



ANNUAL REPORT 2018/19

Today's,
choices,
tomorrow's
Mackenzie



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Introduction from your Mayor

and Chief Executive

We are pleased to present our 2018/19 Annual Report to our community.

Our District is continuing to experience unprecedented growth in tourism and development which is significantly impacting on all of our activities. This year we processed 384 building consents and 148 resource consents with a notable increase in the value and complexity of many of these developments.


As we predicted, we struck our rates increase for 2018/19 at 8% equating to \$9.6 million rates revenue with an additional 169 new rateable properties being registered during the year. Our total revenue for the year was \$25 million, up 2% from last year. Our total expenditure was equal to last year at \$17 million, leaving a surplus after tax of \$8 million. This is mainly due to the vesting of new assets, grant funding, returns on investments and financial contributions. Our net debt remains at zero but, as indicated in our Long Term Plan, this is likely to change in the near future.

We continued to manage our assets sensibly and have invested \$4.7 million in capital expenditure (excluding vested assets), including \$3.4 million in core infrastructure. In addition, we received \$3.6 million of vested assets including land, roading, water and waste water infrastructure. This year we were successful in obtaining Central Government grants totalling \$1.078 million for tourism infrastructure and freedom camping management with projects to be completed in 2019/20.

We have continued to work closely and collaboratively with our partners, peers and stakeholders. Working closely with the Mackenzie Development Group, we have been successful in securing \$711,542 of grant funding for the 2019/20 year for the completion of a feasibility study to determine the best possible pathway towards a sustainable district. Our ratepayers will contribute a further \$90,000 towards this study. The project, called Destination Mackenzie, is well underway and has a 30-50 year planning horizon. Council has formed an independent governance structure consisting of various government agencies (Ministry of Business, Innovation and Employment (MBIE), Land Information New Zealand (LINZ), the New Zealand Transport Agency (NZTA) and the Department of Conservation (DoC)) and the Mackenzie Development Group to guide the direction and progress of this project, with Council remaining the final decision maker. We are grateful for the assistance of the Mackenzie Development Group – a district wide group of local businesses and the South Canterbury Chamber of Commerce, in securing this funding and for their continued support and valued contribution to finalise this important project.

This year we have undergone an in-depth organisational review of our operations with the aim of improving our effectiveness and efficiencies to provide the greatest service to our communities. This was a result of the earlier CouncilMARK assessment, conducted by independent assessors, which highlighted that Council was at risk across the four areas of assessment. We have successfully completed a major restructure of our operations and have put in place a two year change and transformation programme to focus on improvements to our policies, systems, processes and procedures. Although the restructure has created some disruption in service provision and delays in some capital projects, there has been a significant increase in our productivity. However, we are mindful that we need to retain our focus and energy on our change and transformation programme, and will work to ensure that we continue to foster a customer friendly culture and to ensure that we can deliver our community outcomes which we set in our Long Term Plan 2018/28.

We are appreciative of the sterling effort of our elected members, staff and community during this year. Together we are ensuring that we make the Mackenzie a better place to live, work and play. We look forward to working with you, and for you, in the next financial year.


Graham Smith
Mayor


Suzette van Aswegen
Chief Executive



Statement of Compliance

Statement of Compliance

The Council and management of Mackenzie District Council confirm that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been met.

Statement of Responsibility

The Council and management accept responsibility for the preparation of the annual Financial Statements and the judgements used in them, and hereby adopt the Financial Statements as presented. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting.

In the opinion of the Council and management, the annual Financial Statements for the year ending 30 June 2019 fairly reflect the financial position, financial performance and service achievements of the Mackenzie District Council.



Graham Smith
Mayor
31 October 2019



Suzette van Aswegen
Chief Executive
31 October 2019





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Your Council

As at 30 June 2019



Graham Smith
Mayor

027 228 5588
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Deputy Mayor

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Chris Clarke

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chrisclarke@mackenzie.govt.nz



Stuart Barwood

Opuha Ward
027 687 8920
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stuartbarwood@mackenzie.govt.nz

Community Boards

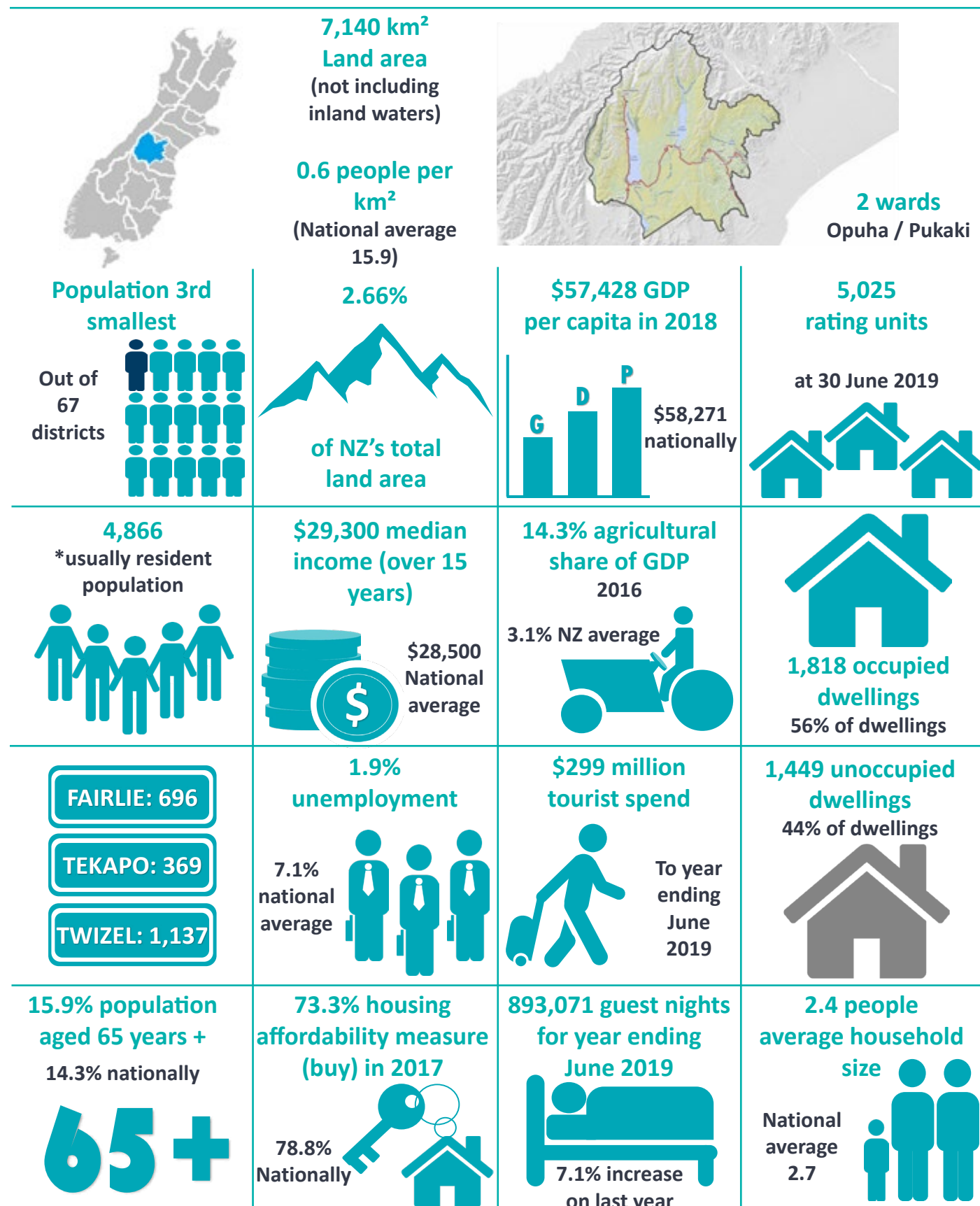
As at 30 June 2019

The Mackenzie District has three Community Boards:

- Fairlie – elected by the electors of the Fairlie community boundary;
- Tekapo – elected by the electors of the former Tekapo Ward; and
- Twizel – elected by the electors of the Twizel Township.

FAIRLIE COMMUNITY BOARD	Les Blacklock (Chair)	027 252 2227 / 03 685 6115 theteds1955@gmail.com
	Carolyn Coakley	027 478 3107 / 03 685 5998 carocoakley@gmail.com
	Pauline Jackson	027 212 5727 / 03 685 8627 highctrymc@xtra.co.nz
	Damon Smith	021 065 4062 / 03 685 8627 damonsmithy@gmail.com
	Councillor Chris Clarke	022 026 8708 / 03 685 8535 chrisclarke@mackenzie.govt.nz
TEKAPO COMMUNITY BOARD	Stella Sweney (Chair)	021 0460 886 / 03 680 6222 stellasweney12@gmail.com
	Steve Howes	021 801 216 / 03 680 6674 steveh@instants.co.nz
	Carroll Simcox	027 235 6722 / 03 680 6607 carrollsimcox@xtra.com
	Lyn Martin	03 680 6537 lyntekapo@gmail.com
	Councillor Russell Armstrong	027 431 775 / 03 435 0421 russellarmstrong@mackenzie.govt.nz
TWIZEL COMMUNITY BOARD	Jaqui de Buyzer (Chair)	027 383 5695 jacqui.debuyzer@xtra.co.nz
	Norman Geary	027 848 752 norman.geary@gmail.com
	Nicola (Nancy) Collins	021 069 4167 nancy.herself@gmail.com
	Pat Shuker	022 010 7320
	Councillor Paul Hannagan	021 142 3163 paulhannagan@mackenzie.govt.nz

Our District



Data sources: Statistics NZ 2013 & 2018 Censuses, MBIE Monthly Regional Tourism Estimates, MBIE Regional Economic Activity

Our vision and mission

Mission Statement

In February 2019, Council adopted a Business Strategy identifying operational priorities for the next four years. As part of our Business Strategy, we reviewed our values.

Due to the changing nature of the district, Council has also identified a set of new values as reflected below. These values will act as our guide (or guiding light) when considering options and making decisions for the future.



Vision Statement

Mackenzie District will be a district in which:

- We foster the unique attributes and strong sense of community that makes the Mackenzie District special.
- Our natural environment is protected and enhanced in balance with achieving social and commercial objectives.
- A dynamic economy provides employment and investment opportunities consistent with the quality of life aspirations of existing and future generations.
- Democracy is respected and equal opportunity and the rights of the individual are upheld.
- A variety of sporting, recreational, cultural, spiritual, welfare and educational resources are available to enrich the lives of our people.
- Safe, effective, sustainable water, waste, communication, energy and transport systems are in place.
- People are encouraged to use their skills and talents for the benefit of the community.

Community Outcomes

Council activities at a glance

This section of the Annual Report explains how Council’s activities will contribute towards the achievement of the Community Outcomes identified earlier in this Report.

Council activities have been grouped into the following:

Groups of Activities	Activities			
 GOVERNANCE & CORPORATE SERVICES	•Governance •IT Department	•Administration •Community Facilities Department	•Finance •Engineering Department	•Chief Executive Office
 WATER SUPPLIES	•Water Supply			
 WASTEWATER	•Wastewater			
 STORMWATER	•Stormwater			
 ROADING	•Traffic Services •Drainage & Parking	•Footpaths •Street Lighting	•Bridges •Sealed & Unsealed Roads	•Cycleways & Walkways
 REGULATORY SERVICES	•Building Control •Civil Defence & Emergency Management	•Animal Control	•District Planning	•Environmental Health
 COMMUNITY & TOWNSHIP SERVICES	•Cemeteries •Toilets	•Halls •Libraries	•Solid Waste •Medical Centres	•Parks & Swimming Pools •Pensioner Housing
 TOURISM, ECONOMIC DEVELOPMENT & COMMERCIAL ACTIVITIES	•Real Estate •Economic Development and District Promotion	•Forestry	•Investments	•Pukaki Airport

Each of Council’s groups of activities contribute to our community outcomes as summarised below:

								
AN ATTRACTIVE AND HIGHLY VALUED NATURAL ENVIRONMENT	✓	✓	✓	✓	✓	✓	✓	✓
A THRIVING ECONOMY	✓	✓	✓	✓	✓	✓	✓	✓
A DEMOCRACY THAT UPHOLDS THE RIGHTS OF THE INDIVIDUAL	✓							
A FIT AND HEALTHY COMMUNITY	✓	✓	✓	✓	✓	✓	✓	✓
SAFE, EFFECTIVE AND SUSTAINABLE INFRASTRUCTURE	✓	✓	✓	✓	✓	✓	✓	✓
A SUPPORTIVE AND CONTRIBUTING COMMUNITY	✓						✓	✓

AN ATTRACTIVE AND HIGHLY VALUED NATURAL ENVIRONMENT	The outstanding natural features of the district need to be preserved, enhanced, accessible and promoted. Anyone who has lived in the Mackenzie District or who has visited, understands that the natural environment is our greatest asset. Council’s role in supporting this outcome is as a regulator through its District Plan. This provides a detailed framework for managing the natural and physical resources of the district. Council also provides and funds local reserves, and acts as an advocate for environmental issues. It has also joined other councils in protecting our lakes and streams for generations to come under the Canterbury Water Management Strategy.
A THRIVING ECONOMY	We need to have a well-balanced economy, providing employment and investment opportunities, and sustaining a full range of support services. Our prosperity is based on farming, hydro-electric power generation and tourism. Council’s role in economic development is to provide a regulatory environment that facilitates growth. It also funds the support and promotion of businesses in the district.
A DEMOCRACY THAT UPHOLDS THE RIGHTS OF THE INDIVIDUAL	The district needs a council that represents its community while respecting the rights of the individual. The Mackenzie District, with an estimated population of 4,300 is represented by 19 elected representatives who continue a long tradition of championing a vigorous local democracy. The role of elected members is to represent the district and their community, make decisions on its behalf, and advocate when required.
A FIT AND HEALTHY COMMUNITY	We need a variety of sporting, recreational, cultural, spiritual, health, welfare and education resources to help sustain and enrich our lives. Council is one of the major providers of recreational and community facilities such as sports grounds and community halls. It works alongside local clubs and volunteers to help promote a fit and healthy community. It also supports the provision of medical and other social services and will act as an advocate where required on behalf of the community.
SAFE, EFFECTIVE AND SUSTAINABLE INFRASTRUCTURE	Council is the prime provider and funder of essential services including roads, drinking water, sewage treatment, storm water disposal, refuse collection and recycling. This is very much the council’s “bread and butter”.
A SUPPORTIVE AND CONTRIBUTING COMMUNITY	Council seeks to foster a supportive and contributing community and encourage people to use their skills for the benefit of the wider community. The supportive nature of the Mackenzie community is one of its unique advantages and is recognised and valued by those who live here. Council plays a supportive role in this area, advocating on behalf of community groups when required and facilitating local initiatives.

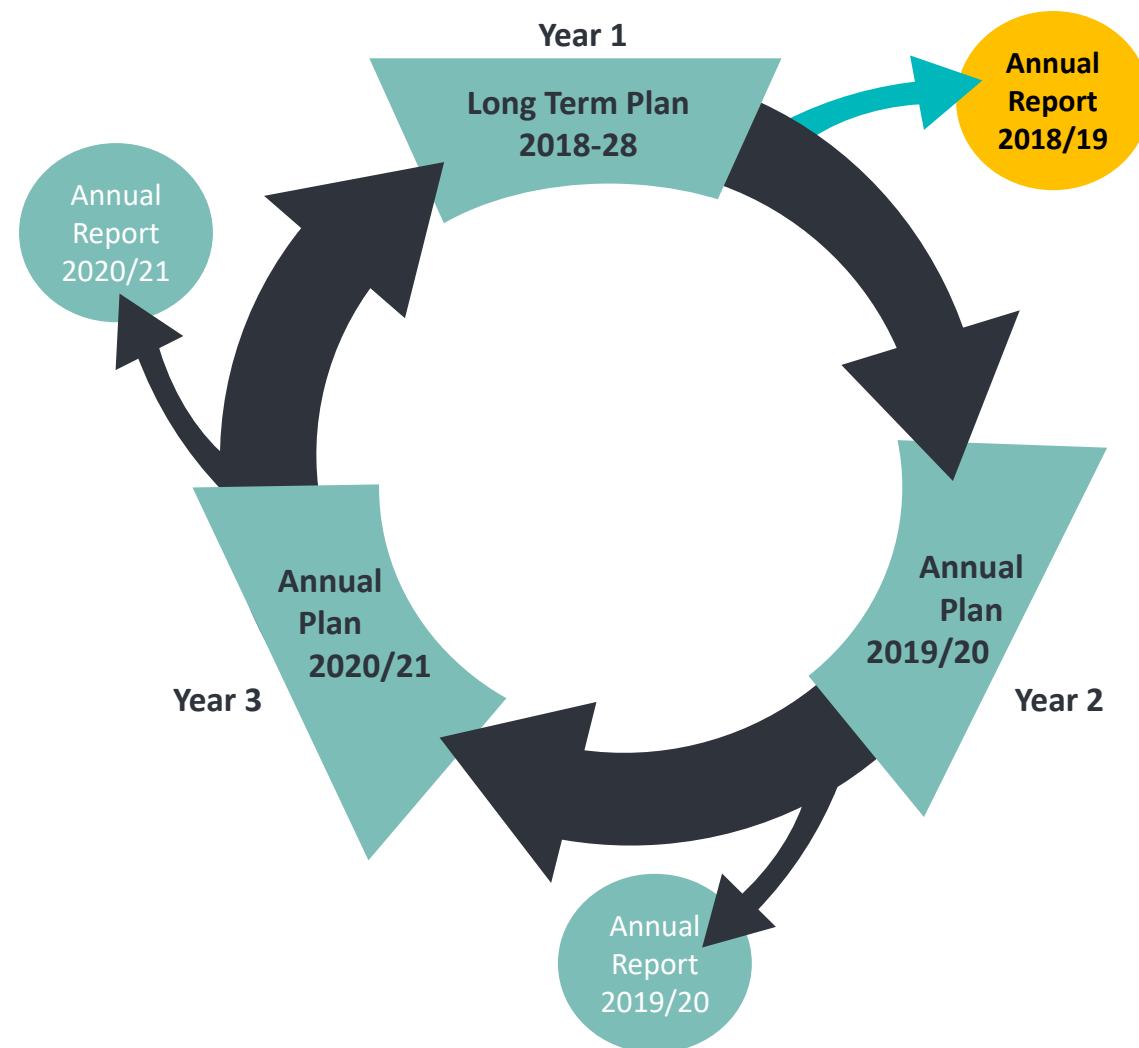
How we plan for our District

Council's planning process centres on three key documents:

- 1)** The **Long Term Plan (LTP)**, prepared every three years, is a strategic planning document which forecasts Council's budgets and project priorities over its ten year life.
- 2)** The **Annual Plan** is produced in the years when we do not produce a Long Term Plan. The Annual Plan updates the work programme and budget in detail for the year the plan covers.
- 3)** The **Annual Report** is prepared every year to report on how the Council performed against its targeted budget and work programme for the year and to report any variations.

This is our **Year 1 Annual Report** which shows what we've achieved together in 2018/19, detailing performance achieved against the target and work programmes detailed in Year 1 of our Long Term Plan 2018-2028.

In June 2018, Council adopted its Long Term Plan (LTP) 2018-2028 which shows what we plan to do for the next 10 years, how much it will cost and what the community will receive. Our LTP is reviewed every three years. You can find the LTP 2018-2028 at www.mackenzie.govt.nz 'Long Term Plan 2018-2028'.





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Organisational Review

Last year we were assessed by CouncilMARK. Following from the release of the report and recommendations in early 2018, the 2018/19 financial year has seen Council reviewing its operations in order to achieve greater effectiveness and efficiency, to better serve our communities.

An Organisational Review was completed in February 2019 by an independent external consultant with the assistance of a strategic human resources specialist. One of the recommendations of this review was to undertake a significant restructure of our organisation. Our restructure was completed in May 2019 with the new structure taking effect on 7 May 2019.

With a new Executive Team on board, our focus has now shifted to implementing the remainder of the Organisational Review recommendations. This includes reviewing our policies, systems, processes and procedures. We will also be undertaking detailed reviews of specific activities such as the provision of our Information Centre in Twizel.

In addition to the structural and process changes, we are working together to effect a cultural change which will see the collaborative preparation of organisational values which we will incorporate into everything we do and all of our systems and processes. These will encourage constructive behaviours of our team and enhance our organisational performance and customer service, better enabling us to serve our communities.



Planning for our Growth

Tourism Infrastructure Projects

As a district, we are continuing to experience rapid growth. Whilst we recognise the benefits of this growing economy, we acknowledge the burden this places on our communities and ratepayers.

In managing the growing need for tourism infrastructure that does not come at the cost of our communities, we are grateful for the funding assistance available from Central Government. These have included, but are not limited to the following tourism related projects:

- Alps2Ocean track resilience project;
- Responsible Camping including 7 new public toilets located in tourism hot spots in a joint venture with the Waitaki District Council, NZTA, DOC and LINZ to monitor and promote responsible camping in the District; and
- the Church of the Good Shepherd and Collie Dog Statue improvements which will be finalised in the 2019/20 year.

