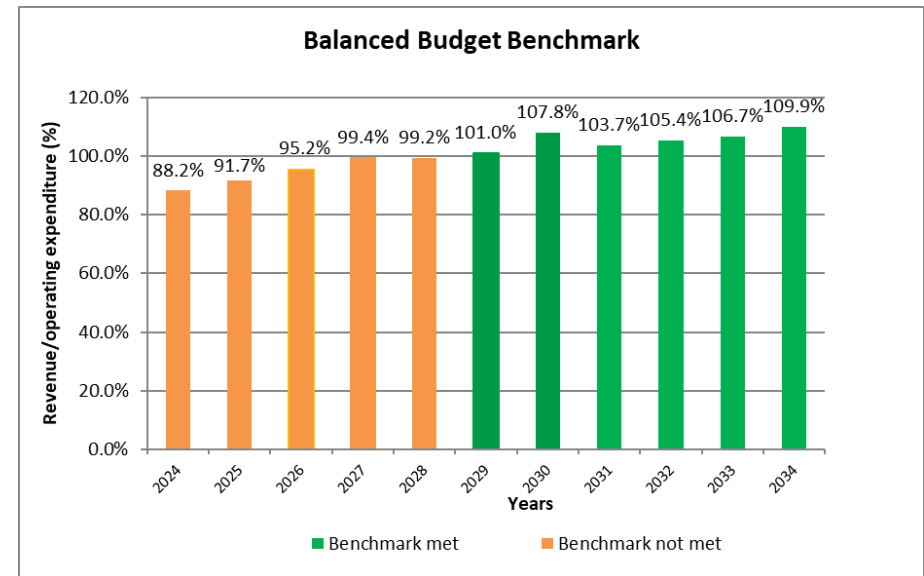
Depreciation is non-cash expense and so the amount of cash on hand that Council holds is not affected by this decision

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 One, Two, Three and Four but we return to a balanced budget for the latter years of the Long-Term Plan. We think that we need to do this to pay for everything that we need to do without further increasing rates.

For years three and four the balanced budget is close to 100% (99.4% and 99.2% respectively).



MDC Policies

MDC Revenue and Financing Policy

Policy Status:	Current
Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive Officer July 2024
Legal Reference:	Local Government Act 2002 Section 102

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) differential rating; and
 - c) uniform annual general charges
2. targeted rates:
3. lump sum contributions
4. fees and charges:
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.

First step considerations

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).

Second step considerations

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 since the last LTP.

Significant changes are:

There are no significant changes proposed, other than an update for activities to be funded by additional all types of funding, and activity names updated.

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.

Plain English definitions of the terms used in this policy are set out in Section 10. For legal definitions see the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Local Government Act 1974.

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 is 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.

The application of these principles requires the 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 can 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 that doing so would not be fair or not be in the interest of residents and ratepayers or conflicted 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 New Zealand Transport Agency (NZTA).
- 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 certain instances, ratepayer sector groups may fund more of the costs of an activity that they may directly benefit from. The Council has considered 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 the rates burden.
- 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 external borrowings will be used.

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.

Non-rate revenue sources

Grants, sponsorship, and subsidies

Council expects to continue to receive substantial subsidies from NZTA 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. The Council intends to develop a policy within the first 12 months of this LTP period. 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 the 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. 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 to make the significant cost of some capital projects affordable. Borrowing may be internal (Council borrowing from itself) or external. The Council has approved borrowing for some operating expenditure projects 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, the Council does not accept lump sum contributions for any targeted rates.

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.

Rates

After exhausting all appropriate funding sources, the 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 Council places emphasis on the “area of benefit”. This 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 are revalued every three years and with each revaluation there are usually shifts in the relative 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.

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 to smooth lumpy operational expenditure for ratepayers.

The Council's ability to impose user charges is limited by the powers conferred to it by statutes and regulations. As a 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), the 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.

The 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. However, the 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 the Council at any time and are reviewed 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.

Funding Capital Expenditure

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. Grants, sponsorship, subsidies and other income;
2. Investment income;
3. Financial contributions;
4. Reserve funds;
5. Proceeds from the sale of assets and lump sum contributions;
6. Internal and External Borrowing;
7. 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 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.

Funding Depreciation

Depreciation is the process of recognising that an asset is progressively used up over its useful life. By funding the cost of depreciation Council can 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.

Overall Funding Consideration

The 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.

The 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 the Council will adjust the rate down to the cap and the balance will be funded from the general rate.

The 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.

The 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 the 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

Activity Summary

A summary of all Council activities under this Revenue and Financing Policy is shown in the table below.

OPERATING	User Charges	Subsidies & Grants & Other Income	Investment Income	Financial Contributions/Development Contributions	Reserve Funds	Borrowing	Targeted Rates	General Rates
Governance								
Three Waters								
Transportation								
Regulatory and Building Services								
Public Facilities, Parks and Places								
Tourism, Economic Development								
Commercial Activities								
Emergency Management		Event-based						
Waste Management and Minimisation								

CAPITAL	User Charges	Subsidies & Grants & Other Income	Investment Income	Financial Contributions / Development Contributions	Reserve Funds	Borrowing	Targeted Rates	General Rates
Governance								
Three Waters								
Transportation								
Regulatory and Building Services								
Public Facilities, Parks and Places								
Tourism, Economic Development and Commercial Activities								
Emergency Management								
Waste Management and Minimisation								

Activity Analysis Tables

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
Governance and Decision Making – Democracy (Council - General)	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.	Operating 95-100% General rates 0-5 % User charges, subsidies and grants and other income Nil Capital
Governance - Community Boards	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.	Operating 100% Targeted Rates Nil Capital
Three Waters - Potable Water supplies	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 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.	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 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).	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 firefighting capacity and should be charged an availability charge.	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 charged for any excess of their allocation.	Operating Targeted rates 90-95% 5-10% User charges, subsidies and grants and other income Capital Subsidies and grants and other income Reserves Financial Contributions Borrowings
Three Waters - Wastewater	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	Immediate and ongoing benefits to users. Intergenerational benefits to the community through maintaining and	The community benefits widely from having a wastewater system available. Additional costs may be caused through overloading of systems, disposal of hazardous material	Benefits of this activity are predominantly private, so appropriate to fund the activity through a targeted rate and fees and charges.	Operating 95-99% Targeted rates 1-5% User charges, subsidies and grants and other income Capital

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
			identified and directly benefit	developing sewer infrastructure.	and illegal connections.		Subsidies and grants and other income Financial Contributions Reserves Borrowings
Three Waters - Stormwater	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. Does this mean you intend to rate the rating between general and targeted	Operating 100% Targeted rates Capital Subsidies and grants and other income Financial Contributions Reserves Borrowings
Transportation	Council provides and maintains the district's road network and associated infrastructure (excluding the state highways).	A thriving economy A fit and healthy community Safe, efficient and sustainable infrastructure	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.	Operating 20-50% User charges, subsidies, and grants and other income 50%-80% Targeted Rates Capital Financial Contributions Reserves Subsidies and grants Borrowing
Regulatory and Building Services – Health and Liquor Guidelines	Council manages the sale and supply of alcohol and gambling licensing by way of processing applications,	A thriving economy A fit and healthy community	Specific benefits to the users of this activity, who apply for a license to sell alcohol. Public good by having rules	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.	Operating 70%-80% User charges, subsidies, and grants

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
	monitoring and enforcement requirements.		and policies in place that protect the public.		processed. Need to recover bulk of costs from exacerbators.		20-30% General Rates Nil Capital
Regulatory and Building Services – Animal Control	Council provides dog and stock control services to ensure the community is not endangered by uncontrolled dogs or stock.	An attractive and highly valued natural environment A thriving economy A fit and healthy community	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.	Operating 80-100% User charges, subsidies and grants and other income 0-20% General Rates Capital Reserves Borrowing Subsidies and grants
Regulatory and Building Services – Building Control	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.	Operating 85-100% User charges, subsidies and grants and other income 0-15% General Rates Nil Capital
Regulatory and Building Services - District Planning	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 properties in the district. Information on any property is available to the public through a Land Information Memorandum (LIM).	All community outcomes supported.	Benefits accrue to users as there are direct economic benefit received by the applicants (e.g. developers). Community benefits through protection from adverse environmental, social and cultural impacts, control over inappropriate development that is not in compliance with the District Plan.	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 a public good aspect in that the monitoring and review of the District Plan is required.	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate	Operating 0-25% User charges, subsidies and rates and other income 25-100% General Rates Borrowings are used to fund the District Plan review to spread costs to the ratepayers. Nil Capital