Looking ahead we will continue to look for opportunities to improve our infrastructure, particularly where we are experiencing tourism pressures and we will work collaboratively with Central Government, our neighbouring Councils and key stakeholders.



Provincial Growth Fund

This year, working in close collaboration with the Mackenzie Development Group, we have successfully secured \$711,542 of grant funding from the Provincial Growth Fund, with a co-contribution of \$90,000 by our ratepayers. This funding will be paid in the 2019/20 year.

Since December 2018, we have been working with our partners to form a Working Group and Governance Group to oversee this project. This year we have developed a Terms of Reference, Project Brief and project plan to guide us as we progress this key work for our district and communities.

Dark Sky Place of the Year



Each year, a single International Dark Sky Place (IDSP) is awarded the title of International Dark Sky Place (Park, Reserve, Community, or Sanctuary) of the Year. This award is given in recognition of a recent exceptional achievement to an IDSP that has been established for at least 3 years.

In 2018, the International Dark Sky Place of the Year Award was presented to our Aoraki Mackenzie International Dark Sky Reserve.

This is a significant recognition of the uniqueness of our district.

Laserfiche Award

A new document management system

Recognising the need to ensure that we are able to keep accurate and complete records, in compliance with national standards, we prioritised the need for a new Electronic Document Management System (EDRMS). Working within our shared services model with Hurunui District Council, we rolled Laserfiche out across Council, undertaking migration of our electronic files, offering individualised training to all staff and promoting a culture change within our organisation. This project was a resounding success, with a significant increase in staff working within the document management system, ensuring that we are best able to have full and accurate records.

Recognition of our new document management system - IRM Project of the Year

Our work in designing, rolling-out and undertaking training and culture change was recognised by the Association of Local Government Information Management (ALGIM). In recognising the joint effort between our staff and Hurunui District Council, we were awarded the the 2019 IRM Project of the Year Award.

This project has been a great success, thanks to the efforts of our staff and Hurunui District Council. Congratulations to all involved.



Financial highlights

- We had an overall surplus after tax of **\$8 million**, with a total revenue of **\$25 million**. Of this surplus, a significant amount relates to funds which are not truly 'profit' (vested assets, financial contributions held for future work etc).

- Our total expenditure was **\$17 million**.

We remain debt free

- Our net debt at 30 June 2019 stands at **nil**.

Our rates remain low

- We collected **\$9.6 million** in rates.
- We predicted an 8% average rates rise with our rates rise for 2018/19 being struck at **8%**.

We are growing

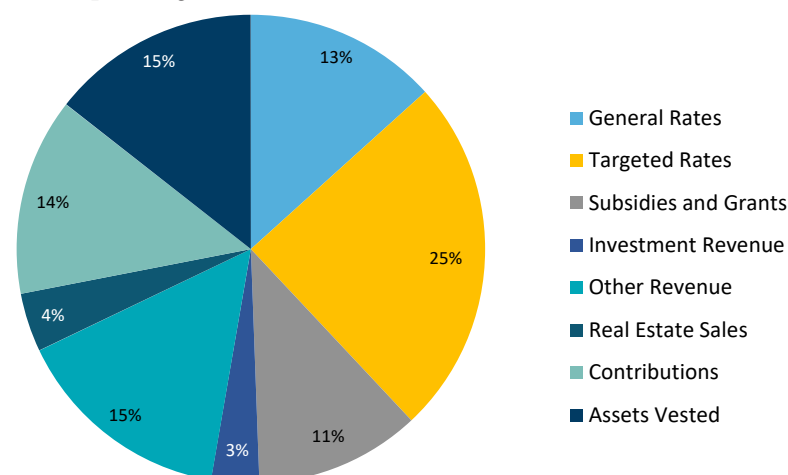
- We have **104** new rating units.
- We processed **384** building consents.
- We granted **148** resource consents.

We continue to invest in our infrastructure

- We currently own **\$161 million** of assets.
- We invested **\$4.7 million** in capital expenditure (excluding vested assets) on our infrastructure and other assets. \$3.4 million of this was on our core infrastructure.
- We received **\$3.6 million** of vested assets including roading, water and wastewater infrastructure.
- We obtained **\$1.078m** of tourism infrastructure funding for key tourism related projects and planning.
- We also secured **\$711,000** of funding from the Provincial Growth Fund towards a collaborative Destination Mackenzie Study.

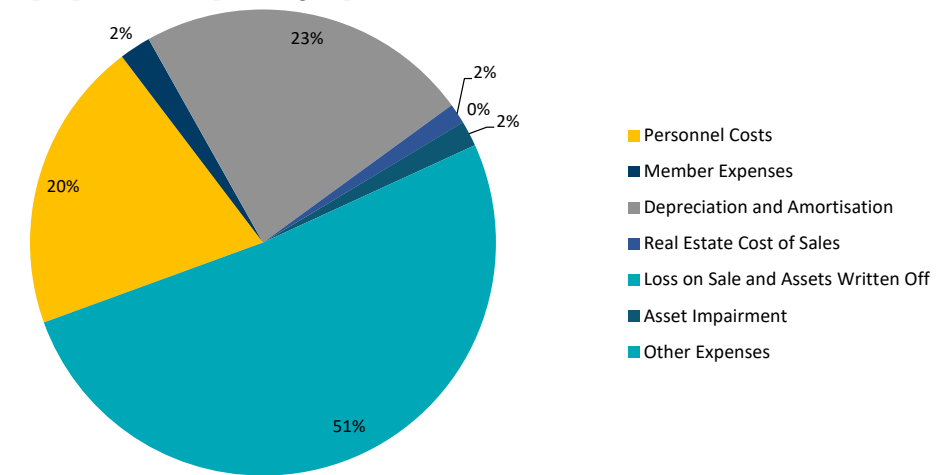
What operating revenue was received?

This chart shows the proportion of operating revenue collected in 2018/19.



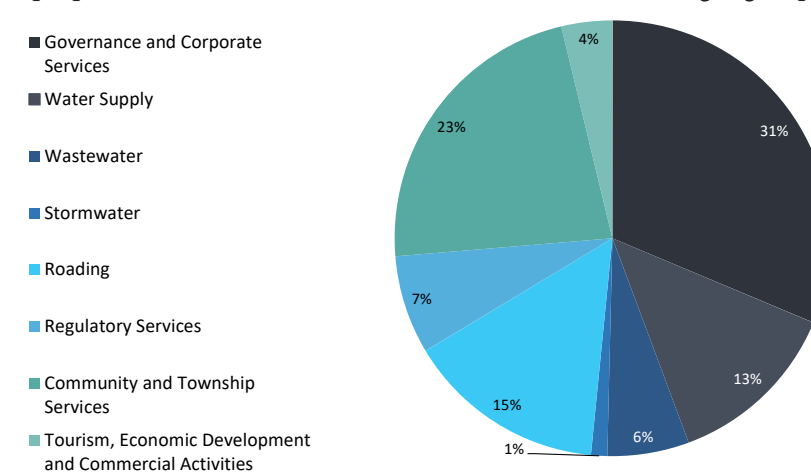
What operating expenditure was incurred?

This chart shows the proportion of operating expenditure in 2018/19.



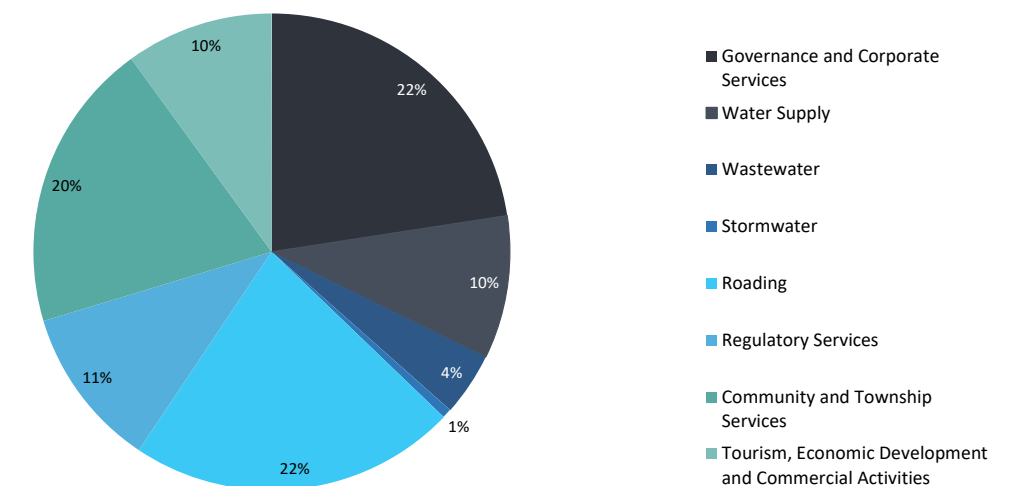
Where we collected your rates

This chart shows the proportion of rates collected that went into each of our eight groups of activities in 2018/19.



Where were your rates spent?

This chart shows the proportion of rates spent on operating expenditure in each of our eight groups of activities in 2018/19.



Grants and awards

The **Mackenzie County Scholarship** awarded by the Mackenzie County Scholarship Trust for the first year of tertiary education was awarded to:

- Will Pudney (Mackenzie resident/ratepayer)
- Hannah Aronsen (Twizel Area School)
- Tim Preston-Marshall (Mackenzie College)

The **Bruce Scott Memorial Prize** awarded to the senior secondary student of the Mackenzie District who best exhibits sustained effort and application in all that they do and who always demonstrates good citizenship, practical skills and leadership, was awarded to:

- Amber Gallagher

Grants

Grants awarded to the community by Council:

Awarded to	Grant amount \$
Mackenzie College - to upgrade the Mackenzie Community Library foyer	\$17,390
Professor J Hearnshaw travel to receive the International Dark Sky Place of the Year Award on behalf of the Aoraki Mackenzie International Dark Sky Reserve Board	\$2,000
Lake Tekapo Regional Park Incorporated Society	\$20,000
Heritage Protection Fund Grant - Burkes Pass Church	\$430
Twizel-Tekapo Community Vehicle Trust	\$6,040

Grants awarded to the community by Twizel Community Board:

Awarded to	Grant amount \$
Twizel Kindergarten	\$138
Twizel Area School prizegiving	\$100
Z Baikie towards attending the US National Snowboarding Championship	\$500
Twizel Wellness Day - Twizel Events Centre Hire and Heating	\$217

Grants awarded to the community by Tekapo Community Board:

Awarded to	Grant amount \$
Lake Tekapo Promotions Association	\$6,920

Grants awarded to the community by Fairlie Community Board:

No discretionary grants awarded.

Citizenship Ceremonies

11 December 2018

- Rosemary Adams
- Russell Frank
- Nicola Frank
- Samuel Frank
- Charles Frank
- Evangeline Goh
- Jyri Laukkanen
- Marju Laukkanen
- Tuulianna Laukkanen
- Hannariina Laukkanen
- Lalaine Pasaol
- Abner Pasaol
- Rhys Pasaol
- Lance Pasaol



26 March 2019

- Christopher Lynch
- Kouper Lynch



18 June 2019

- Clare Lawrence
- Laisiasa Ranuinui
- Neilege Ranuinui
- Natalia Zuleta



Working with our partners

Te Rūnanga o Ngāi Tahu and ngā papatipu rūnanga

Council has established relationships with Te Rūnanga o Ngāi Tahu (TRoNT) and the three papatipu rūnanga whose rōhe (area) include the Mackenzie District: Te Rūnanga o Arowhenua, Te Rūnanga o Waihao, and Te Rūnanga o Moeraki. To read more about our relationships with TRoNT and ngā papatipu rūnanga, see page 200.

Mid South Canterbury Rooding Collaboration

The Mid South Canterbury Rooding Collaboration was established in 2014 allowing for collaboration across Mackenzie, Timaru, Waimate and Ashburton Districts in road work contracting. The road operations and maintenance activity for the collaborative region was procured by each of the Councils through a single common specification, which also provided for the unique requirements of each district. As well as enabling Council to use joint procurement of works contracts to ensure that we are getting the best deal for work, the collaboration enables the sharing of resources and skills, an important benefit for small councils.

Mackenzie Alignment

Together with Environment Canterbury Regional Council, Department of Conservation, Land Information New Zealand, and Waitaki District Council, we have formed a partnership group known as the Mackenzie Alignment. The purpose of the group and the alignment project is to ensure effective and coordinated management of the Basin's land and water resources.

Mackenzie & Waitaki Basin Responsible Camping Working Group

We are part of a collaborative arrangement with Waitaki District Council, the Department of Conservation, Land Information New Zealand, and the New Zealand Transport Agency to look at tourism pressures across the Mackenzie and Waitaki Basins. The group works to respond to central government's aim to address freedom camping issues through the responsible camping fund.

Canterbury Waste

Our Council works alongside all district and city councils within Canterbury and Environment Canterbury Regional Council to advance regional waste minimisation in addition to the work being done by each Council.

Alps2Ocean

A collaboration between the Mackenzie and Waitaki District Councils, the Alps2Ocean Cycleway is an asset for our region. The joint venture project is managed by the Alps2Ocean Joint Committee, which is a joint committee of the 2 Councils with members from the Mackenzie District Council, Waitaki District Council, Department of Conservation and two Business Partners.

Shared Public Health and Liquor Licensing

Our Council is part of a shared public health and liquor licensing service with Timaru and Waimate District Councils with a joint local alcohol policy providing a consistent approach to how the sale of alcohol is managed across the districts. Public health and liquor licensing is managed through a contract with Timaru District Council.

Library Services

In providing for libraries in Twizel and Fairlie the Council 'purchases' library services from the Twizel Area School and Mackenzie College. These services are provided through agreements with Twizel Area School Management Committee for the Twizel Library and Mackenzie College for the Fairlie Library. Council provides 52% of the funding for these services with the remainder provided by the schools.

Canterbury Water Management

Launched in 2009, the Canterbury Water Management Strategy sets out a collaborative, community-led approach to environmentally sustainable water management.

In managing water across Canterbury, water zone committees were established. They serve to develop actions and tactics to deliver on the ten targets of the Canterbury Water Management Strategy in their respective zones. There are two zones within our district:

- Upper Waitaki Zone Water Management Committee – joint committee of Environment Canterbury, and Mackenzie and Waitaki District Councils.
- Orari-Temuka-Opihi-Pareora Zone Water Management Committee – joint committee of Environment Canterbury and Mackenzie, Timaru and Waimate District Councils.

Shared Information Technology

Our Council is part of a shared information technology (IT) service alongside Hurunui and Kaikoura District Councils. The shared IT service began in 2016 and involves:

- A data centre housing the servers, and core networking and IT security and management systems;
- Data storage;
- GIS mapping capability;
- An IT service desk that takes all user requests for support and routes them to a shared team.

The shared service provides a more stable, reliable and resilient IT system and results in savings and efficiencies for Council in providing IT services to the organisation.

Services for our district

Each year we measure ourselves against the goals in our Long Term Plan. The following highlights our achievement within each of our groups of activities against these standards for 2018/19.

Last year (2017/18) we:

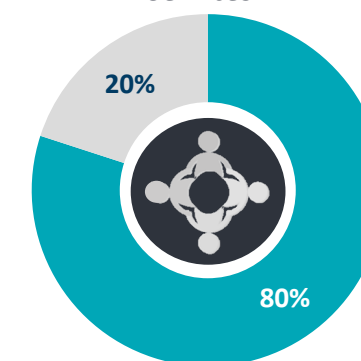
- achieved 36 out of 54 measures (67%)
- did not achieve 17 out of 54 measures (31%)
- measure not applicable: 1 out of 54 measures (2%)

This year (2018/19) we:

- achieved 41 out of 54 measures (**76%**)
- did not achieve 11 out of 54 measures (20%)
- measure not applicable: 2 out of 54 measures (4%)

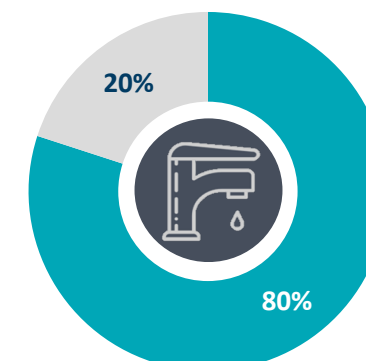
■ Achieved ■ Not Achieved ■ Not Applicable

Goverance and Corporate Services



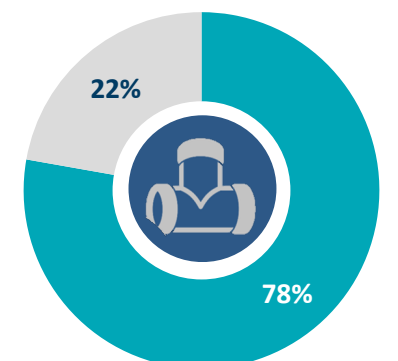
Achieved 4 of 5 measures

Water Supply



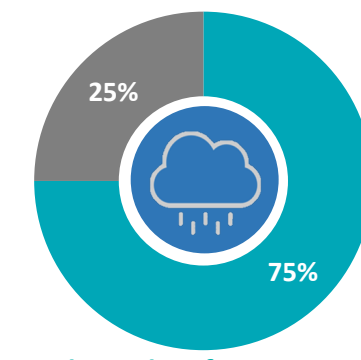
Achieved 8 of 10 measures

Wastewater



Achieved 7 of 9 measures

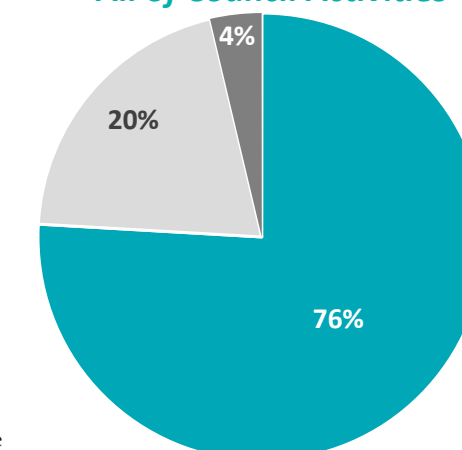
Stormwater



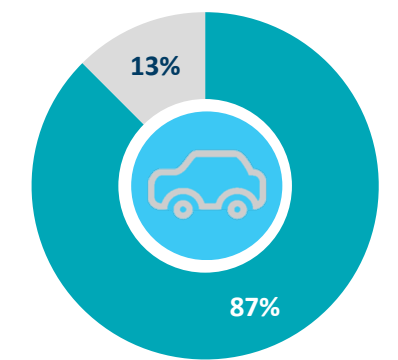
Achieved 6 of 8 measures

*2 out of 8 measures were not applicable

All of Council Activities

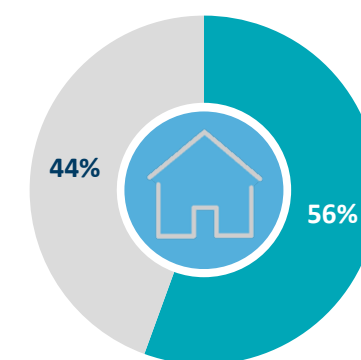


Rooding



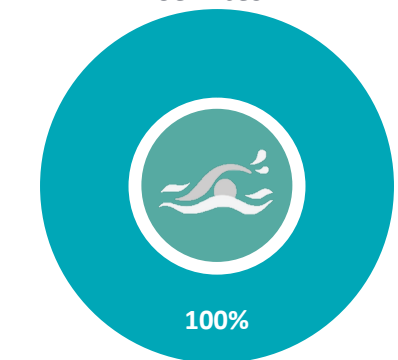
Achieved 7 of 8 measures

Regulatory Services



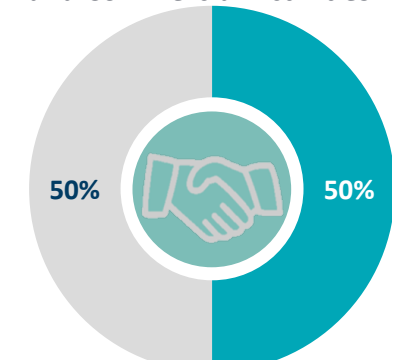
Achieved 5 of 9 measures

Community and Township Services



Achieved 3 of 3 measures

Tourism, Economic, Development and Commercial Activities



Achieved 1 of 2 measures

Full details about our performance in each of our groups of activities can be found in **Chapter 3: Council Activities**.



This section provides a detailed account of how we performed against the first year of the LTP 2018-28. For each group of activities we have provided information on how we have performed, challenges/issues we have experienced, looking ahead, and financial information.

Governance and Corporate Services.....25

Water Supplies.....33

Wastewater43

Stormwater53

Roading.....61

Regulatory Services73

Community and Township Services89

Tourism, Economic Development and Commercial Activities101

Governance and

Corporate Services



KEY FACTS

as at 30 June 2019

2

wards

Mayor elected at large and six councillors from two wards: Pukaki & Opuha

3

community boards

Twizel; Tekapo; and Fairlie.

7

committees of Council

Finance;
Assets & Services;
Planning & Regulations;
Strategy;
Audit & Risk;
Mackenzie Forestry; and
Pukaki Airport Board.