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
Regulatory and Building Services - Resource Consent Planning	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	Operating 30-35% User charges, subsidies and grants and other income 65-70% General Rates Nil Capital
Regulatory and Building Services - Responsible Camping	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	Operating 90-100% User charges, subsidies and grants and other income 0-10% General Rates
Emergency Management - Civil Defence	Council undertakes contingency planning and readiness for natural disasters and provides emergency response and recovery services in the event of a natural disaster.	All community outcomes supported.	The entire community benefits from having appropriate planning and resources in place to deal with natural disasters and civil emergencies.	A natural disaster could occur at any time in the future, and the Council has a statutory obligation to provide Emergency Management services	This activity is required under the Civil Defence and Emergency Management Act 2002. The whole community could be affected by a natural disaster, and there is a need to ensure the effects are managed.	As the benefits are entirely for the public good, it is not appropriate to apply separate charges.	Operating 100% General Rates Capital Reserves Borrowings
Waste Management and Minimisation	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.	Operating 20-40% User charges, subsidies and grants and other income 10-30% General Rates 30-70% Targeted Rates Capital Reserves Borrowings

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
Public Facilities, Parks and Places – Pensioner Housing	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.	Operating 90-100% user charges, subsidies, and grants and other income 0-10% General Rates Capital Reserves Borrowings
Public Facilities, Parks and Places – Public Toilets	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 conveniences receive an additional benefit.	District wide funding is appropriate as both businesses and the community as a whole experience benefits.	Operating 5-10% User charges, subsidies, and grants and other income 90-95% General Rates Capital Reserves Borrowings Subsidies and Grants
Public Facilities, Parks and Places - Community Centres, Swimming Pools	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.	Operating 10% to 30% User charges, subsidies, and grants and other income 70-90% Targeted Rates Capital Reserves Borrowings
Public Facilities, Parks and Places – Reserves	The Council maintains and owns a host of reserves (urban and rural), domains, parks and walkways throughout the district.	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	Immediate and ongoing benefits to users.	This activity is required under the Reserves Act 1977. A number of user groups and individuals	A user pays system is not feasible for general users. However, some costs are recovered by lease	Operating 5-15% User charges, subsidies and grants and other income

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
	Some reserves are leased for grazing purposes while others provide open spaces for recreation, beautification, the enjoyment of visitors and residents and civic pride.		reserves to create a pleasant environment in which to live and work. Parks and reserves create opportunities for recreational activities.		can be seen as having a particular interest in the activity.	income and financial contributions with the balance coming from targeted and general rates	10-15% General Rates 70-85% Targeted Rates Capital Reserves Borrowings
Public Facilities, Parks and Places – Cemeteries	Cemeteries are important for Council to ensure a 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	All community outcomes supported.	The estate and family of deceased person's benefit. However, the entire community benefits from respect for, and provision for the historical significance of those who have passed away.	The benefits of the historical and public health value of cemeteries are ongoing,	All ratepayers create a need for cemeteries through requiring cemetery services and open spaces. There is a strong private benefit which Council attempts to recover through fees and charges.	To enable charges to be correctly apportioned separate funding is maintained.	Operating 25-50% User charges, subsidies and grants and other income 50-75% General Rates Capital Reserves Borrowings
Public Facilities, Parks and Places – Medical Facilities	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.	Operating 20- 30 % User charges, subsidies and grants and other income 70-80% General rates Capital Reserves Borrowings
Commercial Activities – Property (Real Estate)	Council holds commercial property as part of its investment portfolio.	All community outcomes supported	The whole community 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.	Operating 100% User charges, subsidies and grants Capital Reserves Borrowings
Tourism, Economic Development	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 businesses, and the district as a whole,	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.	Operating 0-10% General Rates 90-100 % Targeted Rates

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
							Capital Reserves Borrowings Grant, subsidies and other income
Property and Commercial – Forestry	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	Operating 100% Investment income
Property and Commercial – Leases and Rentals	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	Operating 100% User charges, subsidies and grants and other income Capital Reserves Borrowings
Property and Commercial – Pukaki Airport	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.	Operating 100% User charges, subsidies and grants and other income Capital Reserves Borrowings

Definitions

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 because 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 entire community. 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.

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.

Clarification and Breaches

Clarification

Clarification regarding this policy can be sought from the Mackenzie District Council General Manager Strategic Financial Management and Commercial Services.

Breaches

The Mackenzie District Council General Manager Strategic Financial Management and Commercial 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.

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.

Significance and Engagement Policy

Policy Status:	Current
Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive Officer July 2024
Legal Reference:	Local Government Act 2002 Section 76AA

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
- Local Government Official Information and Meetings Act 1987

Objective

The policy enables Council to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities and provide clarity of when to engage with communities in regards decisions about different issues, assets or other matters. The policy also informs Council in regards the extent and form of any engagement expected and required before a particular decision is made.

Policy application

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.

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,
- 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.

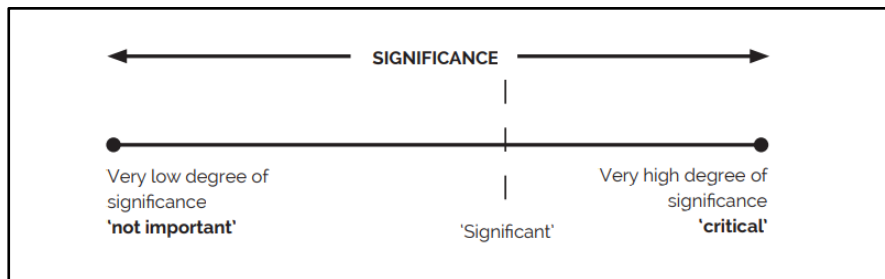
Criteria for assessing significance

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.
- 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.

Procedures for assessing significance

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.

Table 1: Determining Levels of Significance – Examples

Matter / Issue	Low Significance	Medium Significance	High Significance
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

Engagement overview

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.

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.

Figure 2 International Association for Public Participation (IAP2) public participation spectrum.



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.

Engagement Guide

Council has developed an engagement selection guide to determine the most appropriate processes and methods of engagement. These are shown in Figure 3 below.

Figure 3 Engagement Selection Guide

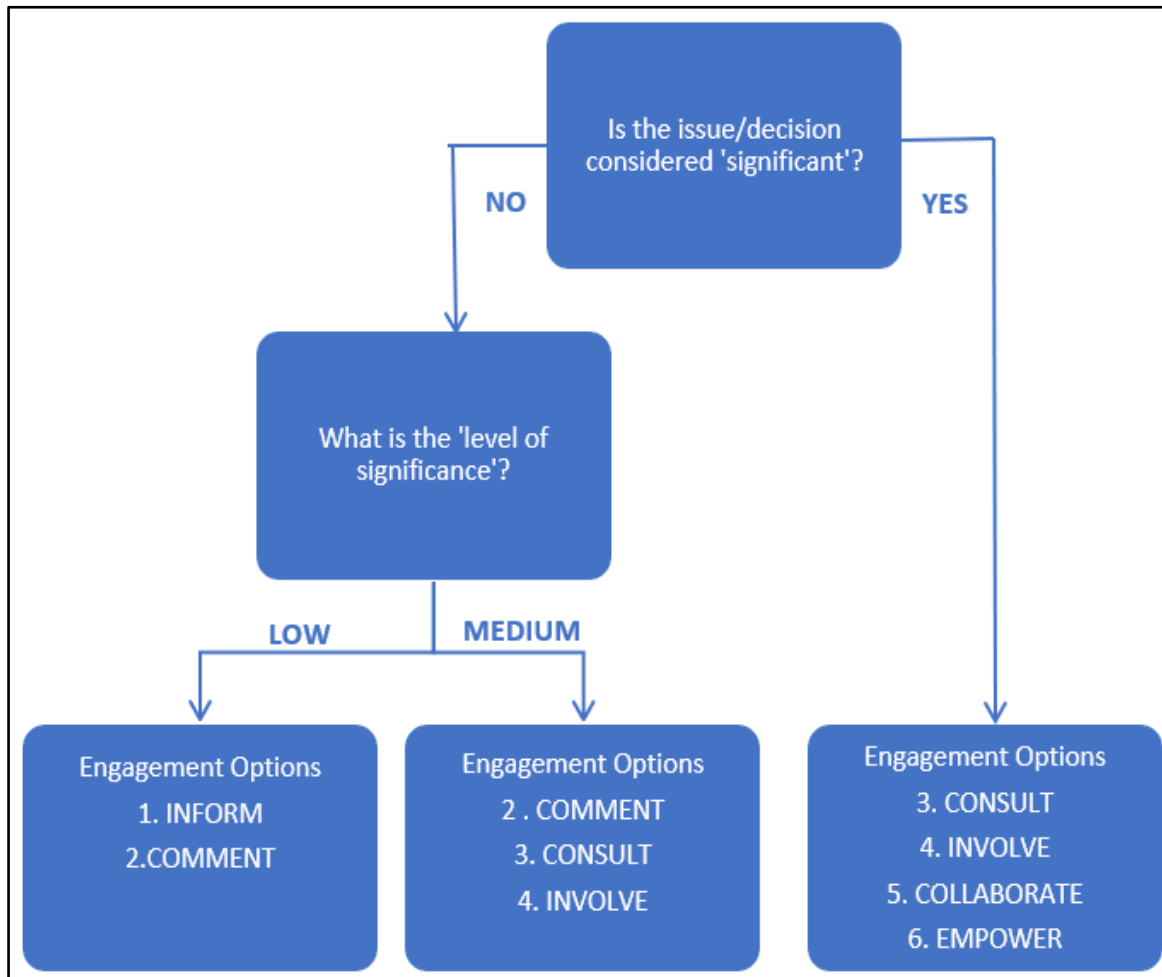


Table 3 provides examples of how the engagement scale is used by Council.

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			

Engagement Level	1. Inform	2. Comment	3. Consult	4. Involve	5. Collaborate	6. Empower
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
	· 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					
When the community can expect to be involved	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 buy Council.	At the refining stage of options.	At the development stage of the options.	From the development of initial options to final selection.

When will council Engage

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.

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.

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.

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.

When will council 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)).

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.

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

Ngai 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.

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

Definitions

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.

Clarification and Breaches

Clarification

Clarification regarding this policy can be sought from the Mackenzie District Council General Manager Corporate Services.

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.

Exceptions

The Mackenzie District Council will need to approve any deviations from this policy

Treasury Management Policy

Policy Status:	Current
Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive July 2024
Legal Reference:	Local Government Act 2002 Section 102

Part 3 – Accountability

This section details the day-to-day administration of investments and borrowing of Council, including the controls used to ensure a clear audit trail of treasury activity and the reporting required to Council.

Policy Objective

The Treasury Management Policy includes the Investment Policy and the Liability Management Policy and details the specific policies in respect of all treasury activity to be undertaken by Mackenzie District Council. Compliance with these policies enables the Council's treasury risks to be prudently managed. Council is required by the Local Government Act 2002, s102(2), to have an Investment Policy, and a Liability Management Policy.

Part 1 - Investment Policy

The Investment Policy sets out the objectives of Council's investing activities and the actions required to obtain each objective. The contents of the Policy are defined by LGA 2002 s105.

Part 2 - Liability Management Policy

The Liability Management Policy sets out the objectives of Council's borrowing activities (external and internal) and the actions required to obtain each objective. The contents of the Policy are defined by LGA 2002 s104.

Part 1 - Investment Policy

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Investments and associated risks are monitored and managed, and regularly reported to Council. Council has investments in the following areas:

- Cash and cash equivalents
- Investment property
- Forestry
- Shares
- Other financial assets

These assets form part of the Council's total assets, and other than forestry, the income provided is used to reduce the general rate. It is important to ensure the risk of capital loss is minimised, and the maximum return is achieved while minimising this risk. This policy sets out how this will be achieved.

Introduction

The Council recognises that as a responsible public authority all investments held should be low risk. The Council also recognises that low risk investments generally mean lower returns. The Council's overall appetite for risk, and specific appetite for financial risk, is summarised in the Risk Appetite Statement which is reviewed annually.

Policy Objectives

The objectives of the Investment Policy are to ensure that:

- Council's funds are safeguarded and investments and borrowings selected are not detrimental to other areas of the Council's operations. This requires that policy guidance is established to define the investment and borrowing risks acceptable to Council

- Council's investments, both in financial instruments and physical assets, are managed to maximise the return, given the maturity profile chosen and within acceptable risk constraints.
- Additions and disposals of investments are controlled to achieve the greatest benefit for Council while minimising risk.
- The use of income and gains made by investments is applied as set out in the Council's Revenue and Financing Policy
- Council is adequately informed of investments by way of regular reporting.
- Any existing investments held by Council, that do not meet the criteria contained elsewhere in this document, are reviewed individually and are either disposed of or some justification made in writing for their retention and that they be reviewed on a regular basis
- Potential capital losses due to interest rate movements are managed if investments need to be liquidated before maturity
- Relationships are maintained with financial market participants, thus enabling the Mackenzie District Council to carry out its investment activities in an efficient and practical way.

Policy Setting and Management Procedure

The Council approves commercial and investment strategy through its policies, Long Term Plans, and Annual Plans and exercises on-going governance over its investments.

The Chief Executive Officer has overall responsibility for the operations of the Council.

The General Manager Strategic Financial Management and Commercial has financial management responsibility over the Council's investments, including all treasury activity.

The investment and cash management activities are managed centrally through the finance function. The finance function is broadly charged with the following responsibilities:

- To manage investments within its strategic objectives and ensure that surplus cash is invested in liquid and credit worthy instruments.
- To manage the impact of market risks such as interest rate risk by undertaking appropriate hedging activity in the financial markets.
- To minimise adverse interest rate related increases on ratepayer charges and maintain overall interest revenues within budgeted parameters.
- To manage the overall cash and liquidity position of the Council's operations.
- To provide timely and accurate reporting of treasury activity and performance.

Operational management of the forestry investment is provided through the General Manager Strategic Financial Management and Commercial Services.

The Audit and Risk Committee oversees and monitors the risks arising from its treasury activities to ensure consistency with the Long Term Plan, to evaluate the finance function's effectiveness in achieving its objectives and for monitoring compliance and performance of the treasury activities.

The Council can appoint an independent advisor to assist in the management of the financial market exposures that the Council is subjected to. The scope of the appointment and the parameters within which the advisor operates, are determined by the General Manager Strategic Financial Management and Commercial.

Investment Mix

The Council manages a portfolio of investments comprising:

- Loan advances
- Equity investments, including corporate investments and other shareholdings
- Property investments incorporating land, buildings and a portfolio of ground leases
- Forestry investments
- Treasury investments in both short, medium and longer term liquid investments.

This combination of investments supports Council's desire to minimise risk while maintaining options to choose investment based on less commercial criteria. An example of this is ownership of elderly persons housing, which is held for the purposes of providing a social benefit to the community.

Investments are divided into four separate categories:

- Working capital
- Investment funds
- Property I (intended to gain a market return, including forestry)
- Property II (intended for community use or held for strategic purposes and for which gaining a market return is not the highest priority).

Loan Advances

Nature of Investment / Rationale for Holding

In special circumstances, the Council will provide loan advances for sporting, community development and other reasons. Examples of these loans have been to the Twizel Basketball Club to purchase equipment for their use in the Twizel Events Centre and the debenture that the Council previously held with High Country Health Limited, a company formed to operate the Twizel medical practice.

Interest rates are set at the Councils 'current internal borrowing rate or as otherwise agreed by Council rate, recalculated annually. The Council must approve all loan advances on the basis of advice provided by staff.

Interest earned is used to reduce the general rate.

The Council approves any repayment; proceeds on repayment are used to reimburse the reserve from where it was originally taken, or otherwise reduce Council's debt. The policy is to seek early retirement of loans wherever possible, otherwise the Council holds loan investments until maturity.

Risk Management

The primary risk is that the borrower defaults on the payment of interest and principal amounts owing. Where possible the Council seeks security for any loans provided.

Should loan repayments go into arrears, the Council will take immediate steps to retrieve the monies owing.

Management/Reporting Procedures

The performance of these investments is reviewed quarterly to ensure objectives are being achieved and that interest and principal repayments are being made in accordance with the loan agreement.

Equity Investments

Equity investments include the following:

- Shareholdings held directly
- Public/Private Partnerships
- Joint Venture Partnerships
- Local Government Shared Services

The Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the Long Term Plan. Equity investments may be held where there is strategic community value. The Council will acquire equity investments as outlined in the Long Term Plan and on the commercial merits of the proposal. All equity investment purchases will require prior Council approval.

The Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and the stated philosophy on investments.

Any purchase or disposal of equity investments requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring. Dividends received from unlisted companies not controlled by Council are credited to general funds and help reduce general rates.