28

full time staff

and 9 part time staff

The Governance and Corporate Services activity supports and guides all the activities carried out by the Mackenzie District Council.

These services enable the Council to function and provide stable, transparent, effective, efficient and accountable local governance to the district.

What we do

Governance

Under section 41 of the Local Government Act 2002 (LGA), a territorial authority must have a governing body consisting of a Mayor and members. That body is responsible and democratically accountable for the decision making of the local authority.

The Mackenzie District Council comprises a Mayor elected at large and six councillors elected from two wards (three from each ward). The district also has three elected Community Boards representing Twizel, Tekapo and Fairlie.

The governance activity includes all work associated with the elected Council and the Community Boards. Elected members, being the community's representatives, make decisions within the framework of the LGA on behalf of, and in the interests of, our community.

Corporate Services

Corporate Services provides managerial and administrative support for all other activities undertaken by the Council.

Key projects for 2018/19

As well as business as usual administration and support for Council activities, we had planned a number of projects for the 2018/19 year within our Governance and Corporate Services activity area.

Project 1: Website development



Deferred to 2019/20

We recognised the need for a functional, easily accessible and user friendly website to better serve the needs of our community and were planning make some improvements to our website during 2019/20.

To ensure that we made the most of this opportunity, this work was delayed until we completed our organisational review and identified areas of greatest need and opportunities for improved customer service. We are now planning on making significant improvements to the way in which we use our website and online services. This project will be progressed in the 2019/20 year within existing budgets.

Project 2: GIS aerals update



Deferred to 2019/20

In addition to our website improvements, we have been planning on upgrading our GIS aerial maps. Although we were unable to complete this work programme during this financial year, we intend to progress this during 2019/20 within existing budget. Work will include aerial scanning of our district, especially our townships, to provide high density images for our maps. We are also working in partnership with Canterbury Maps to improve our public viewers and mapping.

Project 3: Rates and funding review



Progressing

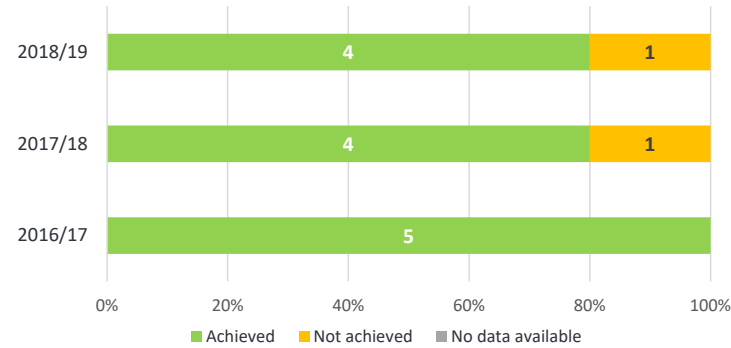
Following submissions to our Long Term Plan 2018-2028 (LTP), we indicated that we would undertake a comprehensive review of our funding and rating approach to identify additional ways of ensuring those who benefit most from increasing tourism numbers and growth, and the infrastructure that supports these, are paying their fair share.

We are continuing to progress this work and are looking at additional opportunities for more 'user pays' where it is cost effective to do so. We anticipate any recommendations will feed into the next Long Term Plan in 2021.

Assessment against our performance measures for 2018/19

We achieved **80%** of our non-financial performance standards in our governance and corporate services activity.

The following table shows how our governance and corporate services activity performed as measured against the targets set for the 2018/19 year.



Measure 1:

The annual report is prepared within statutory timeframes and with an unmodified audit opinion.

What we did:

The Council is required to adopt its Annual Reports by 31 October each year. We received an unmodified audit opinion, and adopted our 2017/18 Annual Report on 13 October 2018. Therefore, we met this target for the last year.

Challenges/issues we experienced:

No significant challenges or issues were experienced relating to the preparation of our 2017/18 Annual Report.

Looking ahead:

Council will continue to ensure that we prepare our annual reports in accordance with all requirements. To achieve this we will ensure that information is provided to AuditNZ in a complete and timely manner to ensure compliance with statutory timeframes.

Target:

The annual report is prepared within statutory timeframes and with an unmodified audit opinion.



Measure 2:

The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.

What we did:

Our Annual Plan (AP) 2019/20 was adopted on 25 June 2019. Therefore, we met our target. As the LGA no longer requires that APs be audited, subject to certain criteria being met, the measure requiring an unmodified audit opinion is no longer applicable.

Challenges/issues we experienced:

No significant challenges or issues were experienced in preparing our Annual Plan 2019/20 within statutory timeframes.

Looking ahead:

As we begin to prepare for our Annual Plan 2020/21 we will maintain a focus on meeting statutory timeframes.

Target:

The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.



Measure 3:

The percentage of residents across the district who say they are satisfied with the performance of the councillors and Mayor in the annual ratepayer survey.

What we did:

This year, 89% of residents surveyed were satisfied with the performance of the councillors and Mayor during 2018/19, exceeding our target for the year. Satisfaction levels have held steady from 2017/18, following an increase on previous years.

Challenges/issues we experienced:

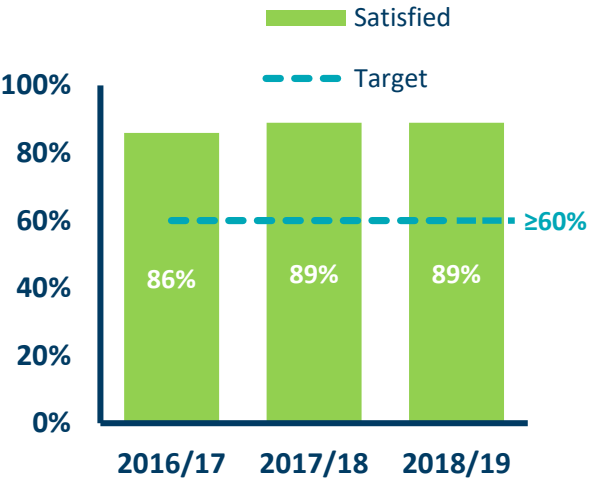
No significant challenges or issues were experienced during 2018/19.

Looking ahead:

Council will continue to seek feedback from residents about its performance.

Target:

60% or above



Measure 4:

Number of face-to-face meetings held each year between Council representatives and Papatipu Rūnanga, or Te Rūnanga o Ngāi Tahu.

What we did:

Although we have continued to work with ngā papatipu rūnanga engaging on key projects and issues we did not hold any formal meetings between Council representatives and representatives of ngā papatipu rūnanga or Te Rūnanga o Ngāi Tahu. We therefore did not meet our target for the year. However, we have continued to work collaboratively with rūnanga representatives on joint programmes including Te Manahuna Aoraki, the Mackenzie Basin Interagency Alignment Group and Destination Mackenzie. A number of our councillors also enjoyed a noho marae (marae stay) at Waihao Marae with Environment Canterbury and neighbouring council's staff and councillors.

Challenges/issues we experienced:

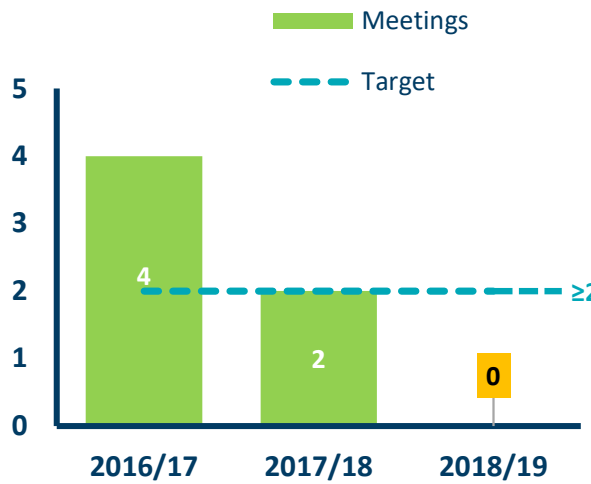
We have experienced significant internal changes as part of our organisational review. At times this has impacted on our capacity for meaningful engagement with our papatipu rūnanga. We also recognise the constraints on capacity of papatipu rūnanga and the need to ensure that meetings arranged are appropriate and offer the greatest opportunity for effective and meaningful engagement.

Looking ahead:

We recognise and respect the importance and value of building strong, effective and open relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu. We will work with our papatipu rūnanga and their representative agencies to prioritise opportunities for meaningful engagement and collaboration. Our service level agreement (SLA) with Aoraki Environmental Consultancy Ltd which was recently renewed is key to assisting us with our work. We will also work to progress the development of a SLA with Te Rūnanga o Waihao.

Target:

2 or more



Measure 5:

Number of public forums held each year with communities and groups.

What we did:

During 2018/19, Council met 17 times, Committees of Council were held 40 times, and there were 30 Community Board meetings held. A total of 87 public forums were held during the year, exceeding our target of 40.

Challenges/issues we experienced:

No significant challenges or issues were experienced. We are conscious of the need to engage with communities and ratepayers in a variety of ways, to ensure our communication is most effective. We will continue to focus on ensuring the right level and type of engagement is undertaken.

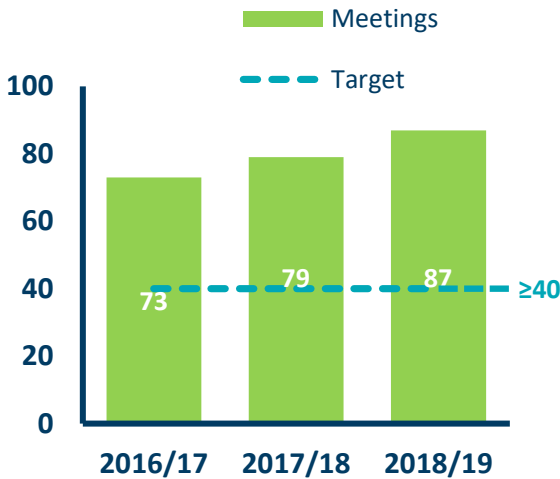
Looking ahead:

A review of Council's target for the number of public forums may be appropriate to ensure that the target remains appropriate. We will also seek to review the way we engage with ratepayers and communities.

Target:

40 or more¹

Note: this includes both formal and informal meetings, workshops and drop-in sessions.



Cost of Service Statement

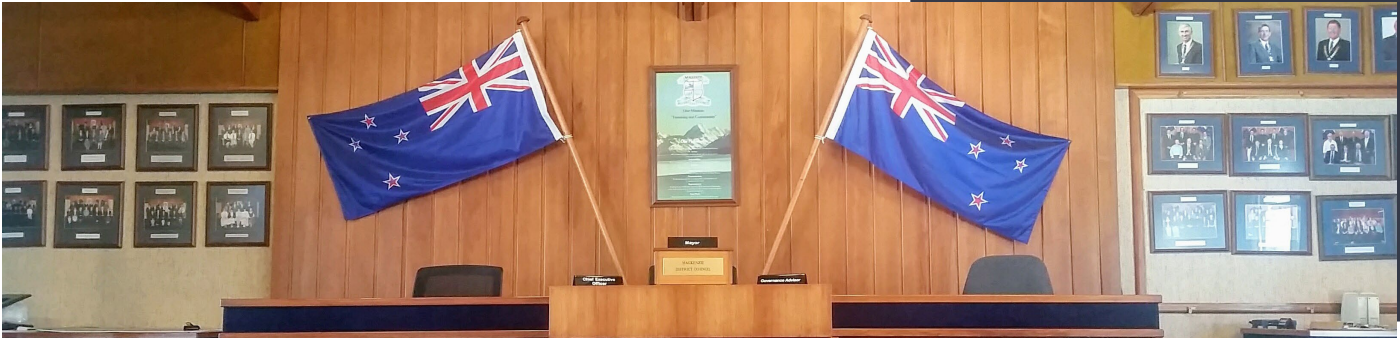
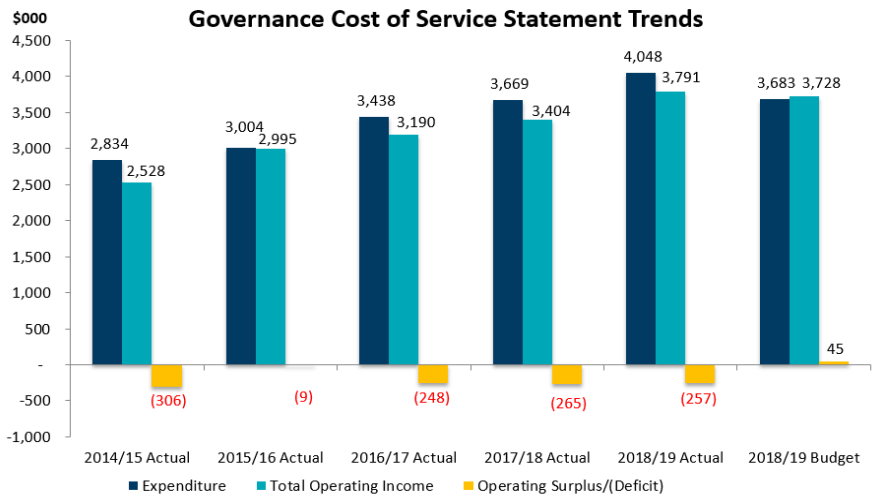
Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
General rates	2,977	3,383	3,383
Targeted rates	31	32	32
Other revenue	261	189	236
Gain on sale of assets	12	0	12
Internal interest income	1	1	2
Internal income	122	123	126
TOTAL REVENUE	3,404	3,728	3,791
EXPENDITURE			
Personnel costs	1,764	1,823	2,102
Member expenses	314	354	325
Consultancy expenses	295	237	381
Administration	747	445	460
Operational and maintenance	292	504	533
Interest on capital reserves	6	30	5
Internal expenses	55	72	48
Loss on sale and assets written off	0	0	0
Depreciation	196	218	194
TOTAL EXPENDITURE	3,669	3,683	4,048
OPERATING SURPLUS/(DEFICIT)	(265)	45	(257)

Key variances to the budget:

1. Other revenue is higher than budgeted as recoverable services in the admin area had not been budgeted for and because higher than anticipated levels of engineering fees from Asset management have been received.
2. Personnel costs are higher than budgeted due to costs associated with recruitment. This increase was also attributed to salary increases for staff due to higher than anticipated salary movement indicators.
3. Consulting expenses are higher than budgeted with the extra costs related to our organisational review, strategic planning, the Annual Plan, debenture trust deeds, human resources and engineering design costs. Legal fees were also required in relation to property matters and tax advisory costs were higher due to the final costs for the GST audit and the voluntary disclosure required.

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$3,728m	\$3,683m	\$261,000
ACTUAL LTP YEAR 1 2018/19	\$3,791m	\$4,048m	\$235,000



Funding Impact Statement

Notes	2018	2019	
	Long Term Plan	Long Term Plan	Actual
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,740	3,213	3,442
Targeted rates	26	32	32
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	145	125	128
Local authorities fuel tax, fines, infringement fees, and other receipts	126	136	176
TOTAL OPERATING FUNDING (A)	3,038	3,506	3,778
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,760	3,379	3,800
Finance costs	0	0	0
Internal charges and overheads applied	86	101	53
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,846	3,480	3,853
Surplus (deficit) of operating funding (A-B)	191	26	(75)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	57
Lumpsum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	57
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	247	261	235
Increase (decrease) in reserves	(56)	(235)	(253)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	191	26	(18)
Surplus (deficit) of capital funding (C-D)	(191)	(26)	75
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation

Surplus (deficit) of operating funding	(75)
Add back:	
Gain on Sale Assets	12
Less:	
Depreciation	194
Loss on Sale and Assets Written off	0
	194
OPERATING SURPLUS/(DEFICIT)	(257)

Notes:

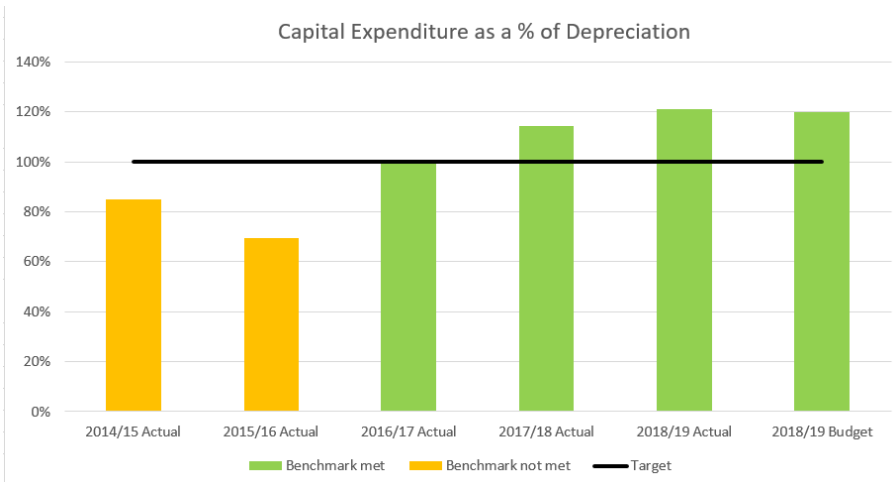
Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Capital Expenditure

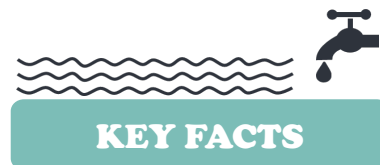
Projects	Notes	2018	2019	
		Actual \$000's	Long Term Plan \$000's	Actual \$000's
REPLACE EXISTING ASSETS				
Corporate Services				
Information Technology				
information management programme		0	0	17
Records management programme		42	0	0
Website development		0	30	0
Network infrastructure		14	10	0
Software		19	20	8
GIS aerials	1	0	30	0
Plant & equipment		4	5	0
Plant & Equipment				
Plant & equipment	2	3	0	28
Motor vehicles		34	144	139
Fairlie Building				
Building - other	3	59	0	35
Furniture & Fittings - admin		13	0	0
Furniture & Fittings - other		1	20	6
Twizel Building				
Building - other		30	0	0
Furniture & Fittings - other		5	2	2
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		224	261	235
TOTAL CAPITAL EXPENDITURE		224	261	235

Key variances to the budget:

1. The GIS aerials project was delayed. This is now scheduled to be completed in 2019/20.
2. The unanticipated motor vehicles costs are associated with the restructure of Council.
3. These costs relating to the Fairlie building have resulted from the restructure of Council.



Water Supplies



5
Council operated schemes
4 urban schemes (Twizel, Tekapo, Fairlie & Burkes Pass) and Allandale rural scheme

3,062
properties
connected to Council water systems

373km
water mains
In addition to:
15km of service lines; and
115km water races

533
hydrants
for firefighting water supply

Safe and sufficient drinking water is essential for the health and well-being of our communities. The water treatment, storage and distribution systems managed by Council contribute to this by providing the treatment and delivery of safe drinking water to communities served by Council owned systems.

What we do

Water supply is regarded as one of the core functions of Council.

Council maintains and manages the treatment and distribution of water with community water supplies in the townships of Twizel, Tekapo, Fairlie and Burkes Pass, with a small stand-alone scheme 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.

Management of the Albury water supply is undertaken by the Albury Rural Water Supply Society Inc. under a formal agreement with the Council. Management of a small piped stock water scheme, Kimbell Rural, is carried out by consumers.

Council also manages two public stock water race systems within the district being Ashwick Opuha and School Road.



Key projects for 2018/19

As well as the routine maintenance and operations required to provide our community water supplies, we had planned a number of projects for the 2018/19 year within our Water Supplies activity area.

Project 1: Twizel AC pipe replacement



In 2016/17 we initiated an ongoing programme for the replacement of asbestos cement (AC) pipe at risk of failure. This period is expected to continue over a 20 year period with a budget of \$220,000 being allocated each year.

During 2018/19 we completed AC pipe replacement within Fraser Crescent and Sealy Street. We will continue to progress this work as planned.

Project 2: Fairlie water treatment plant



As part of our required work to meet compliance with drinking water standards, we intended to undertake an upgrade of Fairlie's water treatment plan. Although budget of \$900,000 was provided for this work in 2018/19, we were unable to undertake this project during the year. We have prioritised this for 2019/20. This work will be completed within existing budget.

Project 3: Pukaki Airport water supply upgrade



We indicated that we would undertake an upgrade of the Pukaki Airport water supply to ensure compliance with the drinking water standards. The most cost-effective way to achieve this was considered to be through the connection of the scheme to the Twizel drinking water supply which has already been upgraded to meet the standards.

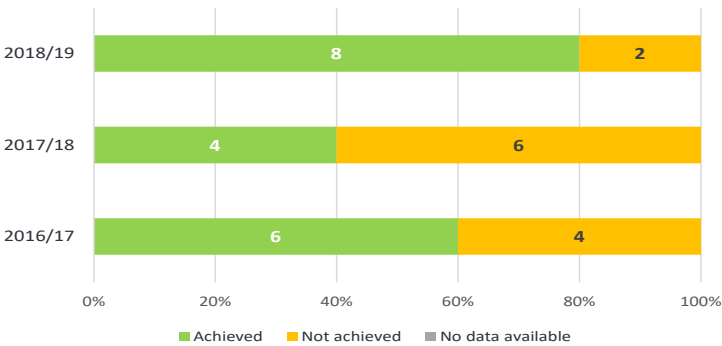
Although planned to be completed during 2018/19 we have had to delay this work until 2019/20 due to additional design work and progressing the required approvals. We anticipate that we will complete this work within 2019/20, within the existing budget of \$250,000.