Proceeds from the disposal of equity investments is used firstly to repay any debt relating to the investment. Any surplus remaining may be used to reinvest in other equities, and/or used to fund approved capital projects and/or reduce other Council debt.

The Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, monitors the performance of its equity investments, at least, annually to ensure that the stated objectives are being achieved. The Council seeks professional advice regarding its equity investments when it considers this appropriate.

Nature of Investments

The Council has the following equity investments:

- Alpine Energy Limited
- Downlands Water Supply Scheme

Alpine Energy Limited - Nature of Investment/ Rationale for Holding

Alpine Energy Limited was created under the Energy Companies Act 1992, the Council having 2,049,870 \$1 shares representing a minority 4.9% shareholding. The company supplies electricity to the South Canterbury region and was created from the former South Canterbury Electric Power Board. The Council views this investment as a strategic asset ensuring the cost-effective distribution of electricity to the District.

Alpine Energy's main business is electricity distribution where the risks are considered to be low given the high cost of replicating an electrical network. Alpine Energy manages its other business risks through separate companies, which limits its liability. Within each business the respective boards manage the operational risks.

Downlands Water Supply Scheme - Nature of Investment/ Rationale for Holding

The Downlands Water Supply Scheme is a Joint Venture with Timaru District Council and Waimate District Council. The Downlands Water Supply Scheme is primarily a stock water scheme which also supplies domestic drinking water to rural properties within the Timaru, Waimate and Mackenzie Districts. The Council has a 4% stake holding and views this investment as a strategic asset ensuring the cost-effective distribution of water to the District.

The Council monitors the investment through unaudited six monthly and audited annual financial statements.

Property Investments

Nature of Investment

In addition to commercial and residential property, the Council has landholdings which have been acquired in a number of ways. Any surplus land is either leased or held intending to be sold at market valuation or at an agreed value satisfactory to the Council. Definitions and processes for the sale and acquisition of property identified as surplus is set out in the Property Sales and Acquisitions Policy.

Rationale for Holding

All property held must contribute towards the Council's strategic objectives. Property ownership is reviewed 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 Council services. The Council generally follows a similar assessment criterion in relation to new property and land investments.

The Council approves any disposition of property or landholdings. With the exception of property sales through the activities of the Pukaki Airport, which is held for future airport development, sale proceeds are taken to the real estate reserve and used in achieving the Council's strategic objectives.

Property I category rentals are charged at commercial levels where possible. All income including rentals and ground rent from property are used to reduce the general rate.

Risk Management

The capital value of property and land is impacted by changes in economic and financial factors e.g. business confidence, growth, and interest rates. The Council reviews the performance of its property investments through annual reporting.

Forestry Investments

Nature of Investment/ Rationale for Holding

The Council has approximately 953 hectares of forestry plantation and has historically invested in forestry, as it provides diversification within the portfolio and good long-term inflation adjusted returns. Forestry plantations are held as long-term investments based on net positive discounted cash flows, factoring in projected market prices, annual maintenance and cutting costs.

Any harvesting outside the agreed Annual Plan and Long Term Plan requires governance approval from the Council.

Proceeds from the disposition of forestry investments are applied:

- To repay district wide funded debt and/or
- To repay of community funded debt and/or
- To fund pre-approved capital expenditure items and/or
- To re-afforest existing forestry blocks and/or
- To purchase new forestry blocks or purchase new and/or
- To purchase treasury investments from which interest accrued is to be used for general purposes and/or
- To offset the general rate by Council resolution.

Income from the forestry operation is reinvested in forestry through a separate Forestry Reserve.

An annual contribution is received which is used to reduce general rates. Expenditure in maintaining the forestry investment is expensed in the year it is incurred.

Risk Management

The most significant risk relates to product price returns, which are dependent on world markets. This means that forestry returns are dependent on commodity prices and carbon markets driven by other countries. Where there is a short-term downward spike in international stump prices, the Council defers harvesting until such time as it becomes economically viable.

Management and Reporting Procedures

The investment is managed by the General Manager Strategic Financial Management and Commercial Services with governance from the Council. An external forestry management company is contracted to manage forestry activities and reports to the General Manager Strategic Financial Management and Commercial on a regular basis.

Treasury Investments

Nature of Investment

The Council invests in approved financial assets, which excludes dealing in shares. **The Council's investments include the following financial instruments:**

- Government investments,
- New Zealand Registered bank investments,
- State Owned Enterprises (SOE) investments,
- Corporate investments
- Financial Institution investments

Rationale for Holding

The Council maintains a portfolio of financial investments to:

- Invest proceeds from the sale of assets,
- Invest amounts allocated to general and special fund reserves e.g. disaster reserve,
- Invest funds allocated for approved future expenditure, and
- Invest surplus cash and working capital funds.

Financial investments are normally held to maturity and interest earned is allocated to the general rate.

Council can internally borrow from reserve funds in lieu of external borrowing to meet capital expenditure requirements for special projects one off projects where this is appropriate. See detail in the Liability Policy.

Investment Objectives

To better protect its investments the Council is mindful of and manages the following risks:

Credit and Counterparty Risk

Only credit worthy counter parties are acceptable. Credit worthy counter parties are selected on the basis of their S&P Global Ratings (S&P) ratings, or the Moody's Investor Services ("Moody's") or Fitch Ratings ("Fitch") equivalents. Credit ratings are monitored on a quarterly basis by the General Manager Strategic Financial Management and Commercial from updated advice from the Council's investment advisors.

Credit risk is minimised by placing maximum limits for each broad class of non-Government issuer, and by limiting investments to registered banks, strongly rated SOEs, corporates and Financials within prescribed issuer and portfolio limits.

Refer to the table in Appendix A – Authorised Investment Criteria for Financial Market Investment Activities for guidance on credit rating thresholds for specific asset classes.

Liquidity Risk

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market.

Interest Rate Risk Management

The General Manager Strategic Financial Management and Commercial Services determines the appropriate interest rate profile to adopt for investments, after reviewing on a regular basis, cash flow forecasts incorporating plans for approved expenditure and strategic initiatives, monitoring the interest rate markets, evaluating the interest rate outlook and seeking appropriate advice where necessary.

To minimise the exposure to changes in interest rates the General Manager Strategic Financial Management and Commercial Services may use risk management instruments to protect investment returns and to change interest rate and maturity profiles.

Management and Reporting Procedures

The General Manger Strategic Financial Management and Commercial Services is responsible for developing the investment strategy. During the annual budget round the General Manager Strategic Financial Management and Commercial recommends a formal investment strategy to the Chief Executive Officer. Thereafter, the General Manager Strategic Financial Management and Commercial implements the investment strategy on an ongoing basis, considering cash flow forecasts, the outlook for interest rates and credit spreads, the shape of the yield curve and where necessary seeks appropriate advice.

The Council reviews its investments portfolio annually and manages the portfolio according to the objective performance measures determined during the annual budget round.

Foreign Exchange Policy

The Council does not borrow or enter into transactions within or outside New Zealand in currency other than New Zealand currency other than to meet capital expenditure commitments.

Cash Management

From time to time, the Council has cashflow surpluses and borrowing requirements due to the mismatch of daily receipts and payments. Cash management activities must be undertaken within the following parameters:

Cash management instruments are limited to:

- Call deposits with registered banks.
- Negotiable instruments with a maturity not more than three months at the time of inception.
- Term deposits with registered banks.
- Cash may only be invested with approved counterparties.
- Interest rate risk management on cash management balances is not permitted.

New Zealand Local Government Funding Agency (LGFA)

The Council may invest in shares and other financial instruments of the New Zealand LGFA and may borrow to fund that investment. The objective in making such investment will be to:

- Obtain a return on investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of the dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternate investments.

If required in connection with the investment, the Council may subscribe for uncalled capital in the LGFA.

Clarification and Breaches

This policy represents the formal policy and expected standards of the Mackenzie District Council. Appropriate approvals need to be obtained prior to any deviation from the policy.

Elected Members and employees are reminded of their obligations under the Council Code of Conduct to give full effect to the lawful policies, decisions and practices of the Council.

Appendix A – Authorised Investment Criteria for Financial Market Investment Activities

Authorised Asset Classes	Overall Portfolio Limit as a percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor’s (or Moody’s or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	<ul style="list-style-type: none"> Government Stock Treasury Bills 	Not Applicable	Unlimited
New Zealand Registered Banks	100%	<ul style="list-style-type: none"> Short term deposits / Bank Bills / Commercial Paper Bonds / MTNs / FRNs 	Short term S&P rating of A1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	\$10.0 million \$1.0 million \$2.0 million \$3.0 million \$4.0 million
State Owned Enterprises	70%	<ul style="list-style-type: none"> Commercial Paper Bonds / MTNs / FRNs 	Short term S&P rating of A1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	\$3.0 million \$1.0 million \$2.0 million \$3.0 million \$4.0 million
Corporates	60%	<ul style="list-style-type: none"> Commercial Paper Bonds / MTNs / FRNs 	Short term S&P rating of A1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	\$3.0 million \$1.0 million \$2.0 million \$3.0 million \$4.0 million
Financials	30%	<ul style="list-style-type: none"> Commercial Paper Bonds / MTNs / FRNs 	Short term S&P rating of A1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	\$3.0 million \$1.0 million \$2.0 million \$3.0 million \$4.0 million

Part 2 - Liability Management Policy

Purpose

The Liability Management Policy focuses on borrowing (external and internal), as this is the most significant component of Council's liabilities and exposes the Council to the most significant risks. The contents of a Liability Management policy are set out in LGA 2002, s104.

The Council raises debt to finance longer term asset creation and renewal and as a means of recognising intergenerational equity and to fund special one off projects such as the District Plan Review, which, if funded through rates would place an unreasonable burden on current ratepayers.

This policy details how Council will raise debt funding and minimise the cost of debt.

Liabilities

Council is faced with both short term (current) liabilities and long-term liabilities. Current liabilities are those obligations that generally arise from day to day operations (such as trade creditors), and would normally be expected to be settled within a six month period. These liabilities are planned for, and met, from Council's working capital cash flow management.

This policy is more focused on the long-term liabilities (loans) which have arisen from purchasing or constructing assets.

This policy sets out the types of debt instruments that are appropriate and the rules to minimise the interest, credit and liquidity risks resulting through borrowing

Principles

The Council approves borrowing by resolution arising from the Long Term Plan and Annual Plan process. Projected debt levels are ascertained from cash flow forecasts prepared during these planning processes. The Council raises debt, through either external or internal borrowing, for the following primary purposes:

- Borrowing to fund capital expenditure and equity investment
- Specific debt associated with special one-off projects
- To maintain intergenerational equity
- Operating cash management

The Council does not undertake any treasury activity which is unrelated to its underlying cashflows or is purely speculative in nature.

Policy objectives

The objectives of the Policy are to ensure that:

- The Council's borrowings are not detrimental to other areas of the Council's operations. This requires that policy guidance is established to define the borrowing risks acceptable to Council.
- Borrowing is managed to minimise total borrowing costs given the maturity profile chosen and within acceptable risk constraints.
- The Council can meet its borrowing obligations in an orderly manner as and when they fall due, in both the short term and long-term, through appropriate liquidity and funding risk management.
- Appropriate funding facilities are arranged, ensuring these are at market related margins utilising bank debt facilities and/or capital markets (including LGFA) as appropriate.
- The Council stays within its debt covenants contained in the LGFA agreements and the Financial Strategy
- Lender relationships are maintained and the Council's general borrowing profile in the capital markets enables Council to always fund itself appropriately.
- Council is adequately informed of borrowing by way of regular reporting.

Internal borrowing/ investing

Liquid assets are not required to be held against all special funds and reserve funds and the Liability Management Policy explicitly allows for internal borrowing against the investment pool that Council maintains. This may be in lieu of external borrowing or may be used together with external fund raising. In arranging internal borrowing the Council will seek to build repayment flexibility into the loan structure and manage the risks associated with interest rate movement. The rate at which the Council borrows from itself is the midpoint between the external investment rate that the Council would receive and the external borrowing rate that the Council would pay. This rate is calculated with each drawdown and reviewed quarterly.

Policy implementation

Minimising interest rate risk

The choice of a debt portfolio's maturity profile is one of the keys to management of interest rate risk. The term of debt should be selected depending on the volatility of the market as the longer the term the greater the effect of any movement in interest rate.

Risk management products to manage the underlying interest rate risk, (hedging), should be utilised as detailed in when a large debt portfolio is being structured. Specialist external advice should be sought when using these products.

Minimising credit risk

All bank borrowing and interest rate hedging transactions must be undertaken with the New Zealand Government Funding Agency, (LGFA), or a New Zealand registered bank with a minimum Standard and Poor's long-term credit rating of at least A+ (or the Moody's or Fitch rating equivalents).

The Council will satisfy itself in all its borrowing transactions that counterparties are financially adequate, have an appropriate industry standing, and have an appropriate track record to give the Council reasonable certainty that obligations under concluded contracts will be performed.

Liquidity

The liquidity ratio is the total current assets that can quickly be converted to cash - cash, debtors, and pre-approved Committed Cash Advance Facilities (CCAF), divided by the current liabilities that need to be paid. The Council's policy is to maintain a liquidity ratio of a minimum of 1.1:1 at all times, (which means \$1.10 is available for every \$1.00 payable).

Note: Council's unused Committed loan facilities, if any, are to be considered as a liquid and current asset.

Meeting legislative requirements

The Council's debt management must meet all relevant legislative requirements.

Ratepayers, in their own capacity, can make decisions on borrowing but may have different concerns regarding the types of debt that Council has. The Council is not an organisation whose function primarily is dealing in liability management.

Council officers and elected members have a duty to ensure that borrowings are undertaken as per the criteria set out in this policy.

Controls and procedures for borrowing

Internal controls and procedures for borrowing are to be clearly documented.

Management of borrowing

When entering into a borrowing transaction, factors such as the type and term of the debt, its all-up cost (including any ancillary internal and external costs) and its compatibility with the existing debt portfolio shall be considered.

At various times it may be possible to refinance a debt in such a way as to reduce the total costs of the transaction. Any such refinancing must consider the cost/benefit characteristics of the proposed transaction and how the transaction fits within the context of other sections of this policy.

Security

For its general borrowing programme Council offers security under its debenture trust deed, for which security is a charge over all rates.

In exceptional circumstances, security may be offered by providing a charge over one or more of Council's assets. Formal approval from Council is required in such circumstances.

Debt instruments

The Council can borrow using the following instruments and methods:

- Committed bank facilities
- Uncommitted bank facilities
- Commercial Paper issued by LGFA
- Floating Rate instruments
- Fixed rate instruments

Borrowing limits

Council has an obligation to report against the financial prudence benchmarks set out in the Local Government (Financial Reporting and Prudence) Regulations 2014. In addition, the Council has four further debt benchmarks which are used to satisfy financial covenants agreed with LGFA.

Measure	Limit
Net Debt/Total Revenue	<175%
Net Interest/ Total Revenue	<20%
Net Interest/ Annual Rates Income	<25%
Liquidity	>110%

As detailed out in the Council's Financial Strategy, the Council has set the following limits on its level of debt:

- External borrowing will not exceed 175% of total revenue
- Gross interest expense will not exceed 10% of total revenues

Borrowing

(Note: For these purposes 'borrowing' does not include hire purchase, deferred payment or the giving of credit for goods and services where the transaction is for less than 91 days or does not exceed \$500,000. Guidelines for Borrowing Limits are in the Financial Strategy document.)

Council approves, by resolution, the external borrowing requirement (including financial leases) for each financial year during the annual planning process. A resolution of Council is not required for indebtedness in connection to hire purchase, deferred purchase or the giving of credit. The Council has determined that a transaction is not so significant as to require specific authorisation, where the aggregate amount is less than \$200,000, or where the period of indebtedness is less than 91 days.

Council must confirm all new loans required to fund expenditure that has arisen subsequent to the Annual Plan. In approving new debt Council considers the impact on its borrowing limits as well as the size and the economic life of the asset that is being funded and consistency with Council's Long Term Plan.

Borrowing Principles

The following principles are embedded within the policy:

- Debt will be used as a residual source of funds after Council has considered all other available options.
- The mix of debt, reserve and revenue funding will be determined by Council through the Annual Plan or Long Term Plan process.
- Debt raised will be repaid over the economic life of the asset generally restricted to a maximum of 25 years but may be extended to 30 or 50 years.
- Interest costs will be treated as part of the operational expenditure and will be funded annually from operating revenue.
- The repayment of principal on debt will be funded from operating revenue, although Council may resolve to repay loans from other capital sources.

Fixed Rate Hedging Percentages

The table below outlines the minimum and maximum hedged or fixed rate exposure requirements within various time periods. The actual hedging percentages in place, within these bands, will be determined, and reviewed on a regular basis.