Assessment against our performance measures for 2018/19

We achieved **80%** of our non-financial performance standards in our water supply activity.

The following table shows how our water supply activity performed as measured against the targets set for the 2018/19 year.

* Mandatory performance measure



Measure 1:

The percentage of real water loss from the networked reticulation system*.

What we did:

We met this target for 2018/19 with approximately 19% of real water loss. Using our SCADA reporting telemetry we are able to identify minimum night flow over the winter months flow rate in l/sec, assuming that this flow recorded during this time is mostly leakage, and then use this information to calculate the leakage result.

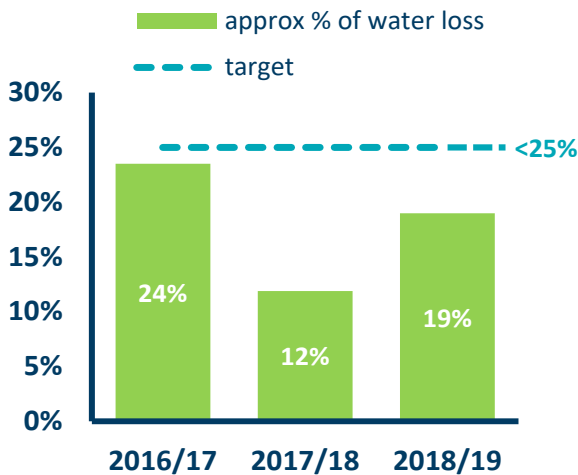
Challenges/issues we experienced:

This year the estimated water loss was higher than last year. As a result of this increase, we engaged Leak Detection who identified a number of leaks in Fairlie and Tekapo which we have now repaired.

Looking ahead:

We continue to seek to minimise water loss from our reticulated system. This includes regular monitoring of network condition, prioritising required maintenance and replacements, and responding to any faults in a timely manner.

Target:
<25%

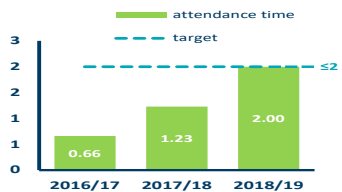


Measure 2:

The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulated system*:

a) Attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site; and

Target:
≤2 hrs



b) Resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption; and

Target:
≤12 hrs

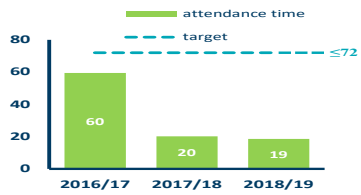


Definitions:

- 1. Urgent - no water, major breaks or water leaks with potential to affect a large number of properties.
- 2. Non-urgent - applies to all other issues.

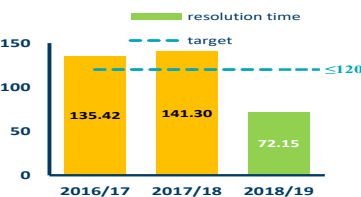
c) Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site; and

Target:
≤72 hrs



d) Resolution of non-urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.

Target:
≤120 hrs



What we did:

We achieved each of the targets for median response and resolution of faults for the 2018/19 year.

Challenges/issues we experienced:

We did not experience any significant challenges or issues during the year.

Looking ahead:

We will continue to maintain our standards and protocols and work with our contractors to ensure a focus remains on attendance and resolution timeframes so that faults and unplanned interruptions to our networked reticulated water systems are addressed in a timely manner.

Measure 3:

The average consumption of drinking water per day per resident within the district*.

Target:
<1.2m³ per person per day within urban schemes

What we did:

Although our average daily drinking water consumption per resident has decreased in recent years we are still in excess of our target. Recent decreases show promising responses to changes to our public education which we have undertaken during the year.

Challenges/issues we experienced:

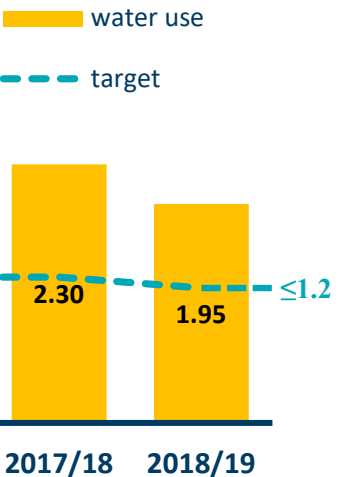
Daily water usage levels in excess of our target indicate the need for greater understanding amongst our residents and visitors of the need to reduce consumption of water. Alternative methods of getting this message out are required to ensure that prudent and efficient usage of water is clearly communicated.

Looking ahead:

We will continue to undertake public education to promote prudent and efficient water usage is understood and practiced by our residents and visitors.

We anticipate that the recent interest in moving the irrigation of sporting areas off town supplies will have a positive impact on this measure.

We will also look at reviewing our target for consumption to ensure that it is practical.



2016/17 & 2017/18 target ≤1.3; 2018/19 target ≤1.2

Measure 4:

The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance*.

What we did:

Although we have the required infrastructure in place for two of our schemes, including Twizel, we have yet to receive sign off of these schemes. Therefore, we are still not compliant with this measure.

Challenges/issues we experienced:

We have experienced challenges in ensuring that evidence of for the upgrades to the Tekapo and Twizel supplies is acceptable for the signing off of compliance.

Looking ahead:

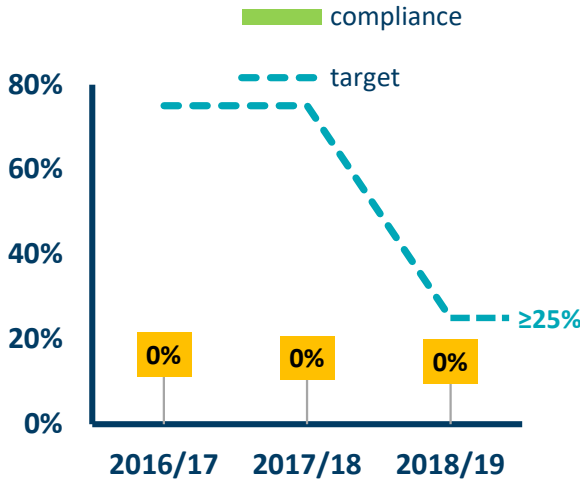
We had originally planned to complete an upgrade of the Fairlie water treatment plant during 2018/19. However, due to completing work priorities this work has been delayed. We now intend to complete the required upgrade during the 2019/20 year.

We will continue to work with our contractors to remain focussed on the procedures for good operating practices to ensure compliance.

Target:

2018/19: ≥25% compliance (1 out of 4 supplies)
- Twizel

2016/17 & 17/18: ≥75% compliance (3 out of 4 supplies comply)



Measure 5:

The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance*.

What we did:

Last year we took an insufficient number of samples from Tekapo and Twizel to be able to report compliance. As a priority this year, we increased the number of samples we collected. This ensured that we were able to meet the drinking water standards for bacteria compliance and able to meet our target for 2018/19.

Further details of bacterial compliance can be seen on page 39.

Challenges/issues we experienced:

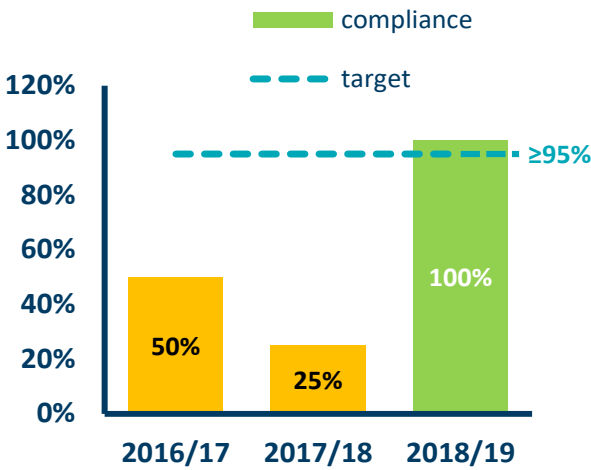
There remain challenges around ensuring that samples are taken on the correct days and delivered on time to the laboratory for testing.

Looking ahead:

We will continue to work with our contractors to ensure that standards and protocols are maintained and that a focus remains on this measure.

Target:

≥95% compliance for all four supplies



Measure 6:

The total number of complaints received about any of the following:

- a) drinking water clarity;
- b) drinking water taste;
- c) drinking water odour;
- d) drinking water pressure or flow;
- e) continuity of supply; and
- f) Council's reponse to any of the above*.

Expressed per 1000 connections to the networked reticulation system.

What we did:

Council and its contractor worked to keep any issues that may cause a complaint to as few as possible. During the year we received only 2.5 complaints per 1000 connected properties, meaning that we meet our target.

Challenges/issues we experienced:

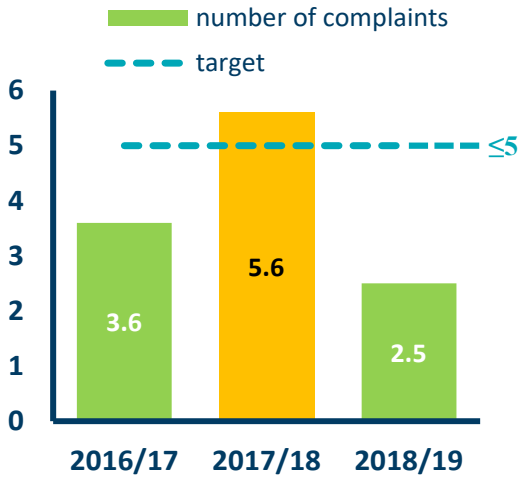
We did not experience any significant challenges or issues during the year.

Looking ahead:

We will continue to work to ensure that standards and protocols are maintained and that a focus remains on this measure.

Target:

<5 complaints per 1000 connections within urban schemes



Measure 7:

The percentage or ratepayers satisfied with the water supply service.

What we did:

This year, we met our target with more than 80% of customers surveyed stated that they were satisfied with the water supply service received during 2018/19. This shows an improvement on last year.

Challenges/issues we experienced:

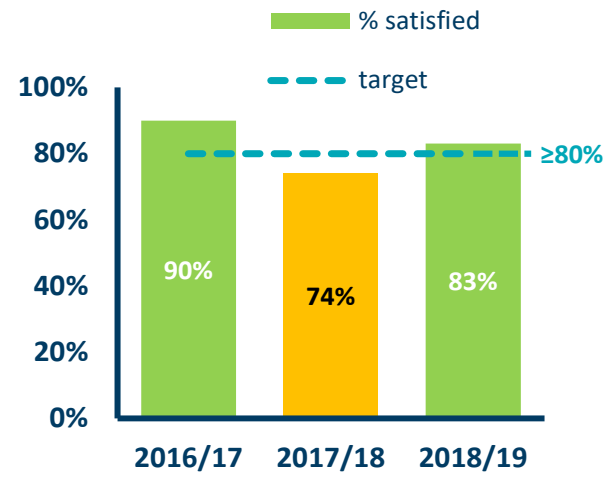
We did not experience any significant challenges or issues in providing our water supply service this year.

Looking ahead:

We will continue to maintain standards and protocols, and ensure that we retain a focus on customer satisfaction.

Target:

80%



Summary of E. coli sampling results

Treatment plants:

Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Fairlie	104	118	0	✓
Burkes Pass	52	65	0	✓
Tekapo	52	64	0	✓
Twizel	104	120	0	✓
Albury	52	59	0	✓
Allandale	52	63	0	✓

Distribution networks:

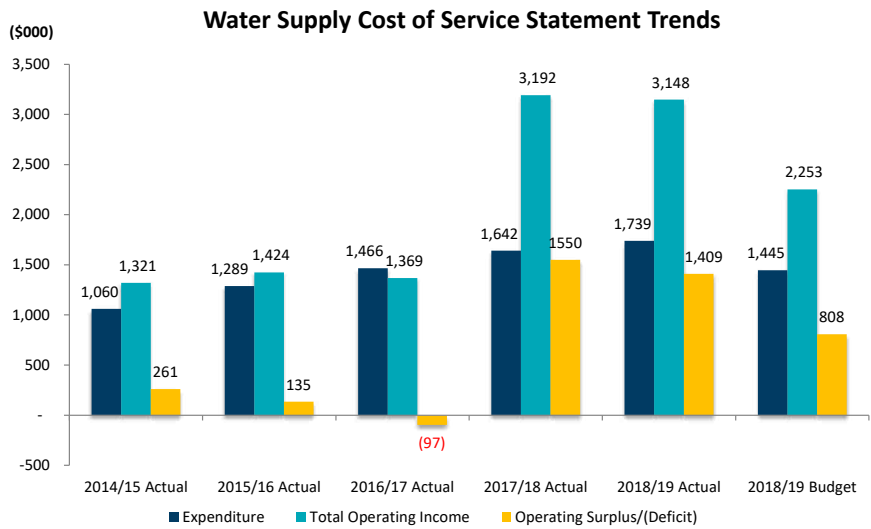
Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Albury	12	17	0	✓
Allandale	12	15	0	✓
Burkes Pass	12	14	0	✓
Fairlie	52	65	0	✓
Kimbell	12	14	0	✓
Tekapo	12	64	0	✓
Twizel	52	66	0	✓

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$2.253m	\$1.445m	\$1.961m
ACTUAL LTP YEAR 1 2018/19	\$3.148m	\$1.739m	\$914,000

Cost of Service Statement

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
Targeted rates	1,221	1,290	1,417
Interest revenue	13	0	2
Other revenue	235	158	175
Contributions	1,200	0	1,092
Internal interest income	5	2	7
Internal income	31	3	3
Assets vested	487	800	452
TOTAL REVENUE	3,192	2,253	3,148
EXPENDITURE			
Personnel costs	24	0	34
Consultancy expenses	27	0	16
Administration	83	70	85
Operational and maintenance	803	579	792
Interest on capital reserves	92	189	41
Internal expenses	3	3	3
Assets impairment	0	0	71
Depreciation	610	604	697
TOTAL EXPENDITURE	1,642	1,445	1,739
OPERATING SURPLUS/(DEFICIT)	1,550	808	1,409



Key variances to the budget:

1. Financial / upgrade contributions revenue is higher than budgeted due to higher than forecast development occurring within the district. These contributions are driven by developer activity and are difficult to project.
2. Assets vested during the year were less than budgeted. Vested assets depend on development within the district and costs incurred by developers. As this occurs independent of Council, they are difficult to project.
3. Operational and maintenance costs are higher than budgeted due to increased contractor costs for repairs needed to the Nixons Road line and Tekapo. A replacement water tank was also purchased for the Spur Road Scheme. This has also been impacted by work in progress expenses relating to a new Twizel source, the Manuka Terrace water source costs being written off and contractor costs for the Downlands Scheme being higher than budgeted.
4. Interest on Capital reserves is significantly less than budgeted. This is because the Capital reserve balances were higher than anticipated due to lower capital expenditure occurring.
5. Depreciation is higher than budgeted as the 2017 revaluation had not been reflected into the 2018/19 budget figures.

Funding Impact Statement

	2018	2019	
	Long Term Plan	Long Term Plan	Actual
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,010	1,310	1,417
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	7	5	10
Interest and dividends from investments	13	1	2
Local authorities fuel tax, fines, infringement fees, and other receipts	154	157	175
TOTAL OPERATING FUNDING (A)	1,184	1,473	1,604
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	547	654	927
Finance costs	19	0	0
Internal charges and overheads applied	107	192	44
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	673	846	971
Surplus (deficit) of operating funding (A-B)	511	627	633
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	342	0	1,092
Increase (decrease) in debt	152	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	494	0	1,092
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	2,868	1,150	114
- To replace existing assets	11	811	348
Increase (decrease) in reserves	(1,874)	(1,334)	1,263
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,005	627	1,725
Surplus (deficit) of capital funding (C-D)	(511)	(627)	(633)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation

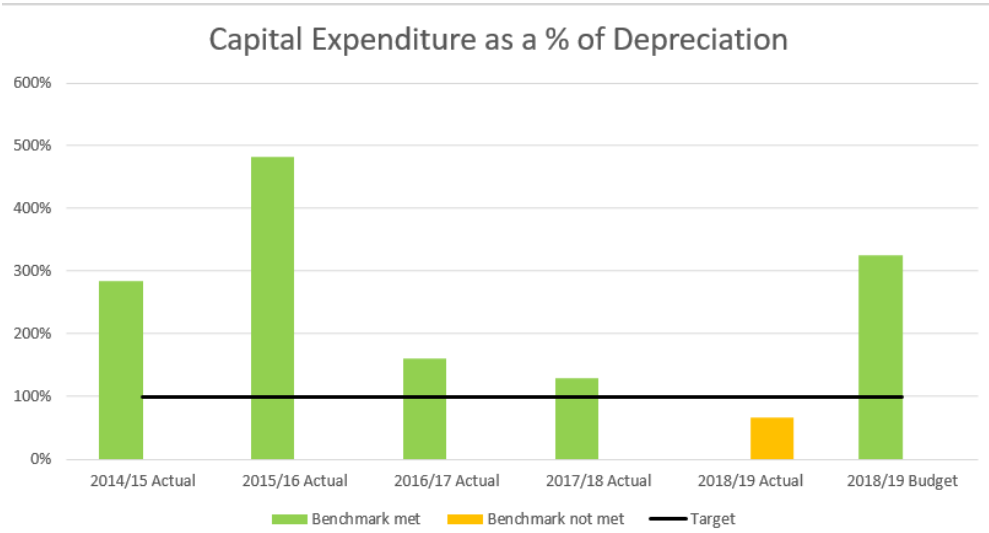
Surplus (deficit) of operating funding	633
Add back:	
Financial contributions	1,092
Vested Assets	452
	1,544
Less:	
Depreciation	697
Asset Impairment	71
OPERATING SURPLUS/(DEFICIT)	1,409

Notes:

Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Capital Expenditure

		2018	2019	
	Notes	Actual \$000's	Long Term Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
Urban Water				
Vested assets	1	487	0	452
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		487	0	452
IMPROVE LEVEL OF SERVICE				
Urban Water				
Reticulation - renewal		376	0	0
Treatment - renewal	2	0	900	15
Reticulation - new	3	0	250	85
Treatment - new		253	0	0
Albury Water				
Communtiy Assets - water supply		87	0	14
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		716	1,150	114
REPLACE EXISTING ASSETS				
Urban Water				
Reticulation - renewal	4	0	568	176
Reticulation		0	8	0
Reticulation fittings	5	0	110	0
Headworks renewal		0	70	85
Service connections		51	20	52
Public health risk mgmt plan		1	0	0
Plant		0	25	13
Treatment - new		0	0	3
Allandale Water				
Communtiy Assets - water supply		1	10	19
Ashwick/Opuha Water				
Headworks		14	0	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		67	811	348
TOTAL CAPITAL EXPENDITURE		1,270	1,961	914



Key variances to the budget:

1. Vested assets are driven by developer activity and are difficult to estimate accurately.

2. The scheduled Fairlie Treatment Upgrade has been deferred until 2019/20.

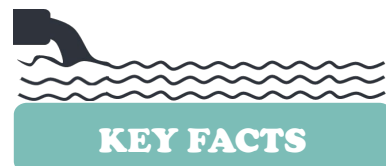
3. The watermain connection between Twizel & Pukaki Airport has been delayed.

4. Some of reticulation projects have been delayed until 2019/20.

5. Reticulation fittings projects have also been delayed until 2019/20.

See our Annual Plan 2019/20 for more information about these projects.

Wastewater



KEY FACTS

4

treatment facilities

each of the four schemes are treated with waste stabilisation pond wastewater treatment systems

94.2km
sewer lines

1037
manholes

6
pump stations

2,763
properties
connected to Council
wastewater systems

Appropriate collection and treatment of wastewater is essential for the health and well-being of our communities. Wastewater treatment plants, pumping stations and reticulation systems contribute to maintaining public health and environmental quality by controlling the quality of effluent and minimising the risk of undesirable wastes directly entering the environment.

What we do

Wastewater is one of the core functions of Council, as provided by statute.

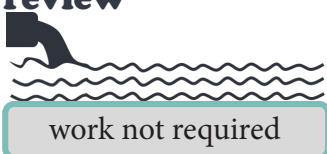
Council is responsible for the management of wastewater (sewage) collection, treatment and disposal services for its urban communities. Wastewater services are provided to support the development of the district and to protect the physical environment and the health of our communities.

There are community wastewater systems in the townships of Twizel, Tekapo, Fairlie and Burkes Pass. In each case, effluent is collected and treated by way of an oxidation pond system and then discharged to ground.

Key projects for 2018/19

We identified key priorities to be progressed with our wastewater activity within our Year 1 Long Term Plan work programme.

Project 1: Fairlie sewermain review



work not required

In our Long Term Plan 2018-28 we indicated that we would carry out a review of our Fairlie sewer mains over three years. Subject to the outcome of the review, a replacement programme was provisionally planned.