	Minimum Fixed Rate	Maximum Fixed Rate
Less than 2 years	40%	100%
2 years to 5 years	25%	80%
5 years to 10 years	0%	60%

Fixed rate hedging in excess of 10 years is permissible provided that it is carried out in conjunction with, or aligns with, an underlying debt instrument.

When managing the interest rate risk of the Council the hedging percentages above relate to total core debt. Core debt cannot exceed borrowing projections as per the Annual Plan or Long Term Plan with the actual quantum used for policy parameters to be reviewed annually.

The hedging parameters are cumulative. For example, if total debt was \$25 million, \$5 million of hedging entered into for a period of five years would increase the hedging profile for all time buckets up to five years, by 20%.

Fixed rate debt is defined as any debt that has an interest rate reset beyond 3 months. The hedging parameters are dependent on the Reserve Bank of New Zealand continuing to implement monetary policy through adjustments to the Official Cash Rate (OCR).

The General Manager Strategic Financial Management and Commercial Services decides the interest rate risk management strategy by monitoring the interest rate markets on a regular basis, evaluating the outlook for short term rates in comparison to the rates payable on fixed rate borrowing.

Authorised interest rate risk management instruments

The following interest rate risk management derivative instruments may be used for interest rate risk management activity.

- Forward rate agreements
- Interest rate swaps
- Swaptions
- Interest rate collar type option strategies in a ratio not exceeding 1:1.

Selling interest rate options for the primary purpose of generating premium income is NOT permitted because of its speculative nature.

The use of Interest rate risk management instruments must have the formal prior approval of the General Manager Strategic Financial Management and Commercial.

Debt repayment

Council will make provision for the repayment of debt over the life of the asset for which the loan has been raised, however, it is not possible or practical in many circumstances to match the life of the asset with the underlying debt. This will be achieved either by making regular loan repayments or through the provision of sinking funds to extinguish debt at a future time.

Management of funding and liquidity risk

The Council must ensure that it has sufficient funds available to meet its obligations as they fall due. Liquidity is improved by maintaining a diversified portfolio of debt and investment with varying degrees of liquidity and maturity dates. This allows the Council to access funds before maturity should the need arise and to prevent large amounts of debt falling due at the same time.

To avoid a concentration of debt maturity dates, where practical no more than 40% of total debt can be refinanced in any rolling 12 month period.

The Council must maintain access to liquidity of not less than 110% of projected core debt. Liquidity can include committed bank facilities, bank cash and term deposits and fixed interest investments. Core debt is defined as that contained in the Long Term Plan/Annual Plan or as otherwise determined by the General Manager Strategic Financial Management and Commercial Services.

New Zealand Local Government Funding Agency (LGFA)

The Council may borrow from LGFA and, in connection with that borrowing, the Council may enter into the following related transactions to the extent it considers necessary or desirable.

- Contribute a portion of its borrowing back to the LGFA as subordinate debt that could, in limited circumstances, be converted to equity if required by LGFA, and
- Secure its borrowings from LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Because of the dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternate investments.

If required in connection with the investment, the Council may subscribe for un-called capital in the LGFA.

Clarification and Breaches

This policy represents the formal policy and expected standards of the Mackenzie District Council. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and employees are reminded of their obligations under the Council's Code of Conduct to give full effect to lawful policies, decisions and practices of the Council.

Clarification

Clarification regarding this policy can be sought from the Mackenzie District Council General Manager Strategic Financial Management and Commercial Services.

Breaches

The General Manager Strategic Financial Management and Commercial Services is responsible for monitoring compliance with this policy. All identified breaches will be escalated to the Chief Executive Officer and any unauthorised breaches will be escalated to Chief Executive Officer and the General Manager People, Customer and Culture Relations and will be treated as misconduct which may result in disciplinary Action.

Exceptions

The General Manager Strategic Financial Management and Commercial Services (being the policy owner) will need to authorise any deviation from this policy.

Related Council policies and documents include:

- Property Sales and Acquisition Policy
- Risk Appetite Statement
- Risk Policy
- Mackenzie District Council Code of Conduct
- Financial Strategy

Relevant legislation and other resources include (but is not limited to):

- Local Government Act 2002
- Local Government Amendment Act 2002 Amendment Act 2019

Part 3 – Accountability

Reporting

For financial market investments, the Manager - Finance will submit a quarterly summary report (as contained in Council's financial variance report) to Council or the responsible Standing Committee outlining:

- term of investments
- interest rates
- movements in portfolio
- any other appropriate measures contained in this policy.

For property investments, the General Manager Strategic Financial Management and Commercial Services will submit an annual property and forestry investment report to the Council detailing:

- investments held (Commercial and Non-commercial)
- the rate of return received by investments (Commercial and Non-commercial)
- confirming adequate insurances are held where appropriate
- movements in portfolio
- maintenance of assets has been carried out as per the relevant asset plan
- revaluations have been carried out where applicable.

For the debt portfolio, the Manager - Finance shall present a quarterly report to Council which contains the following:

- Total debt facility utilisation, including any debt sourced from a bank, the capital markets and the LGFA
- Interest rate maturity profile against percentage hedging limits
- New hedging transactions completed – interest rate risk management
- Funding profile against the policy limits
- Liquidity profile against the policy limits
- Exception reporting as required
- Summary of any unresolved exception reports
- Statement of policy compliance.

MDC Development and Financial Contributions Policy

Policy Status:	Current
Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive July 2024
Legal Reference:	Local Government Act 2002 Section 102

Introduction and Purpose

The Mackenzie District is experiencing significant growth in its population, visitors, development and the local economy. This growth generates high levels of subdivision and development activity increasing demand for assets and services provided by Council.

In response to this development, Council can seek contributions towards the expansion of the District's reserves, community facilities and infrastructure from those developments which place additional demand on these services. Council may levy these contributions through –

- a. Development contributions as defined by Part 8(5) of Schedule 13 of the local Government Act 2002;
- b. Financial contributions as required by the District Plan prepared in accordance with the Resource Management Act 1991.

This Policy has been prepared within the wider context of Council's overall financial management policies and is consistent with the provisions of Council's Revenue and Financing Policy, providing for financial contributions to be used as part of Council's overall approach to funding capital expenditure.

Objectives

This policy is intended to assist the Council to achieve the following objectives:

- Enable Council to plan for and fund infrastructure and facilities that meets the anticipated growth requirements of the district;
- Enable a share of the costs Council incurs to provide infrastructure to be fairly and equitably recovered from those directly benefiting from Council infrastructure.

Assets to be Included

- Network infrastructure for water supplies, wastewater, stormwater and transportation;
- Reserve land;
- Community infrastructure including the development and acquisition of reserve land to use as reserve and facilities needed on that reserve and other public amenities such as halls, libraries, public toilets, and parking facilities.

Definitions

Allotment: has the meaning as prescribed by section 218(2) of the Resource Management Act 1991.

District Plan: the Operative Mackenzie District Plan including any proposed plan or variation.

Minor Unit: a residential unit of not more than 50m² gross floor area and of not more than 4 metres in height above natural ground level.

Multi-unit: any development involving more than one residential unit per

Residential Development: allotment and includes flats, townhouses, retirement villages, and visitor accommodation.

Residential Unit: a single self-contained housekeeping unit, whether of one or more persons, and includes accessory buildings. Where more than one kitchen facility is provided on site, there shall be deemed to be more than one residential unit.

Residential Unit Equivalent: calculated by dividing the total number of people that a multi-unit residential development is designed to accommodate by the deemed average occupancy of 2.6 people per household.

Visitor Accommodation: the use of land and buildings for short-term, commercial living accommodation where the length of stay for any one visitor is not greater than three months at any one time.

Development Contributions

The Council has chosen not to levy any development contributions under the provisions of the Local Government Act 2002.

Financial Contributions

Financial contributions are levied under the provisions of the Resource Management Act 1991 and incorporated in the relevant sections of the Mackenzie District Plan. Financial contributions are required for the provision of open space and recreation, infrastructure services, and car parking provision as set out by the District Plan and this policy.

With the exception of roading, for which no financial contributions are sought, Council has not assumed growth for the Long Term Plan period in excess of capacity within the existing facilities and services for which financial contributions are sought. Where growth may require new or additional services, such work is undertaken by developers. Council does not, therefore, seek financial contributions for capital expenditure in regard to growth. Instead, funding from financial contributions will fund the extension of asset life of each activities for which contributions are sought.