During 2018/19 we have continued to review the condition of our sewer mains through the use of CCTV. Work planned for the 2018/19 year was not deemed to be required on the basis of these reviews. We will continue to monitor the condition of our pipework and prioritise any required replacements.

Project 2: Scada telemetry installation - Fairlie & Burkes Pass



work not required

To allow for improved monitoring of flows and dissolved oxygen we planned to install Scada telemetry at our oxidation ponds in Fairlie and Burkes Pass.

In line with our plans, we successfully installed Scada telemetry at both sites during the year. This will help us to ensure our monitoring of these sites is effective.

Project 3: Twizel oxidation pond upgrade



Completed early

We had previously planned to undertake an upgrade of the Twizel oxidation ponds and effluent disposal system next year however we were able to bring this forward and successfully complete the required work, within budget, during 2018/19.

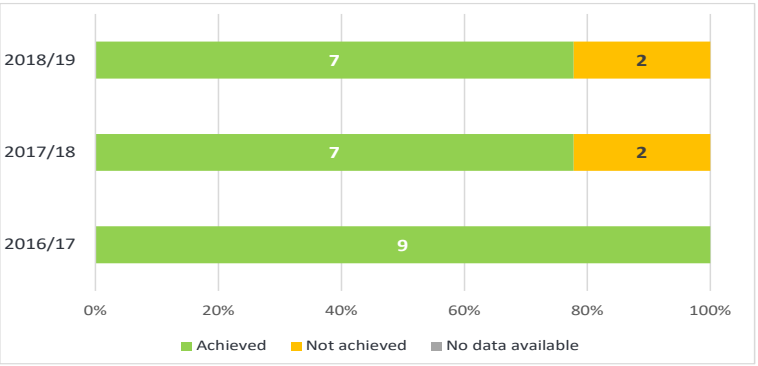


Assessment against our performance measures for 2018/19

We achieved **78%** of our non-financial performance standards in our wastewater activity.

The following table shows how our wastewater supply activity performed as measured against the targets set for the 2018/19 year.

* Mandatory performance measure



Measure 1:

The number of dry weather sewerage overflows from Council’s sewerage system*.

Expressed per 1,000 connections to that sewerage system.

What we did:

During 2018/19, there were 9 dry weather overflows. With 2,763 connected properties, this equates to 3.26 dry weather sewerage overflow events per 1,000 connections. The target has not been achieved for the year.

We have continued our monitoring of our sewage system. This has resulted in identifying potential blockages within the scheme and allowed us to clear these, minimising the number of overflow events.

Challenges/issues we experienced:

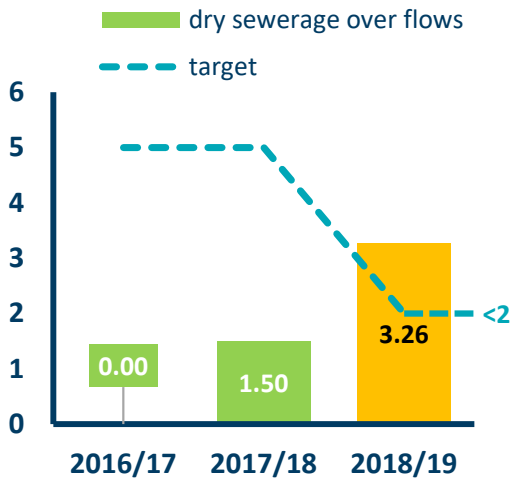
In most cases, overflows result from blocked drains which result from disposal of inappropriate items or the build-up of fat. We continue to experience challenges around inappropriate items being put into our reticulated sewer systems. This remains a priority for public education.

Looking ahead:

We will continue our monitoring of our reticulated systems to identify potential blockages and will also prioritise public messaging around which items cannot be placed within our system.

Target:

<2 events in 2018/19 <5 in 2016/17 & 17/18



Measure 2:

Compliance with the Council’s resource consents for discharge from its sewerage system measured by the number of:

- a) abatement notices;
 - b) infringement notices;
 - c) enforcement notices; and
 - d) convictions,
- received by the Council in relation to one of those resource consents*.

Target:

nil

	2016/17	2017/18	2018/19
Abatement notices	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil
Convictions	Nil	Nil	Nil

What we did:

Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of the resource consents which we operate for our wastewater systems. We have continued to monitor all of our sites and report all information to ECAN, in addition to site inspections being carried out by ECAN monitoring staff.

Challenges/issues we experienced:

We did not experience any challenges or issues which could affect our ability to operate our waste stabilisation ponds within our resource consent conditions and good practice guidelines.

Looking ahead:

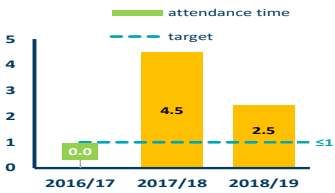
We will continue to monitor the operation of our wastewater discharge systems and available data to ensure that the ponds continue to operate well and that they remain able to cope with future growth within our townships.

Measure 3:

Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council’s sewage system, the median response times as follows*:

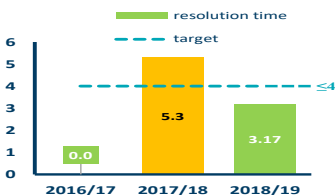
a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and

Target:
≤1 hr



b) Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.

Target:
≤4 hrs



What we did:

While we did not meet our target for attendance time, we were compliant with our target for the resolution of faults for the 2018/19 year. This is an improvement on last year.

Challenges/issues we experienced:

Due to the geographic size of our district, we continue to experience challenges in getting a specialist contractor and any required equipment (which may have to be sourced from Timaru) to the site of the blockage or fault within the targeted time.

Looking ahead:

We will continue to work with our contractor to review existing processes and resourcing levels to identify opportunities to reduce response times.

A review of the target, in light of the time needed to travel between areas of our district, may be appropriate.

Measure 4:

The total number of complaints received by the Council about any of the following:

- a) sewage odour;
- b) sewerage system faults;
- c) sewerage system blockages; and
- d) Council's reponse to issues with its sewerage system*.

Expressed per 1,000 connections to the networked reticulation system.

What we did:

During 2018/19 we received 27 complaints regarding the matters above. With a total of 2,763 properties connected to our reticulated scheme, this equates to 9.77 complaints per 1,000 connected properties. This was well within our target for the year.

Challenges/issues we experienced:

Odour remains a difficult matter to deal with, particularly from pressure sewer systems connecting to the gravity system. We continue to respond to all complaints received and endeavour to put in procedures to rectify the issue.

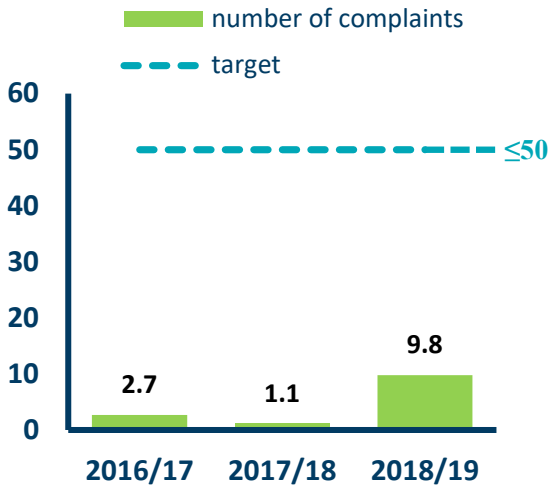
Looking ahead:

We will continue to respond to all complaints received and endeavour to put in procedures to rectify any issues.

The continued low number of complaints per 1,000 connected properties suggests that our target may need to be reviewed to ensure that it remains appropriate.

Target:

≤50 complaints/1000 connections



Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$1.773m	\$614,000	\$84,000
ACTUAL LTP YEAR 1 2018/19	\$2.237m	\$766,000	\$1.798m

Measure 5:

The percentage of ratepayers satisfied with the sewerage treatment and disposal service.

What we did:

Of those residents surveyed, 94% stated that they were satisfied with Council's sewerage treatment and disposal system in 2018/19. This is in excess of the annual target of 85%.

Challenges/issues we experienced:

There were no significant challenges or issues in the management of wastewater within the district in the 2018/19 year.

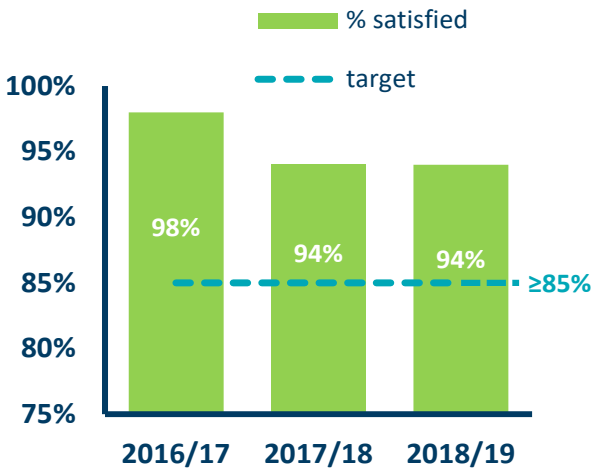
It should be noted that we have refined our calculation of this measure in 2017/18 and 2018/19 from previous years which has resulted in a reduced level. Applying the improved calculation, the 2016/17 result would be restated as 89%.

Looking ahead:

As the district continues to grow, pressures on our wastewater systems will need to be understood to ensure currents levels of service do not slip. This will be addressed as part of Council's Destination Mackenzie study to be undertaken in 2019/20.

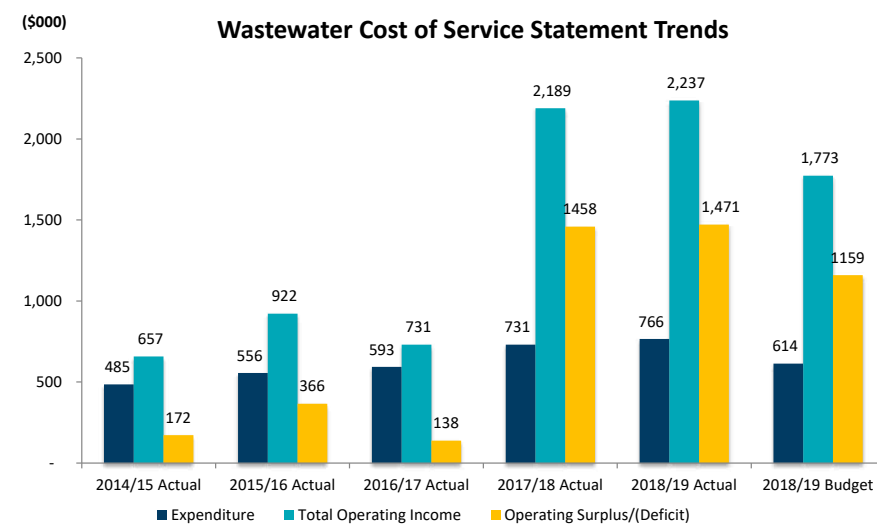
Target:

≥85%



Cost of Service Statement

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
Targeted rates	602	613	660
Other revenue	14	10	18
Contributions	1 744	0	687
Internal interest income	36	0	46
Internal income	16	0	0
Assets vested	2 777	1,150	826
TOTAL REVENUE	2,189	1,773	2,237
EXPENDITURE			
Consultancy expenses	3	0	0
Administration	37	12	36
Operational and maintenance	3 374	264	385
Interest on capital reserves	3	6	0
Depreciation	314	332	345
TOTAL EXPENDITURE	731	614	766
OPERATING SURPLUS/(DEFICIT)	1,458	1,159	1,471



Key variances to the budget:

1. Financial / upgrade contributions revenue is higher than budgeted due to greater than forecast growth occurring during the year. This is driven by developer activity and is difficult to accurately determine.

2. The value of assets vested for the year was higher than anticipated. This is driven by developer activity as is difficult to accurately determine.

3. Operations and maintenance expenses are higher than budgeted due to increased contractor costs for repairs needed to Tekapo and Twizel. Earthworks were also required to the disposal field in Tekapo.

Funding Impact Statement

SOURCES OF OPERATING FUNDING

General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	579	639	660
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	43	0	46
Local authorities fuel tax, fines, infringement fees, and other receipts	6	10	18

TOTAL OPERATING FUNDING (A)

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers	250	276	421
Finance costs	0	0	0
Internal charges and overheads applied	6	6	0
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	256	282	421

Surplus (deficit) of operating funding (A-B)

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	205	0	687
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0

TOTAL SOURCES OF CAPITAL FUNDING (C)

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	11	0	0
- To replace existing assets	0	84	972
Increase (decrease) in reserves	566	283	18
Increase (decrease) of investments	0	0	0

TOTAL APPLICATIONS OF CAPITAL FUNDING (D)

Surplus (deficit) of capital funding (C-D)

FUNDING BALANCE ((A-B) + (C-D))

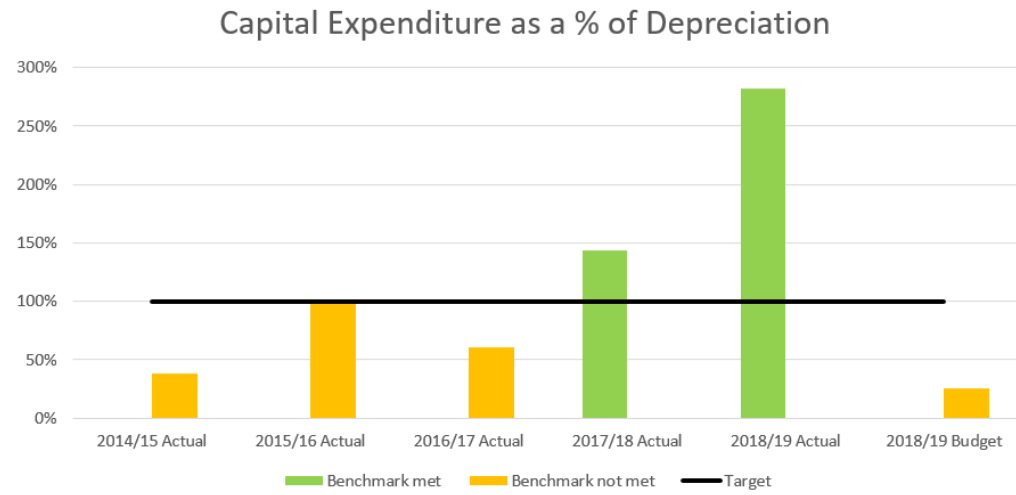
2018	2019	
Long Term Plan	Long Term Plan	Actual
\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING		
General rates, uniform annual general charges, rates penalties	0	0
Targeted rates	579	639
Subsidies and grants for operating purposes	0	0
Fees and charges	0	0
Internal charges and overheads recovered	43	0
Local authorities fuel tax, fines, infringement fees, and other receipts	6	10
TOTAL OPERATING FUNDING (A)	628	724
APPLICATIONS OF OPERATING FUNDING		
Payments to staff and suppliers	250	276
Finance costs	0	0
Internal charges and overheads applied	6	6
Other operating funding applications	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	256	421
Surplus (deficit) of operating funding (A-B)	372	303
SOURCES OF CAPITAL FUNDING		
Subsidies and grants for capital expenditure	0	0
Development and financial contributions	205	0
Increase (decrease) in debt	0	0
Gross proceeds from sale of assets	0	0
Lump sum contributions	0	0
Other dedicated capital funding	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	205	687
APPLICATIONS OF CAPITAL FUNDING		
Capital expenditure		
- To meet additional demand	0	0
- To improve the level of service	11	0
- To replace existing assets	0	84
Increase (decrease) in reserves	566	283
Increase (decrease) of investments	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	577	990
Surplus (deficit) of capital funding (C-D)	(372)	(303)
FUNDING BALANCE ((A-B) + (C-D))	0	0

Reconciliation

Surplus (deficit) of operating funding	303
Add back:	
Financial contributions	687
Vested Assets	826
	1,513
Less:	
Depreciation	345
OPERATING SURPLUS/(DEFICIT)	1,471

Capital Expenditure

Projects	Notes	2018	2019	
		Actual	Long Term Plan	Actual
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
<i>Urban Sewer</i>				
Vested assets	1	777	0	826
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		777	0	826
IMPROVE LEVEL OF SERVICE				
<i>Urban Sewer</i>				
Sewer Treatment - new		446	0	0
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		446	0	0
REPLACE EXISTING ASSETS				
<i>Urban Sewer</i>				
Sewer Reticulation - new	2	0	0	88
Sewer Reticulation - renewal	3	6	84	9
Sewer Treatment - new	4	0	0	875
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		6	84	972
TOTAL CAPITAL EXPENDITURE		1,229	84	1,798



Notes:

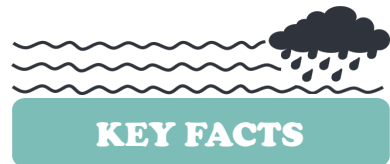
Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Key variances to the budget:

- 1.Vested assets are driven by developer activity and are difficult to estimate accurately.
- 2. Unanticipated sewer renewal was required in Ostler Road, Twizel.
- 3. CCTV assessment in Fairlie confirmed that replacement was not urgently required, delaying this project.
- 4. We completed the Twizel Oxidation Pond upgraded earlier than we had planned.



Stormwater



22,851m
treatment area

3,414
properties
connected to Council water
systems

22.8km
pipelines

342
manholes

6.2km
open drains

Appropriate collection and treatment of stormwater is important to protect public health and property. Council provides safe, effective and sustainable stormwater infrastructure to ensure that there is no detrimental impact on the environment from the disposal of stormwater in our urban areas of Twizel, Tekapo and Fairlie.

What we do

Council is responsible for the management of stormwater. The stormwater network provides drainage away from the road corridor and homes to minimise the incidence of flooding. Stormwater is the smallest of the 3 waters activities (water, wastewater and stormwater).

Council manages stormwater networks in Twizel, Tekapo and Fairlie. Each of these schemes are subject to consent conditions imposed by Environment Canterbury Regional Council.

Our networks to discharge to ground or to water after flowing through some form of treatment such as a swale or larger vegetated treatment area. All the stormwater reticulation is via gravity with pipes ranging from 150mm to 1,050mm in diameter.

The stormwater network does not include the drainage control assets consisting of kerb and channel, surface water channels, catch pits, soak pits, side drains, and culverts less than 3.4m² cross sectional area. These are included in roading assets.

Key projects for 2018/19

Stormwater management is assuming increasing importance nationally and regionally in terms of appropriate management of discharges and impacts on water quality. As well as our usual operational management of this activity, planning around managing stormwater discharges has also been a feature of our work in the period.

Project 1:

**CCTV inspections
for pipe renewals
- Fairlie**



Delayed 2019/20

This year we planned to internally inspect the Regent/Sloane Street stormwater pipe to assess the condition of the old timber lined drain.

Due to competing demands, we have delayed this review until 2019/20. The outcome of the inspection completed next year will determine whether replacement is necessary and if so when this is to be completed.

Project 2:

**Stormwater
Management
Plans update**



Progressing

Environment Canterbury's Land and Water Regional Plan requires our urban networks to have a Stormwater Management Plan. We are preparing these for each town, and will lodged the plans with Environment Canterbury for approval.

We are on track to complete our Stormwater Management Plans next year as indicated in our Long Term Plan 2018-28.

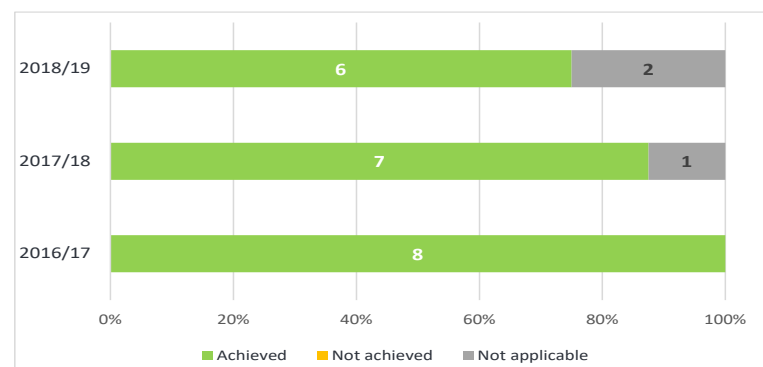


Assessment against our performance measures for 2018/19

We achieved **100%** of the applicable non-financial performance standards in our stormwater activity.

The following table shows how our stormwater supply activity performed as measured against the targets set for the 2018/19 year.

* Mandatory performance measure



Measure 1:

The number of flooding events that occur in the district.*

What we did:

We had no flooding events within our district this year.

Challenges/issues we experienced:

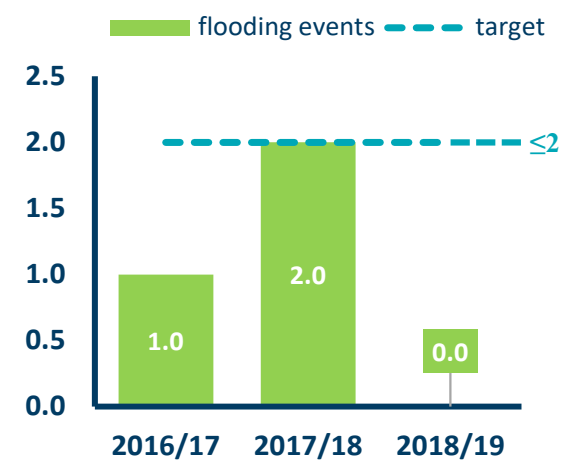
There are a number of stormwater networks and drains which, while we do not managed them, do have the potential to impact on our services when blockages or failures occur. We work to ensure that we are aware of these areas of risk and that we remain able to respond to any blockages in a timely manner.

Looking ahead:

Our staff and contractors will ensure that areas of risk are identified and determine whether any resilience can be built into the systems to minimise adverse effects resulting from blockages or failures.

Target:

<2



Measure 2:

For each flooding event, the number of habitable floors affected*

Expressed per 1000 properties connected to the Council's stormwater system.

What we did:

As there were no flooding events during the 2018/19 year, this measure is not applicable.

Challenges/issues we experienced:

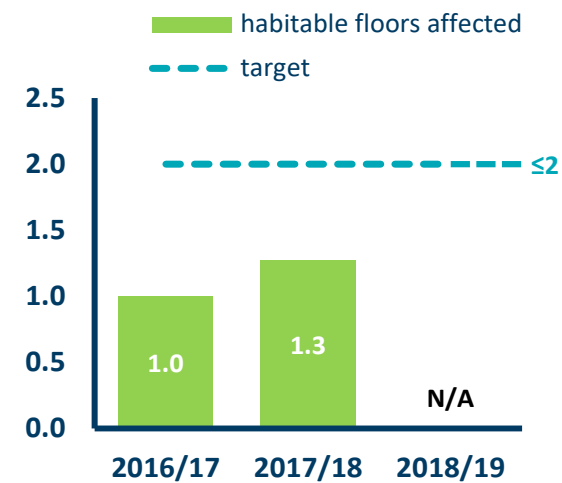
No issues or challenges were experienced during 2018/19.

Looking ahead:

Our staff and contractors will continue to ensure that areas of risk are identified and determine whether any resilience can be built into the systems to minimise adverse effects resulting from blockages or failures.

Target:

≤2 per flooding event / 1000 properties connected to Council's stormwater system



Measure 3:

Compliance with the Council's resource consent conditions for discharge from its stormwater system measured by the number of:

- a) abatement notices;
- b) infringement notices;
- c) enforcement orders; and
- d) convictions,

received by the Council in relation to those resource consents*.

What we did:

Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of resource consents which we operate for discharges from our stormwater systems during the 2018/19 year. We continue to actively monitor all discharges and report all information to ECAN, in addition to site inspections being periodically carried out by ECAN monitoring staff.

Challenges/issues we experienced:

There were no challenges or issues affecting our ability to operate our stormwater treatment facilities within our resource consent conditions and good practice guidelines.

Looking ahead:

We will continue to monitor the operation of our stormwater treatment systems and available data to ensure that all of our stormwater facilities and discharges continue to operate as designed and within our resource consent conditions.

Target:

nil

	2016/17	2017/18	2018/19
Abatement notices	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil
Convictions	Nil	Nil	Nil

Measure 4:

The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site*.

What we did:

As there were no flooding events during the 2018/19 year, this measure is not applicable.

Challenges/issues we experienced:

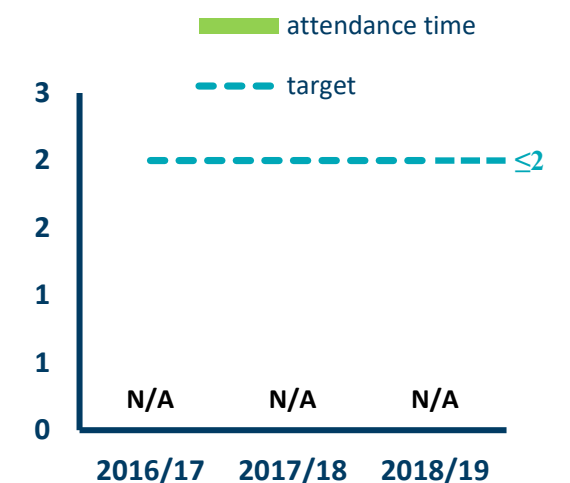
There were no challenges or issues affecting the Council's stormwater infrastructure in the 2018/19 year.

Looking ahead:

Our staff and contractors continue to review systems and processes to ensure that all incidents are responded to in a timely manner.

Target:

2 hours, including travel time to remote parts of the district



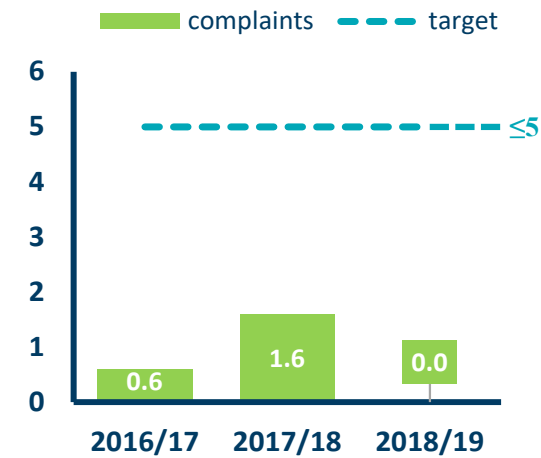
Measure 5:
The number of complaints received by the Council about the performance of its stormwater system.*

Target:
<5 complaints/1000 connected properties

What we did:
We did not receive any complaints about our stormwater system during the 2018/19 year.

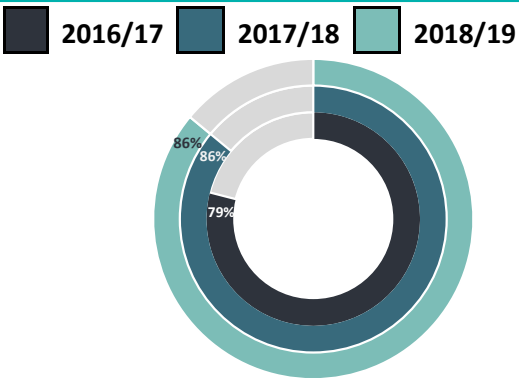
Challenges/issues we experienced:
We did not experience any challenges or issues in our management of stormwater this year.

Looking ahead:
Our staff and contractors will continue to ensure that areas of risk are identified and determine whether any resilience can be built into the systems to minimise adverse effects resulting from blockages or failures.



Other feedback

86% of those surveyed were satisfied with our stormwater and surface floods facilities.



Financial summary

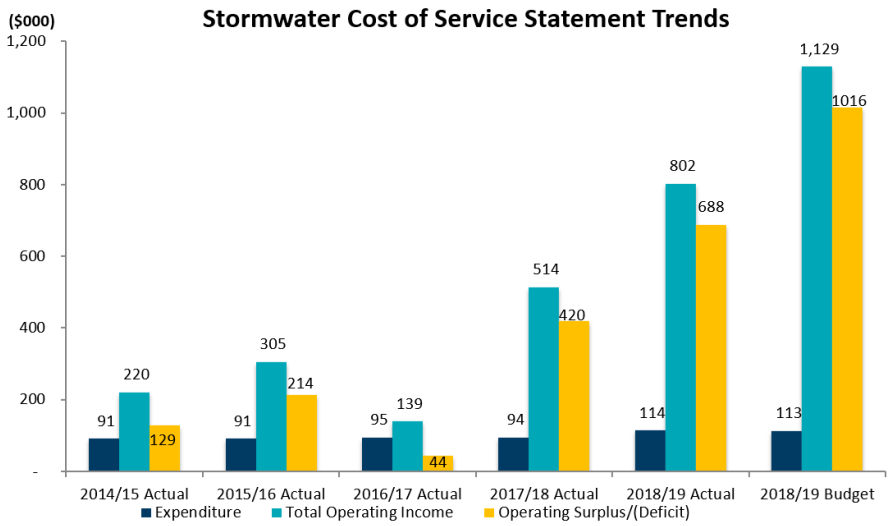
	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$1.129m	\$113,000	\$0
ACTUAL LTP YEAR 1 2018/19	\$802,000	\$114,000	\$645,000

Cost of Service Statement

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
Targeted rates	197	113	131
Contributions	0	0	8
Internal interest income	34	0	18
Internal income	6	0	0
Assets vested	277	1,016	645
TOTAL REVENUE	514	1,129	802
EXPENDITURE			
Consultancy expenses	0	2	11
Administration	10	1	11
Operational and maintenance	30	32	35
Interest on capital reserves	0	14	0
Depreciation	54	64	57
TOTAL EXPENDITURE	94	113	114
OPERATING SURPLUS/(DEFICIT)	420	1,016	688

Key variances to the budget:

1. Internal interest is higher than budgeted as the capital reserve has a positive balance due to lower than anticipated capital spend in prior years.
2. Vested assets received were lower than anticipated. This is driven by developer activity and is difficult to determine.
3. Consultancy expenses relating to the preparation of our stormwater management plans were higher than budgeted.



Funding Impact Statement

SOURCES OF OPERATING FUNDING

General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	170	126	131
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	11	0	18
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	181	126	149

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers	115	35	57
Finance costs	0	0	0
Internal charges and overheads applied	0	14	0
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	115	49	57
Surplus (deficit) of operating funding (A-B)	66	77	92

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	57	0	8
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	57	0	8

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure			
- To meet additional demand	321	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	(198)	77	100
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	123	77	100
Surplus (deficit) of capital funding (C-D)	(66)	(77)	(92)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation

Surplus (deficit) of operating funding

Add back:
Financial contributions
Vested Assets

Less:
Depreciation

OPERATING SURPLUS/(DEFICIT)

92
8
645
653
57
688

Capital Expenditure

Projects

MEET ADDITIONAL DEMAND

Urban Stormwater

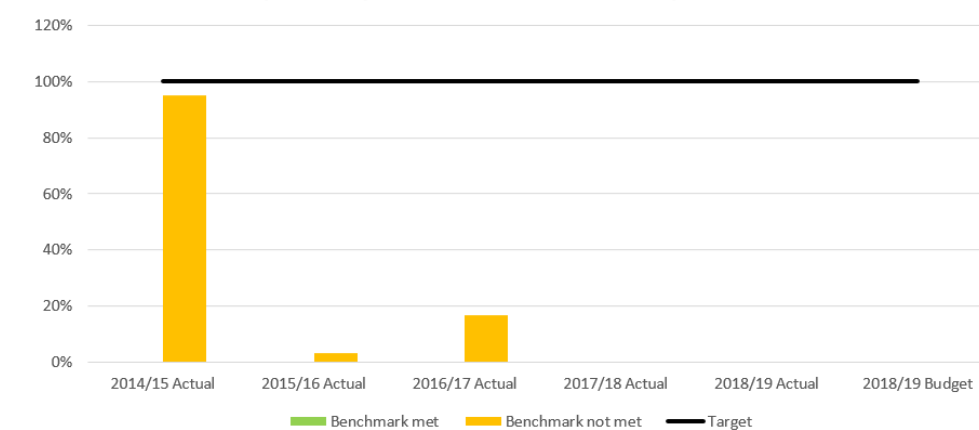
Vested assets

TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND

TOTAL CAPITAL EXPENDITURE

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
1	277	0	645
	277	0	645
	277	0	645

Capital Expenditure as a % of Depreciation



Notes:

Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Key variances to the budget:

1. Vested assets are driven by developer activity and are difficult to estimate accurately.

Roading



KEY FACTS

as at 30 June 2019

213km
sealed roads

local roads owned and maintained by Council
(excludes State Highways and roads within Mt Cook Village)

519km
unsealed roads

59km
footpaths

98
bridges

1,145
streetlights

The roading network links areas, connects people with each other and essential services, underpins the District's iconic tourism economy, enables businesses to access resources and markets, and provides people with social, cultural, recreational and employment opportunities.

What we do

Our district's roading network is considered vital infrastructure by the Council, underpinning the district's economic wellbeing and supporting significant activities such as farming, tourism and development. The provision of roading services is the biggest single cost item for the Council.

Council owns and maintains 732 kilometres of local roads within the district. That is all the roads in the district except for state highways, which are managed by the New Zealand Transport Agency (NZTA), and roading within Mt Cook Village which is administered by the Department of Conservation.

Rural roads make up 92% of our network and are an important part of the export supply chain with the main rural land uses in the District being pastoral farming, dairy farming and forestry. Roding also provides the key tourist routes throughout the District.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights, signage and other assets associated with transportation. The total optimised depreciated replacement cost for Council's roading assets is \$94.07 million (July 2016 valuation).



Key projects for 2018/19

Renewals, replacement and maintenance to ensure that our roading network remains appropriate continued to be a focus in 2018/19. Some of the key projects and work programmes that we undertook to maintain our levels of services are outlined below:

Project 1: Ongoing resealing and maintenance works



Ongoing

To maintain our levels of services across our roading network we undertake ongoing resealing and maintenance works. On average, monitoring of our unsealed roads shows that we lose approximately 17mm off the crown of the road per year. To counter this, we apply approximately 21,000m³ of wearing course to our unsealed roads annually.

We are also trialling new methods to improve our roads and reduce maintenance requirements, including adding clay to our granular maintenance material to aid in binding the material, and trialling weathered rock material as an alternative to our standard material. As part of this investigation work we have used a number of different sources and trial sites over this time. The trials are proving successful but we are continuing to monitor these sites to check performance over time.

During 2018/19, we did not need to undertake any resealing of our roads. This budget used to increase our metalling of unsealed roads.

We will continue to monitor the condition of all of our roads and prioritise maintenance and renewals as necessary to maintain our current roading conditions.

Project 2: Streetlighting replacement programme update



Ongoing

In our townships the streetlights that we have are low pressure sodium bulbs, but these are no longer able to be sourced for replacements. We have been seeking an alternative fitting which will be compliant with lighting restrictions within the Mackenzie and which will not negatively impact upon our international dark sky reserve.

Early in 2017/18, the New Zealand Transport Agency (NZTA) offered a favourable subsidy rate of 85% for the upgrade of streetlights to LED lighting. LED fittings are becoming increasingly common with reduced maintenance costs and lower energy consumption. Following discussions between Council and the Aoraki Mackenzie International Dark Sky (AMIDSR) Board, a lower heat range fitting was sought to ensure our International Dark Sky Reserve - Gold Status was retained.

This year we have been reworking our business case and sourcing fittings so that we can undertake the replacement programme in 2019/20 and 2020/21.

Project 3: Transportation Study update



Partially completed

In 2016 we commissioned a Transportation Study to address issues on the roading network in each of our three towns. Planning work was further developed for Tekapo with consultation with the Tekapo community.

Council has recently committed to a joint work programme titled Destination Mackenzie to plan out the future of our district and township development. Destination Mackenzie, which is being undertaken with Ministry of Business, Innovation and Employment (MBIE) funding is scheduled to be completed in 2019/20.

While the majority of work has been placed on holding pending the completion of the Destination Mackenzie Study, we have been progressing upgrades of car parking areas within the Tekapo township, with the Eastern carpark nearing completion and improvements to the Western carpark commencing during the 2019/20 year.

Project 4: Footpaths update



Delayed

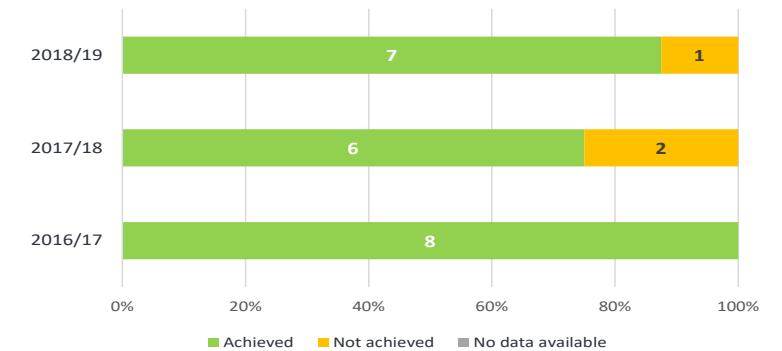
Our Long Term Plan 2015-25 had anticipated ongoing renewal of footpaths in each township over time. However this programme of ongoing renewals was reduced across the district in recent years. Following an announcement by Chorus regarding the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we decided to delay footpath replacements until Chorus' work is completed. In the interim, we have been undertaking some maintenance to ensure necessary levels of safety are maintained.



Assessment against our performance measures for 2018/19

We achieved **88%** of the applicable non-financial performance standards in our roading activity.

The following table shows how our roading activity performed as measured against the targets set for the 2018/19 year.



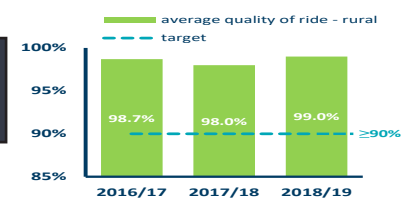
* Mandatory performance measure

Measure 1:

The average quality of ride on a sealed local network, measured by smooth travel exposure*:

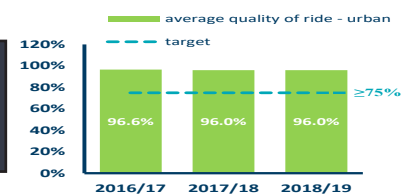
a) Rural roads; and

Target:
≥90%



b) Urban roads.

Target:
≥75%



What we did:

We continually aim to maintain our network to a high standard, reducing the need for costly repairs. We have quality control processes in place to ensure that all works completed on our networks and all assets vested to us (e.g. through subdivisions) are constructed to a high standard, and that works within the corridor (e.g. service trenches) are restored to the same high standard. To ensure this occurs, staff carry out quality assurance checks during construction and prior to surfacing. If works do not meet the appropriate standard, they are reworked or reconstructed. These measures ensure that the quality of ride on our rural and urban roads, measured by smooth travel exposure, is maintained.

During 2018/19 we maintained a high quality of ride on our sealed roading network, exceeding our target.

Challenges/issues we experienced:

With the level of development occurring within our district, and the resulting need to underground services across roads, the roughness of our roads can be affected. To manage this we work with developers and service providers to minimise the number of trenches and ensure that roads are reinstated to a high level.

Looking ahead:

We will continue to maintain current levels of maintenance and will undertake a condition rating and roughness assessment of our roads in 2020/21 as part of our bi annual roading survey. We will continue to monitor the condition of our roads, and identify areas for improvements when required. This will enable us to maintain our current quality of ride and make improvements where possible.

Measure 2:

The percentage of the sealed local road network that is resurfaced.*

What we did:

During the 2018/19 year, we sealed 12.1 km of road consisting of 4.22 km of urban roads and 7.87 km of rural road. This equated to 6.37% of our sealed local road network, achieving our target of 4%.

Challenges/issues we experienced:

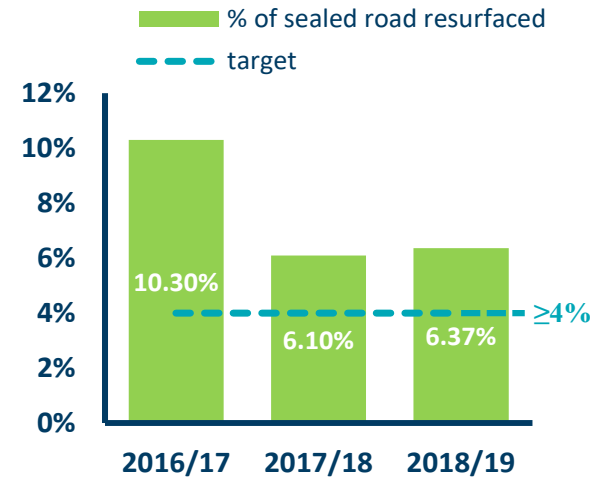
There were no significant challenges or issues which hindered our resealing work programme this year.

Looking ahead:

We will continue to maintain our sealed roads.

Target:

≥4%



Measure 3:

The percentage of the unsealed local road network renewed using wearing course and stabilisation techniques.*

What we did:

During 2018/19 we applied 27,355m³ of granular material on our unsealed roads: 168km of maintenance material and 34km of wearing course treatments, totalling 202km of unsealed maintenance gravel. We also applied additional maintenance gravel to some lower volume roads to aid in maintenance.

Challenges/issues we experienced:

It is difficult to make assumptions about the amount of unsealed wearing course which may be required in any given year as this can be affected by a number of factors including changes in land use, seasonal activities, development and environmental conditions (e.g. weather conditions and events).

On average we lose approximately 17mm of gravel from our unsealed roads every year with some of our higher volume roads losing up to 42mm per year. This loss is the primary reason for the need to undertake regular renewals. To help minimise gravel loss we add clay to our maintenance gravel to bind the surface to extend the longevity and reduce the amount of maintenance required.