The following table lists the capital expenditure for each activity to be funded by financial contributions for the period 2021-2031:

Activity	2024-2034 Total Amount
Water	\$ 11,581,859
Sewer	\$ 16,820,609
Stormwater	\$ 4,109,116
Reserves	\$ 1,448,506

Reserves Contributions

Reserves contributions are required under the provision of Section 13 of the District Plan. These cash contributions shall be made towards the provision of land for open space in the locality, land for recreational facilities, and maintenance of recreational facilities. Full details of the contributions are contained within the District Plan.

Subdivision

Under provisions of the District Plan, financial contributions towards the provision of open space and recreation where any subdivision creates separately saleable, additional allotments for residential or visitor accommodation purposes, within any zoning excluding within Aoraki/Mt Cook National Park are required.

Within all zones, excluding the Rural and Rural-Residential zones, the contribution is levied at 5% of average cash value of the allotments created, calculated in accordance with the following calculation:

$$5\% \times (a-b) \times c$$

Where:

a = the number of allotments authorised by the subdivision consent and includes:

- i. Vacant allotments, including vacant parts of allotments for cross-leases and unit titles; and
- ii. Allotments created after the erection of a household unit, or where the subdivision and building consent for the household unit are issued in conjunction with one another:

b = number of allotments in the land prior to the subdivision (which were held in separate Certificates of title or for which Certificates of title could be issued without consent of the Council) that when created (either pursuant to a resource consent or previous legislation) complied with the minimum subdivision standards for their respective zones or standards contained in the Plan

c = the average per allotment market value (\$) of all allotment's in the subdivision, determined at the date on which the subdivision is granted, as if the allotments had been subdivided in accordance with the subdivision consent. The value of land for the purposes of determining the average cash value of allotments shall reflect the value of the lots in the completed development

Within the Rural and Rural-Residential zones, the financial contribution towards the provision of open space and recreation is limited to 5% of the average value of 1500m² of each lot, assessed as a site for a residential unit.

Residential Development

The financial contribution policy also applies to new or additional residential units with the cash contribution towards the provision and maintenance of open space and recreation being levied at the following rate:

- Cash equivalent of 20m² of land for each additional residential unit created.

This contribution is levied at the time of building consent, less any contribution made at the time of subdivision in accordance with 1.1 of this policy.

No contributions are required for additional residential units for the sole purpose of providing farm workers accommodation.

Note: a single residential unit is deemed to include a minor residential unit as defined by the District Plan.

Visitor Accommodation

For visitor accommodation, the contribution is required as follows:

- Cash equivalent of the value of 2m² of land for each additional 100m² of new, net area of visitor accommodation building floor area.

This contribution is levied at the time of building consent, less any contribution made at the time of subdivision in accordance with 1.1 of this policy.

Water, Sewer and Stormwater Contribution

The Council also levies financial contributions towards water, sewer and stormwater infrastructure.

A key issue from the provisions of the District Plan is the costs of infrastructure. It is recognised that development adds incrementally to demands on the infrastructure of the District. The District Plan's rules are designed to require new development to contribute a fair and reasonable sum towards the cost of that demand unless it is replacing an existing development. A fair and reasonable share of costs needs to recognise:

- That to manage and develop land (a natural resource) in an orderly and efficient way, it is appropriate to install public utility services (a physical resource) for whole catchments in anticipation of development;
- That there is a need to provide for people and communities' economic and social wellbeing by equitable sharing of costs of utility services over time;

- That works and the costs required for servicing specific areas or developments should be borne by the developers to the extent attributable to the development.

Where adequate public utilities are already in place, it is considered appropriate to enable people and communities to provide for their social and economic benefit, that all users of public utility services (eg water supply, sewerage and stormwater drainage) contribute to these services. New ratepayers otherwise “freeload” on the value and capacity of the asset provided by earlier generations and developers. In this way the Council can confidently plan its servicing to provide for the reasonably foreseeable needs of current and future generations. Financial contributions towards existing infrastructure are based on a “recognised equity” model involving contributions by developers equivalent to the equity held by existing ratepayers in the existing utility service infrastructure.

Contributions are set to ensure a reasonable degree of certainty for developers.

The formula used to calculate the contributions is
$$\frac{V-L}{R}$$

Where:

- V = Latest independent valuation of the water supply/sewerage system/stormwater system plus the value of any capital additions made since that time and less the value of depreciation charged since the date of the valuation.
- L = Capital reserve balance with water supply/sewerage system/stormwater system as at 1 July each year. (The reserve may be in funds or overdrawn resulting in a positive or negative balance.)
- R = Number of connectable properties (or properties for stormwater) contributing to the asset as at 1 July each year.

If subdivision or development should require the provision of additional or new services, a contribution towards the cost of this provision shall be met by the developer.

For the purposes of this requirement, ‘development’ shall mean the construction, erection or alteration of an industrial, service, commercial, recreational, community activity or visitor accommodation with a value of \$100,000, or more than one residential unit on an allotment.

The contribution towards new and future services shall be made as payment of money, provision of land, or any combination of money and land, with the

maximum contribution being the actual costs of providing the service to and/or within the land in the subdivision or the site of the development.

Subdivision

Subdivision of land provides a framework of services for subsequent purchasers of new allotments who have an expectation that services will be available. New subdivision may also give rise to demands for the upgrading of existing services as a direct consequence of the subdivision.

The provision of services within the subdivision is cost recoverable from the sale of allotments and can be imposed on a subdivider at the time of subdivision development. Furthermore, where a subdivision creates a demand for upgrading services outside of the subdivision, the Council is justified in recovering costs attributable to the subdivision itself.

In the event of a subdivision being reticulated with water, sanitary sewage, and/or stormwater connections, financial contributions for these services will be levied at the rate of the contribution as determine in part 2, above for each allotment reticulated with the service, less any contribution paid at the time of a previous subdivision.

Residential Development

Financial contributions may be required for developments as well as subdivision. For this purpose a development means the construction, erection of an industrial, service, commercial, recreational community activity or visitor accommodation with a value of \$100,000 or more, or more than one residential unit or lot, excluding a single minor unit.

Financial contributions for reticulated services will be payable at the rate of one contribution for each reticulated service provided to the site, per additional residential unit.

Financial contributions will be required to be paid at the time of building consent, unless otherwise specified by condition of resource consent.

Visitor Accommodation

Financial contributions towards the provision of reticulated services shall be levied in accordance with the residential unit equivalent for each service, less any contribution made at the time of subdivision.

Financial contributions will be required to be paid at the time of building consent, unless otherwise specified by condition of resource consent.

Car Parking

Section 15 of the District Plan specifies the requirement for the provision of car parking spaces within all zones, excluding the Village Centre zone in Fairlie. In accordance with the provisions of the District Plan, a cash payment may be made in lieu of all or part of the parking requirement in areas where Council is anticipating the creation of public parking that would serve the area of the development.

The contribution is to be made at the rate of the cash equivalent of 25m² at the current market value of the land, per car parking space required.

Review

This policy is to be reviewed every three years and may be amended at any time prior if required.

Council is considering future use of development contributions. Council's next Policy on Development Contributions and Financial Contributions will reflect this change if inclusion of Development Contributions is deemed appropriate.

The Mackenzie District Plan is currently under review. Should provisions for financial contributions be changed by means of this review, the Policy on Development Contributions and Financial Contributions will be reviewed accordingly.

Rates Remissions and Postponement Policy

Policy Status:	Current
Policy Owner:	GM Strategic Financial Management and Commercial Services
Approved by & Date of issue:	Chief Executive July 2024
Legal Reference:	Local Government Act 2002 Section 102(2)(e) and 102(3), and 108, 109 & 110

Purpose

Rates remissions are a useful tool for the Council to address inequities and/or unintended consequences of its rating systems. This policy contains specific sub-policies that each outline objectives sought to be achieved by the use of remissions or postponements, and the conditions and criteria to be met in order for rates to be remitted or postponed.

This policy is made in accordance with sections 102, 109 and 110 of the Local Government Act 2002 and is applied per sections 85-90 of the Local Government (Rating) Act 2002.

*Including the Council's policy on remission and postponement of rates on Maori freehold land

General provisions

- The Council may remit all or part of the rates covered by this Policy, provided both the general conditions and the specific conditions have been met.
- Nothing in this policy provides for the permanent remission or postponement of rates on any property.
- This policy applies to rates within the Mackenzie District levied and collected by the Mackenzie District Council and may include rates collected on behalf of Environment Canterbury subject to the contractual obligations between those two parties.