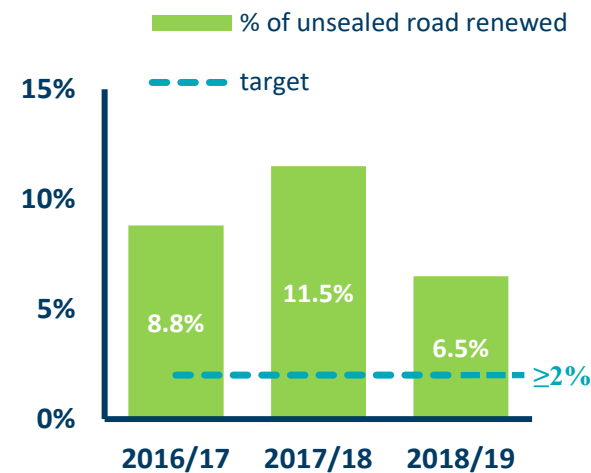
Compared with many other districts, our road network requires higher levels of wearing course treatments. Whilst this wearing course treatment increases longevity of our unsealed roading assets, the cost is slightly higher than maintenance metal treatments. This means that our volumes of metal don't go as far. Balancing wearing course, maintenance material and costs is a continual challenge for us.

Looking ahead:

We will continue to maintain our unsealed roading network including monitoring the condition of our roads. When needed, we will plan renewals and/or improvements. We are continually looking for new innovations to improve the maintenance and renewal of our unsealed roads. We have a number of weathered rock sites which we have been trialling over the last ten years. We have also begun blending weathered rock with our crushed river aggregate to improve product performance and achieve longer life for our material.

Target:

≥2%



Measure 4:

The percentage of road users satisfied with the roading network.

What we did:

We work to maintain our roading network to a high standard for the benefit of our communities and visitors while seeking to keep maintenance costs at an affordable level. Of those surveyed, 73% stated that they were satisfied with our roading network and 81% stated that they were satisfied with our footpaths. This is an average satisfaction of 77%. We did not meet our target for the year.

Challenges/issues we experienced:

We continue to experience challenges around how satisfaction levels with roads reflect an overall view of the districts roading rather than this level of satisfaction being clouded by specific issues.

With growth across the district in tourism and development means additional pressures are put on infrastructure and the maintenance of the network.

It should be noted that we have refined our calculation of this measure in 2017/18 and 2018/19 from previous years which has resulted in a reduced level. Applying the improved calculation, the 2016/17 result would be restated as 70%.

Looking ahead:

We will continue to focus on improving the experience for our road users and to exceed our satisfaction target. We note that our survey could be improved to ensure that we are able to identify areas of concern to road users.

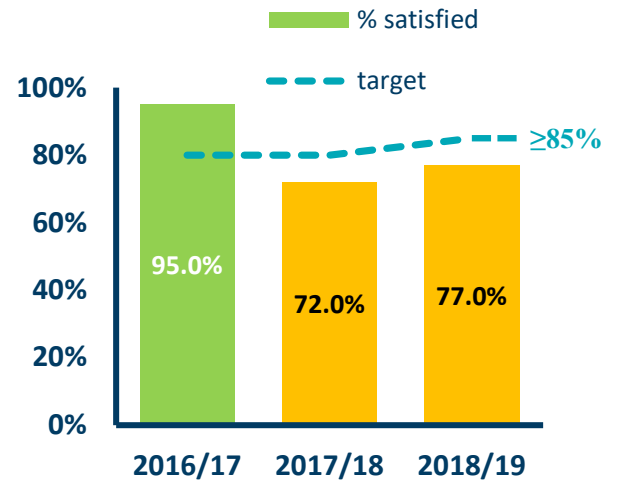
We remain committed to ensuring effective maintenance and improvements to our roading network is undertaken.

We will work with our contractors to ensure that appropriate works are carried out in a timely manner with minimum disruption. We also look for new innovative ways of undertaking works and maintenance.

Target:

≥85% in 2018/19

≥80% in 2016/17 & 17/18



Measure 5:

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.*

What we did:

Whilst there was no change in the number of fatal and serious injury crashes on our roading network in 2018/19 compared with 2017/18, it is with sadness that we acknowledge that one fatal accident which resulted in numerous minor injuries, one serious injury and a triple fatality, and a separate serious injury accident occurred.

Target:

change from previous financial year = 0 (equated to a total target of ≤2 fatality and serious injury crashes)

	2016/17	2017/18	2018/19
Change from the previous financial year	0	-1	0

Challenges/issues we experienced:

Increases in the volume of traffic on our roads increases the potential for conflict. There is a reliance on drivers complying with the road rules as well as driving defensively. It is important that there are improvements undertaken to improving current road network prioritised by our high volume, higher speed roads. Given the makeup of our network and variant use it is hard to predict any trends. This is compounded by the lack of recorded near miss/crash data.

Looking ahead:

We have planned a number of safety improvement projects as part of our Long Term Plan 2018-28. Due to budget restrictions we are having to prioritise improvement works.

In addition to improvements, we will continue to maintain our existing traffic services and maintenance including vegetation control (to increase visibility), and pothole repair to improve the safety of our roading network.

Measure 6:

The percentage of customer service requests relating to roads and footpaths will be responded to within 10 working days.*

What we did:

In 2018/19 we responded to 84.7% of customer services requests relating to roads and footpaths within 10 working days. Therefore, we met our target for the year.

Challenges/issues we experienced:

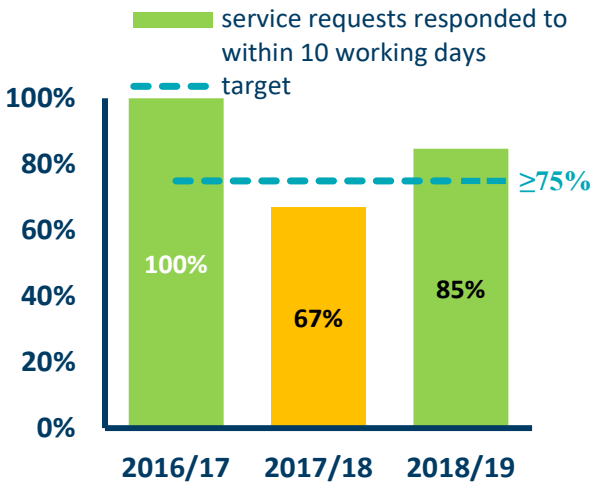
Due to the complexity of some issues, additional time may be required to resolve the issue, particularly if a specialist contractor is required to undertake the works.

Looking ahead:

We will continue to seek to improve our customer service. We will continue to work with our contractor to ensure that all customer service requests are responded to in an appropriate and timely manner.

Target:

≥75% of service requests relating to roads and footpaths will be responded to within 10 working days



Measure 7:

The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.*

What we did:

We rated our footpaths 3 years ago, and completed a visual inspection 2 years ago. As a result, we developed a work programme for our footpaths. However, these works have since been placed on hold pending the roll-out of ultra fast broadband (UFB). This will avoid the need to make further repairs after the completion of the UFB installation. We have continued to repair footpaths where they posed an immediate hazard or where failure of the asset may have occurred if not attended to.

At present, 95.3% of the total length of our footpaths are at, or above, the average condition rating, exceeding our target.

Challenges/issues we experienced:

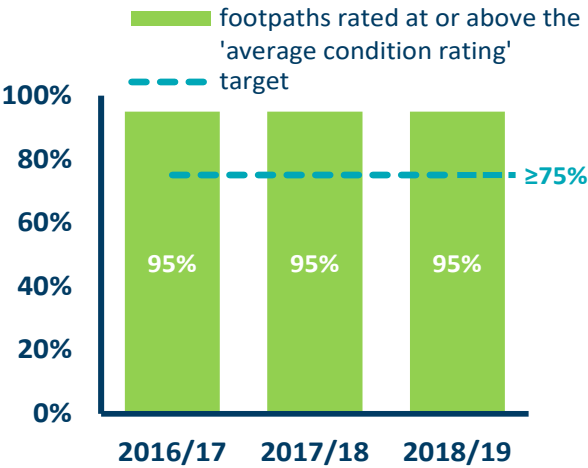
The announcement of the roll-out of UFB has impacted on our planned footpath maintenance. As the cable infrastructure will be installed within the shoulders/berms of our road reserve, it is likely that the trenching and associated works will impact on our footpaths.

Looking ahead:

Once the UFB rollout has been completed in each of our major towns, we intend to increase the footpath maintenance and renewals to ensure that all proposed work is completed. The trenching and damage excavation and surfacing will be rectified by Chorus or their contractor/sub-contractor as part of the installation of UFB. The 'catch up' of our work programme may take up to 5 years to complete. Council will undertake our next condition rating assessment in 2020/21.

Target:

≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.



Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$4.129m	\$4.111m	\$2.010m
ACTUAL LTP YEAR 1 2018/19	\$5.128m	\$3.985m	\$3.555m

Funding Impact Statement

Reconciliation

Surplus (deficit) of operating funding	825
Add back:	
Capital Subsidies and Grants	866
Vested Assets	1,703
	2,569
Less:	
Depreciation	2,251
OPERATING SURPLUS/(DEFICIT)	1,143

Capital Expenditure

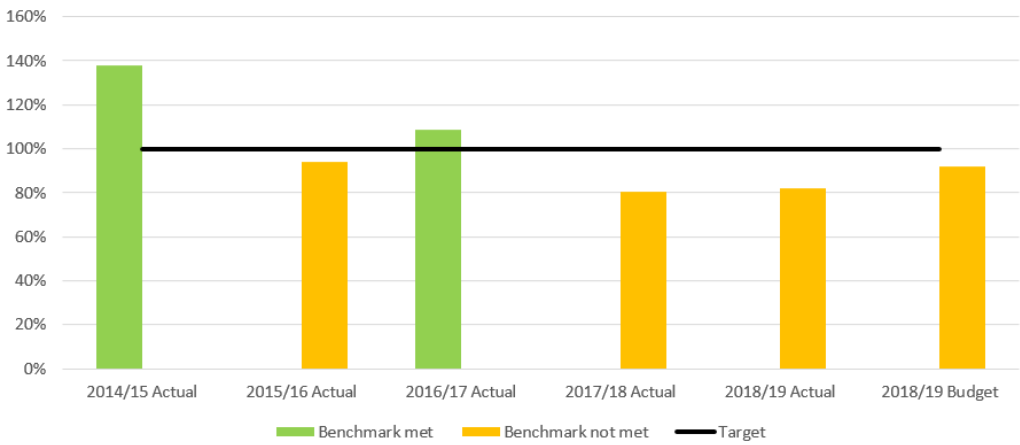
Projects	Notes	2018	2019	
		Actual \$000's	Long Term Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
<i>District Roading</i>				
Vested assets	1	1,349	0	1,703
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		1,349	0	1,703
IMPROVE LEVEL OF SERVICE				
<i>District Roading</i>				
Footpaths - surfacing		0	0	0
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		0	0	0
REPLACE EXISTING ASSETS				
<i>District Roading</i>				
Unsealed road metalling	2	710	650	747
Sealed road resurfacing		547	500	523
Footpaths - surfacing		1	30	6
Drainage renewal		64	70	80
Plant and equipment		2	0	0
Sealed road pavement rehabilitation	3	99	200	20
Structures component replacements bridges	4	0	50	0
Structures component replacements cattlestops		0	10	0
Traffic services renewals	5	42	60	138
Sealing past houses		0	140	148
Minor improvements	6	250	300	190
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		1,715	2,010	1,852
TOTAL CAPITAL EXPENDITURE		3,064	2,010	3,555



Notes:
Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

- Key variances to the budget:**
- 1. Vested assets are driven by developer activity and are difficult to estimate.
 - 2. We undertook additional works to tidy up our roads prior to winter and recycling material on our roads.
 - 3. We have had less than anticipated costs this year as no blackspots were identified.
 - 4. Bridge inspections have been carried out and a number of components have been scheduled for replacement in 2019/20.
 - 5. Traffic services renewals is significantly over budget due to full remarking being carried out.
 - 6. Our eastern carpark project in Tekapo is progressed and will be completed in 2019/20.

Capital Expenditure as a % of Depreciation



Regulatory Services



148
resource consents
processed

384
building consents
processed

1,553
dogs
registered in
the district

26
liquor licence
applications received

88
food premises
licenced in
the district

The Council undertakes a range of regulatory activities to enhance the safety of those who live in and visit the district. It also aims to protect and enhance the natural environment by regulating development in a manner that is environmentally sensitive, well planned and which positively contributes to the maintenance and enhancement of the district's natural and scenic landscape. Council also ensures that all new buildings and alterations in the district are constructed in a manner which promotes the health, safety and wellbeing of our community and complies with all the relevant statutes and codes.



What we do

Council's regulatory service group of activities includes resource management (the planning department), building control, animal control, civil defence and emergency management, and public health and liquor licensing.

Resource management

Our planning department is responsible for administering the Council's functions under the Resource Management Act 1991 (RMA). The purpose of the RMA is to enable sustainable management of the district's natural and physical resources. Our key planning document under the RMA is the District Plan, which identifies the issues facing the district and seeks to manage the effects of those issues by setting objectives, policies and rules to achieve the purpose of the RMA. Other resource management functions of the planning department include: resource consent processing; processing plan changes; monitoring and enforcement of resource consents and activities permitted by the District Plan; review of the District Plan; and regulatory policy and bylaw development and monitoring.

Building control

Council is an accredited Building Consent Authority. Our building control department is responsible for administering the Council's functions under the Building Act 2004. This involves processing building consent applications, monitoring the construction of buildings, and issuing code compliance certificates upon the completion of building work. As a territorial authority, Council is also responsible for enforcement under the Building Act 2004 relating to breaches including dangerous and/or insanitary buildings, auditing of swimming pools and undertaking building warrant of fitness checks.

Civil Defence and Emergency Management

Council is responsible, under the Civil Defence Emergency Management Act 2002, to ensure that the Council and community are prepared and able to respond in the event of a civil defence emergency. Council's civil defence activity relies heavily on volunteers in responding to any emergency, and the Council seeks to ensure that all staff and volunteers are adequately trained for their roles. Council staff and volunteers are trained to support Council during civil defence events.

Public Health and Liquor Licensing

Council has responsibilities under the Food Act 2014 to ensure that premises which prepare and sell food meet hygiene regulations and are inspected. Council also has other responsibilities under the Sale and Supply of Alcohol Act 2012. Council's functions of licensing and monitoring premises under these acts are managed through a contract with Timaru District Council, who carry out these services on the Council's behalf. In 2014 the Council prepared a joint local alcohol policy (LAP) with Timaru and Waimate District Councils, providing a consistent approach to how the sale of alcohol is managed.

Key projects for 2018/19

It has been a busy year for our regulatory services activity area. As well as processing significant numbers of building and resource consents, business as usual and liaising with stakeholders in relation to environmental management, civil defence and emergency management and food and liquor licencing, we have progressed a number of key projects.

Project 1: District Plan Review



Ongoing

A number of sections of the Mackenzie District Plan are due for review. In 2017/18 Council resolved to continue the District Plan Review programme (DPR) in two stages. Stage One encompassed changes around two priority issues being, 1) activities on the surface of water; and 2) biodiversity. Stage Two will then encompass all other outstanding issues (excluding Plan Change 13).

During 2017/18 we have continued to progress background work for DPR.

Stage Two of the DPR is scheduled for 2019/20 and 2020/21 with our strategic focus being on visitor accommodation, managing rural areas outside of the Mackenzie Basin, and township form, growth and development. Outcomes of the Destination Mackenzie study being undertaken in 2019/20 will contribute to our DPR.

Project 2: Plan Change 13: Landscape in the Mackenzie Basin



Completed

Plan Change 13 was first notified by the Council in 2007 and has been an ongoing area of work since that time, being subject of a number of appeals through the Courts.

A final decision on Plan Change 13 was issued 18 December 2018, bringing Plan Change 13 to its conclusion.

Project 3: Plan Change 18: Indigenous Biodiversity



On hold

Previously we completed Plan Change 17 which provided an interim “freeze” on indigenous vegetation clearance exemptions was progressed to a decision in the 2017/18 year. This plan change became operative 21 July 2017. These provisions were to be effective for a 12 month period ending 24 December 2017.

This year we have been progressing Plan Change 18 which created an additional section in our District Plan regarding Indigenous Biodiversity. This has been prepared to deal with the issues covered by the temporary Plan Change 17.

Since beginning our work on Plan Change 18, central government have begun developing guidance, a refreshed New Zealand Biodiversity Strategy and a new National Policy Statement on Indigenous Biodiversity to be developed in the context of the Strategy. As this national work has the potential to affect our Plan Change provisions and how we progress, we have sought to extend our processing of Plan Change 18, awaiting the release of the National Policy Statement on Indigenous Biodiversity.

Project 4: Plan Change 19: Activities on or within waterbodies



Completed

In response to concerns from our community that our District Plan did not adequately manage effects of activities on waterbodies, we prepared Plan Change 19. We publicly notified proposed Plan Change 19 in December 2017. We received 165 submissions and 14 further submissions and held a public hearing while consulting on the proposed Plan Change. A final decision on Plan Change 19 was issued 17 May 2019, bringing the finalised provisions into our operative District Plan.

Project 5: Strategic Planning work



Deferred to 2019/20

Our Long Term Plan 2018-2028 signalled that we would complete strategic planning studies of Twizel, Tekapo and Fairlie to ensure that we would be best equipped to plan for the future of our townships.

In 2018/19 we made a successful application to the Ministry of Business, Innovation and Employment's (MBIE) Provisional Growth Fund, securing \$711,000 for the 2019/20 year. This will be met with a ratepayer contribution of \$90,000, to establish a governance framework, with key stakeholder alignment to deliver a cohesive destination management plan for our district.

Our Destination Mackenzie feasibility study, which will be undertaken during 2019/20, will determine the initiatives required to place the Mackenzie District on a more sustainable pathway in terms of supporting and enhancing tourism, growth, environmental, community and iwi needs over the long term.

This work will feed into our District Plan Review to ensure that we have a fit for purpose Plan to manage sustainable growth and development within our district, while protecting

Project 6: Introduction of National Planning Standards



Progressing

Amendments to the Resource Management Act 1991 introduced National Planning Standards for use in all District Plans in 2019. The National Planning Standards have been developed to ensure consistency of Plans across the country.

We will be using the new template forming the National Planning Standards and will comply with these as we develop our District Plan Review within an online planning framework, ePlan.

Project 7: Civil Defence update



Completed

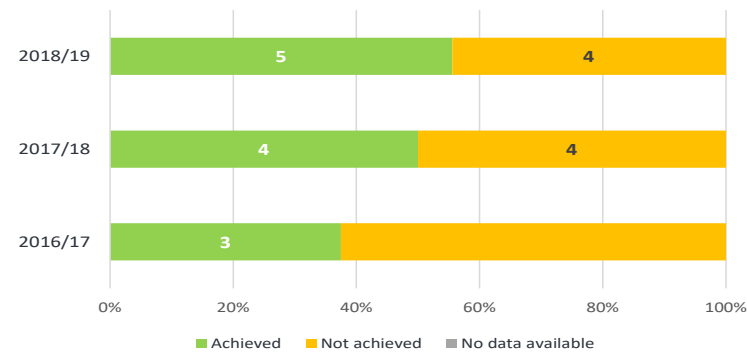
In 2018/19 we increased our Emergency Management Officer role from part time to full time on a two year basis, to undertake a review of our Civil Defence and Emergency Management and put in place systems, processes and training to ensure that we are able to fulfil our CDEM responsibilities.

Due to the success of this role, and the significant ongoing work required to ensure that we and our communities are best able to reduce, be ready and responsive, and recovery from emergencies, we have made this role a permanent fulltime position from 2019/20.

Assessment against our performance measures for 2018/19

We achieved **56%** of the non-financial performance standards in our regulatory services activity.

The following table shows how our regulatory services activity performed as measured against the targets set for the 2018/19 year.



Resource Management

Measure 1:

The percentage of those surveyed that are satisfied by the belief that the Council is adequately managing resource management issues in the District.

Target:
≥80%

What we did:

This year, 80% of those surveyed were satisfied with how we are managing resource management issues within the district, meeting our target for 2018/19. This shows improvement on our performance from previous years.

Challenges/issues we experienced:

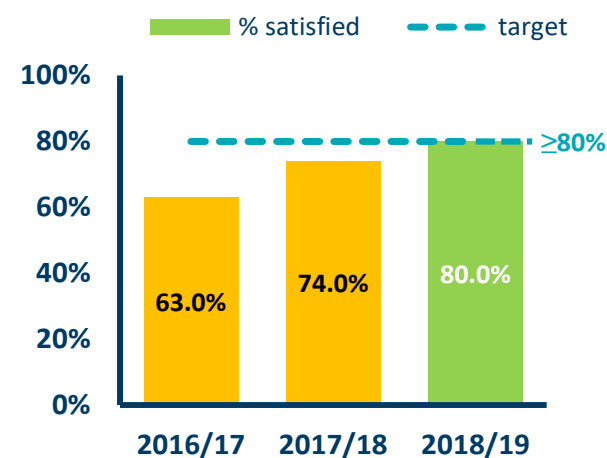
While growth and development within our district can be positive, it means a busy year for our planning and regulatory functions in managing impacts on our iconic environment.

At times attracting and retaining experienced staff is a challenge.

Looking ahead:

We will continue to undertake our resource management functions.