General conditions

The granting of remissions or postponements available under this policy are subject to the following conditions:

1. Unless provided for in specific conditions and criteria, application must be made in writing, clearly identifying the property, the owner(s) of the property, and full reasons as to why the application for remission or postponement is being made.

Application may be sent to either of the following addresses;

- a. PO Box 52, Fairlie 7949
 - b. 53 Main Street, Fairlie 7925
 - c. Market Place, Twizel 7901
 - d. rates@mackenzie.govt.nz
2. All applications will be considered under their own merit and will be granted only where it is considered fair and equitable to do so.
 3. In considering each application, the Council will consider the extent to which the social, cultural, economic and environmental wellbeing of the district will be promoted by the granting of remission or postponement of rates.
 4. Where an error has been made in the setting of rates on any property, or on the categories and factors used to assess the rates on any property, rates will be remitted as provided for in the Local Government (Rating) Act.

The Council has delegated the authority to consider rates remissions to certain Council officers, as stated in the Council's Delegations Manual. In the event of any dispute arising, the application may be referred to the Chief Executive.

Rates Remission Policy

Policy Objectives

1. To facilitate the ongoing provision of non-commercial (non-business) community services or recreational opportunities for residents of the Mackenzie District.
2. To enable Council to remit penalties on rates where reasonable grounds exist.
3. To enable Council to act fairly and equitably with respect to rates on properties which are contiguous, in the same ownership, and used jointly as one rating unit for which services are utilised at the rate of a single rating unit.
4. To assist ratepayers who have excessive water charges due to a fault (leak) in the internal reticulation serving their rating unit whilst at the same time ensuring that consumers retain their responsibility for the maintenance of their private reticulation.
5. To assist ratepayers who experience extreme financial hardship as the result of the effects of a natural calamity on a rating unit.

Conditions and Criteria

Community, Sporting and Other Organisations

Council may remit a maximum of 50% of total rates levied in any one given year where an application meets all of the following criteria:

1. The land subject to the application is owned by Council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
2. The organisation is not operated for private pecuniary profit, nor does it charge commercial tuition fees.
3. It is not the primary purpose of the group or organisation to address the needs of adult members (over 18 years) for entertainment or social interaction, nor for the engagement in recreational, sporting, or community services as a secondary purpose only.

Remission of Penalties

Council may remit penalties incurred pursuant to s.57 of the Local Government (Rating) Act where the application meets both of the following criteria:

1. An application is received from the ratepayer and there has been no previous history of late payment in the previous 2 years.
2. The ratepayer has joined a repayment plan such as easypay direct debit.

Council will backdate the policy to the start of the repayment plan where the ratepayer has a repayment plan with Council for rate arrears, they continue to make regular and static payments and have a good history of such payments for the previous three months.

Rating Units in Common Ownership

Council may remit targeted rates where an application meets the following criteria:

1. There is only one water and/or sewer connection servicing the combined rating units.

Excess Water Charges

Council may remit a maximum of 50% of the difference between the normal consumption and the actual water consumed within the period subject to the application where both of the following criteria are met:

1. A written application for the remission of water charges, signed by the owner of the rating unit, is made to Council and includes:
 - A report from a registered plumber confirming that the property has experienced a water loss as a result of a leak; or
 - Two subsequent meter readings demonstrating that the leak has been repaired.
2. The applicant has not been granted a remission of excess water charges within the previous three years.

Note: normal consumption will be calculated from the average consumption for the previous three annual meter readings for the rating unit concerned.

Natural Calamity

Council may remit wholly, or in part, any rate or charge or targeted rate made and set in respect of land or improvements, where an application meets all of the following criteria:

1. Land or improvements have been detrimentally affected by erosion, subsidence, submersion or other natural calamity, excluding drought.
2. An application for the remission of rates and charges on land or improvements affected by a natural calamity described in (1) has been received from the registered ratepayer, or their authorised agent and includes:
 - Documented evidence that the rating unit has been detrimentally affected by a natural calamity and the extent of that effect.
3. Council is satisfied that the ratepayer is unlikely to have sufficient funds left, after the payment of rates, for normal healthcare, proper provision for maintenance of his/her home and chattels to an adequate standard, as well as making provision for normal day to day living expenses.

Rates Postponement Policy

Policy Objectives

To provide Council with discretion to postpone the payment of rates as a method of providing relief to ratepayers who are experiencing extreme financial hardship, subject to the full cost of postponement being met by the ratepayer and there being minimal risk of loss to Council.

Conditions and criteria

1. The Council may postpone rates on the grounds of extreme financial hardship upon being satisfied, after full inquiry, that extreme financial hardship exists or would be caused by non- postponement of the whole or part of the rates.
2. In considering the application of this policy, Council will consider the following factors:
 - Background to the ratepayer’s situation, including illness and family circumstances; and
 - The likely period before the ratepayer’s position could be expected to improve; and

- The potential for the ratepayer’s situation to deteriorate further; and
 - A report from a budget advisor.
3. Prior to approving an application for remission of rates under this policy, Council will require evidence that:
 - The applicant has had access to independent financial advice and understands the effects of rates postponement on their equity in the property; and
 - All joint property owners agree to rates postponement; and
 - Where there is a mortgage on the property, the mortgagee agrees to rates postponement.
 4. Wherever possible, rates shall be postponed for a finite period, and a payment plan shall be set up to clear the debt within this time.
 5. Other than in exceptional circumstances, rates postponement will only be considered for rating units that are used as the residence of the applicant.
 6. If the postponement is for other than a residential rating unit, rates will be postponed for a finite period not exceeding 5 years.
 7. Postponed rates will become payable on the earliest of the following dates:
 - a. When the ratepayer ceases to be the owner/occupier of the rating unit; or
 - b. When the ratepayer ceases to use the rating unit as his/her residence; or
 - c. At a date specified by Council at the time the application is approved; or
 - d. In the event of a change in the ratepayer’s circumstances, on written notice by Council.
 8. Where rates are postponed, the ratepayer will still be required to pay a minimum of \$500 towards the annual rates, in addition to any government rebate which may be available in respect of the property.
 9. Rates postponement will apply from the beginning of the rating year in which the application is made although Council may consider extending the postponement to include arrears from previous years.
 10. At the start of any rating year, where a rates postponement arrangement is in place, Council will send an annual statement showing:
 - a. the total amount of postponed rates outstanding; and
 - b. the interest rate charged for the year; and
 - c. accrued interest; and

- d. any fees charged during the year.
11. Where rates are postponed, Council will require annual confirmation that the dwelling on the property has appropriate insurance cover.
 12. Penalty charges (pursuant to s.57 of the Local Government (Rating) Act) will not be added to postponed rates.
 13. The amount of any rates postponed, including postponement fees, where applicable will be secured by a Statutory Land Charge on the Certificate of Title of the Rating Unit.
 14. Pursuant to Section 88 of the Local Government (Rating) Act, a postponement fee will be charged on the amount of rates postponed. The amount of the fee will be calculated on the outstanding daily balance applying between the date each instalment is due and the date that the rates are paid using a rate equal to the over interest rate charged by Council's bankers at the commencement of each financial year.
 15. The administrative cost of setting up the postponement, including any costs of registering and releasing the postponement on the Certificate of Title, will be met by the applicant at the time the application is approved or added to the amount postponed.
 16. Council will notify the Canterbury Regional Council of any postponement of rates.

Rates Remission and Postponement on Maori Freehold Land Policy

Introduction

This policy aims to ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori owned lands have particular conditions, features, ownership structures or other circumstances which make it appropriate to provide relief from rates.

Definitions

Māori Freehold Land: Land whose beneficial ownership has been determined by the Māori Land Court by freehold order.

Policy Objectives

1. To recognise and support the relationship of Māori and their culture and traditions with their ancestral lands;
2. To recognise and take into account the presence of wāhi tapu sites of cultural significance or other cultural values that may affect the use of the land for other purposes;
3. To avoid further alienation of Māori Freehold Land as a result of pressures that may arise from the imposition of rates on unoccupied land;
4. To recognise and take into account the importance of land in providing economic and infrastructure support for marae and associated papakāinga housing;
5. To recognise and take into account the importance of land for community goals relating to:
 - a. The protection of outstanding natural features;
 - b. The protection of significant indigenous vegetation and significant habitat of indigenous fauna.

Conditions and Criteria

1. Māori Freehold Land is not subject to the general rate unless such land is used for commercial purposes.
2. Targeted rates for Water, Sewer, and Solid Waste services will apply to all Māori Freehold Land for which these services are provided.

Note: There is currently no Māori Freehold Land within the Mackenzie District