This measure is considered to be ambiguous in the use of the broad term “resource management issues”, as it may not be specific enough to provide meaningful information from respondents. As part of our next Long Term Plan we will review the effectiveness of our measure to ensure that we are monitoring our responsibility to our communities and environment in the best way.



Measure 2:

Non-notified consents are processed within the statutory timeframe of 20 working days.

What we did:

This year we have met our target of 95% on non-notified consents being processed within statutory timeframes. This increase reflects the improvement we have made to processes, in particular the tracking and monitoring of consent processing.

Challenges/issues we experienced:

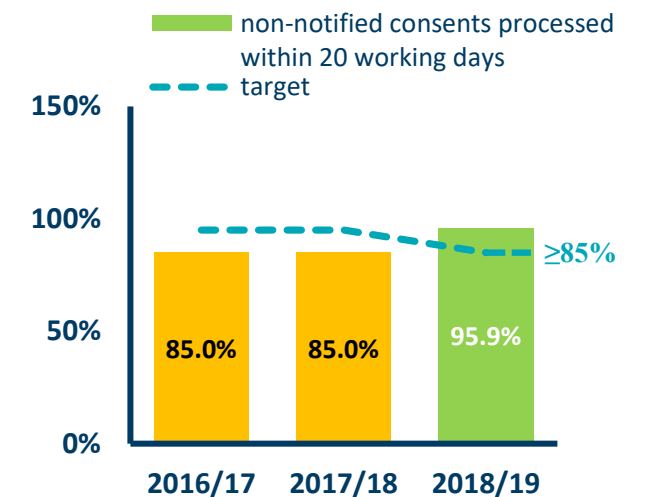
We continue to experience difficulty in the number of consents being received and staff levels, particularly in attracting and retaining experienced staff.

Looking ahead:

We will continue to work towards improving our processing times not just to meet the timeframes but to lower processing times for our customers.

Target:

≥85% in 2018/19 ≥95% in 2016/17 & 17/18



Measure 3:

The percentage of applicants for resource consents that are satisfied with the quality of service they receive.

What we did:

During 2018/19, we have experienced a significant drop in customer satisfaction with the quality of service received by applicants for resource consents.

It is not clear why this is so low considering an overall increase in respondents who believe that we manage resource management issues well and the increase in the percentage of resource consents which we have been processing within statutory timeframes.

Challenges/issues we experienced:

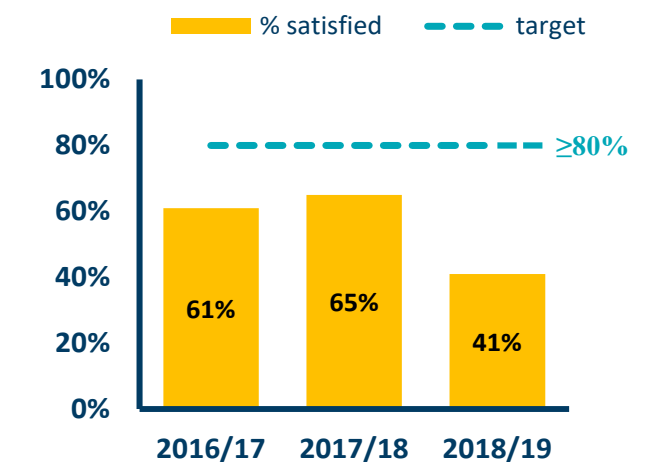
Currently we only undertake a survey once a year. It is considered that the time delay between our customers seeking resource consent and being surveyed may affect the validity of our survey.

Looking ahead:

We will continue to refine our processes and will be making improvements to our survey questions, and sending out surveys and the time of decisions being made. We believe this will increase the number of survey responses that we receive and ensure that responses are reflective of the resource consenting processes our customers experience.

Target:

≥80%



Building Control

Measure 4:

Building consents are processed within the statutory timeframe of 20 working days.

What we did:

With 97.76% of building consents processed within statutory timeframes, we exceeded our target for 2018/19.

Challenges/issues we experienced:

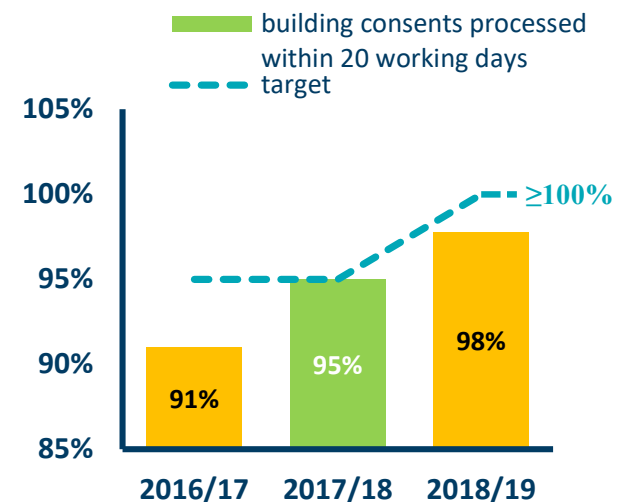
At times, the high level of activity in the building control area along with vacancies in technical positions has raised challenges in our meeting of the 20 day statutory timeframes for processing building consents.

Looking ahead:

We are currently recruiting for technical staff to fill our remaining roles. Once we have staff on board in these roles, we will be able to increase the number of building consents that we process in-house, allowing better quality control and consistency.

Target:

100% in 2018/19 ≥95% in 2016/17 & 17/18



Measure 5:

The percentage of applicants for building consents that are satisfied with the quality of service they receive.

What we did:

During 2018/19, we have experienced a significant drop in customer satisfaction with the quality of service received by applicants for building consents meaning that we did not meet this target for 2018/19.

Challenges/issues we experienced:

A number of factors have impacted on our delivery of building control services. Growth across the district has made for a very busy year. We have also experienced challenges around recruiting and retaining appropriately skilled and experienced staff.

Currently we only undertake a survey once a year. It is considered that the time delay between our customers seeking building consent and being surveyed may affect the validity of our survey.

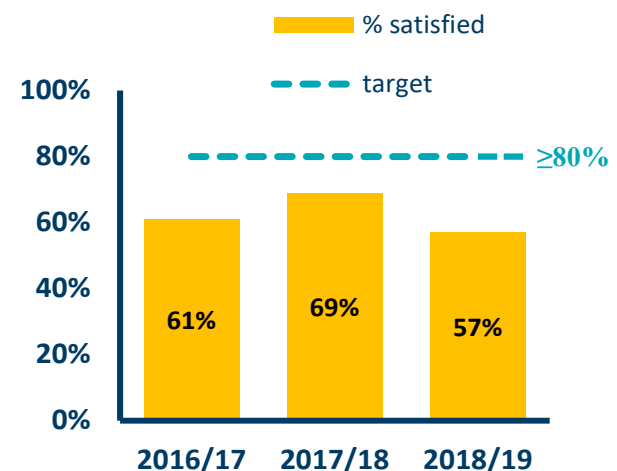
Looking ahead:

Recruitment is in progress for a Principal Building Control Officer. Having the whole team pre-dominantly based in the Twizel office is assisting with on-going training of new staff and creating a consistent level of service delivery throughout the region. In future a Building Control officer will be partly based within the Fairlie office to provide advice and support to customers and staff in this area of the region.

We will also be making improvements to our survey questions, and sending out surveys and the time of decisions being made. We believe this will increase the number of survey responses that we receive and ensure that responses are reflective of the consenting processes our customers experience.

Target:

≥80%



Animal Control

Measure 6:

The percentage of those surveyed that believe the Council is adequately managing dog control issues in the District.

What we did:

During 2018/19, we have experienced a drop in satisfaction with our dog control activities. This drop has meant that we did not reach our target for 2018/19.

Challenges/issues we experienced:

We have experienced pressures with our dog control during peak holiday times when there are a higher than usual number of dogs in some of our towns.

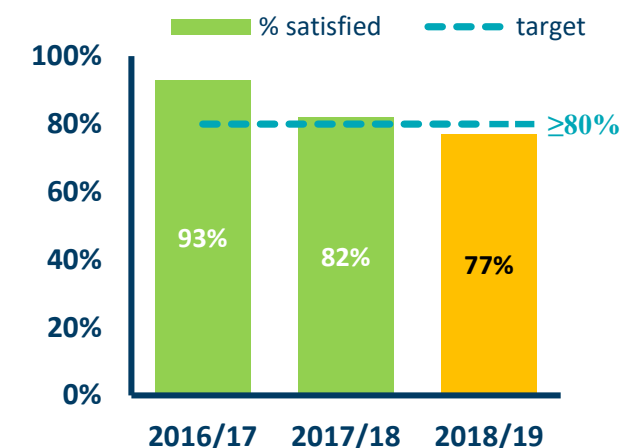
Looking ahead:

We will be running an educational campaign on dog owner responsibilities throughout our district in the lead up to and during peak holiday periods.

We will also work with our contractors to seek improvements our current services.

Target:

≥80%



Land Information Memorandums (LIMs)

Measure 6:

LIMS are processed within the 10 working day statutory timeframe.

What we did:

During 2018/19, we issued 208 LIMs, of which only one exceeded the statutory timeframe of 10 working days.

Challenges/issues we experienced:

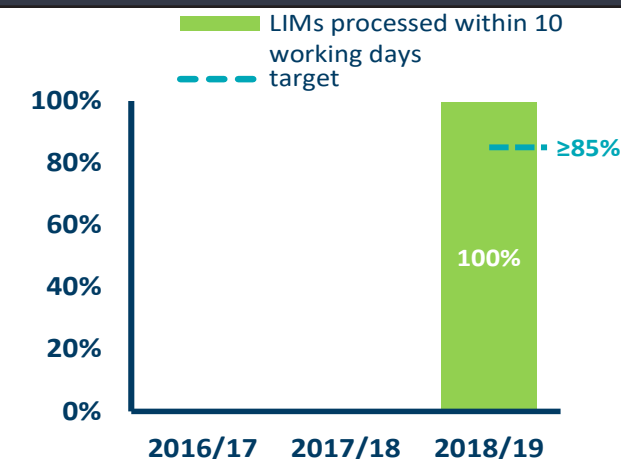
We did not experience any challenges or issues in preparing our LIMs.

Looking ahead:

We will continue to provide LIMs within the statutory requirements.

Target:

≥85% (new measure for 2018/19)



Civil Defence and Emergency Management

Measure 7:
Council staff and volunteers are familiar with their roles and are adequately trained.

What we did:
In 2017 we appointed a full-time Emergency Management Officer (EMO) on a two-year fixed term to review and strengthen its CDEM activities. As a result increased training and upskilling of staff has been achieved, to better enable them to operate within the Emergency Operations Centre (EOC).

An exercise was held in November 2018, to test our initial response systems and continue to embed the systems and processes which have been developed for our EOC.

Challenges/issues we experienced:
During the 2018/19 year, there has been a number of staff movements and new staff joining the Council. This has required the provision of a range of training opportunities, from introductory through to more advanced training.

Releasing staff from their business as usual roles to participate in training continues to be a challenge for the organisation, but staff remain committed to their civil defence roles.

Looking ahead:
Improved and ongoing opportunities in the form of monthly training for EOC staff will be provided. This will ensure that staff (and volunteers as necessary) are familiar with the required systems and processes.

As part of our organisational review we have highlighted the need for continued support in Civil Defence and Emergency Management. As a result of the review, we have made the Emergency Management Officer (EMO) role a permanent position.

Target:
Training is attended as required, and the Council will participate in one training exercise per year.



Measure 8:
The percentage of the community surveyed who believe that the District is adequately prepared for a civil defence emergency.

What we did:
We met our target for 2018/19. Council staff have been working on improving means of communicating with our communities and visitors. We have increased the use of our council Facebook page and website to provide weather warnings and CDEM information. Regular articles providing educational material encouraging and promoting community preparedness are also provided in local publications.

Challenges/issues we experienced:
As emergency events are irregular and have unknown consequences, challenges arise in encouraging communities and residents to be prepared. This can be compounded by a general belief that organisations and agencies within our communities will be able to provide support. Ongoing education and support of preparedness will assist in managing these expectations and ensuring that individuals, households, and groups are resilient.

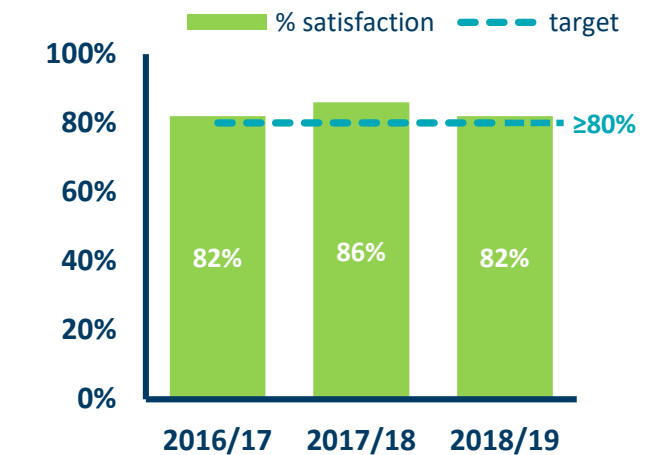
While we have been increasing our levels of communication around civil defence, this continues to be a challenge. We recognise the need for multiple communication streams to increase the reach of our messaging for preparedness and during emergency events.

Challenges also arise from the large number of visitors who pass through our district, in terms of ensuring their safety and welfare should an emergency event occur. Council is committed to ensuring the welfare of all those within our district, and will continue to work with tourist and accommodation providers to enable effective communication and preparedness throughout the district.

Looking ahead:
Council is committed to continuing the education of individuals, households, groups and businesses around resilience. A focus of our civil defence activity over the coming year will be on continuing to plan, with our partner organisations, for the response to the Alpine Fault “AF8” programme in our district.

We will continue to explore ways of improving our communication with our communities and believe that the appointment of a Communications Advisor to Council will benefit CDEM.

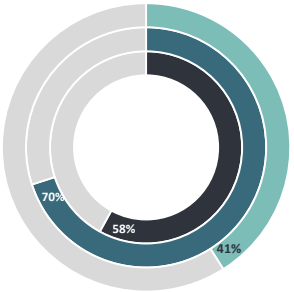
Target:
≥80%



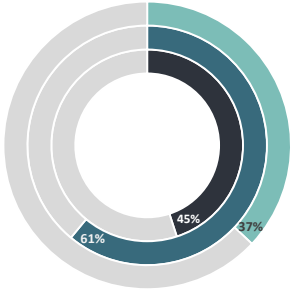
Other feedback

2016/17 2017/18 2018/19

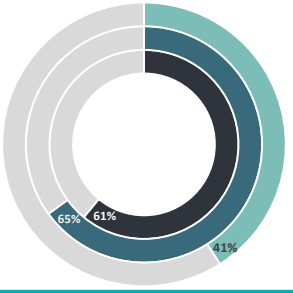
41% of resource consent applicants surveyed were satisfied with the helpfulness of our planning staff.



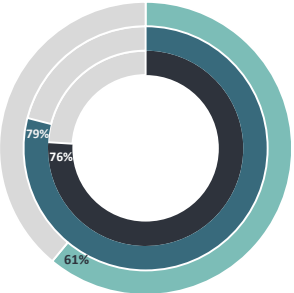
37% of resource consent applicants surveyed considered that the cost and time commitments associated with obtaining a resource consent are reasonable.



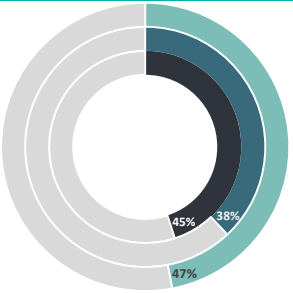
41% of resource consent applicants surveyed were satisfied with the quality of service they received.



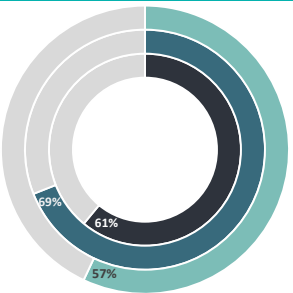
61% of building consent applicants surveyed were satisfied with the helpfulness of our building control staff.



47% of building consent applicants surveyed considered that the cost and time commitments associated with obtaining a building consent are reasonable.



57% of building consent applicants surveyed were satisfied with the quality of service they received.



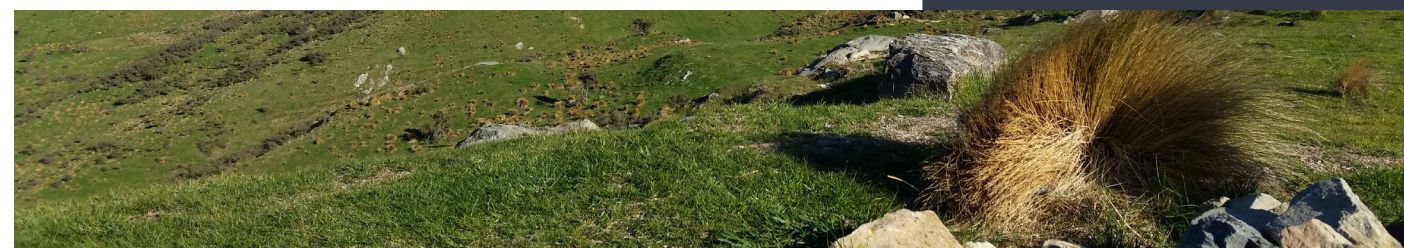
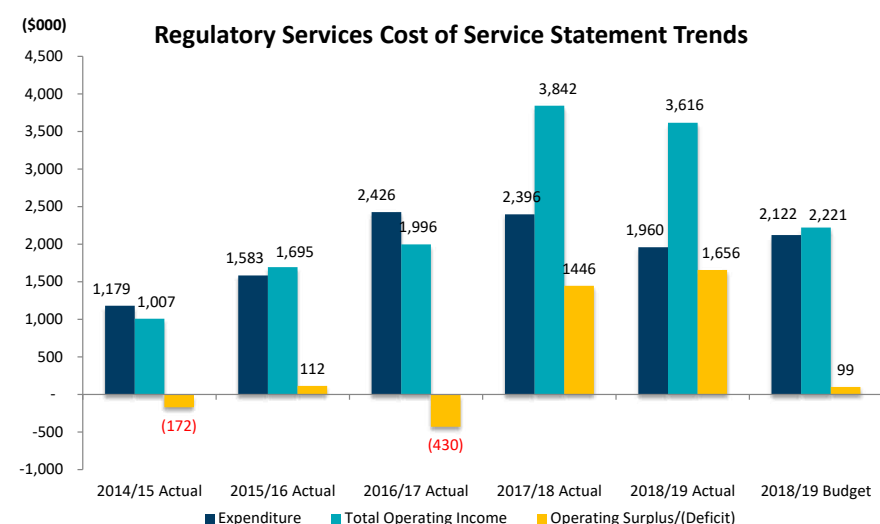
Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED LTP YEAR 1 2018/19	\$2.221m	\$2.122m	\$39,000
ACTUAL LTP YEAR 1 2018/19	\$3.616m	\$1.960m	\$30,000



Cost of Service Statement

		2018	2019	
	Notes	Actual	Long Term Plan	Actual
		\$'000's	\$'000's	\$'000's
REVENUE				
General rates		587	795	795
Other revenue	1	1,515	1,276	1,182
Contributions	2	1,181	150	1,639
Internal income		559	0	0
TOTAL REVENUE		3,842	2,221	3,616
EXPENDITURE				
Personnel costs	3	895	1,219	970
Consultancy expenses	4	1,068	545	794
Administration		80	64	55
Operational and maintenance	5	247	202	20
Interest on capital reserves		59	59	67
Internal expenses		42	28	50
Depreciation		5	5	4
TOTAL EXPENDITURE		2,396	2,122	1,960
OPERATING SURPLUS/(DEFICIT)		1,446	99	1,656



Key variances to the budget:

1. Other revenue is lower than budgeted as this years Health and Liquor licensing fees were included in the prior year, animal control fees were lower than anticipated and recoverable services were significantly less than had been budgeted. These were offset by higher levels of building consents and resource consent applications been received due to the high level of growth that our district is continuing to experience.

2. Contributions revenue is significantly higher than budgeted due to the level of subdivisions in Lake Tekapo which drive our contributions levies.

3. Personnel costs are lower than budgeted due to vacant positions in the Planning team.

4. Consultancy expenses are higher than budgeted due to increased levels of building and resource consent recoverables than had been budgeted. This is offset by lower District Planning costs resulting from changes to the timing of our District Plan Review.

5. Operational and maintenance costs were lower than budgeted as contract payments for the Health and Liquor licensing were included in the prior year and costs for animal control were lower than had been anticipated.

Funding Impact Statement

SOURCES OF OPERATING FUNDING

General rates, uniform annual general charges, rates penalties	
Targeted rates	
Subsidies and grants for operating purposes	
Fees and charges	
Internal charges and overheads recovered	
Local authorities fuel tax, fines, infringement fees, and other receipts	
TOTAL OPERATING FUNDING (A)	

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers
Finance costs
Internal charges and overheads applied
Other operating funding applications
TOTAL APPLICATIONS OF OPERATING FUNDING (B)

Surplus (deficit) of operating funding (A-B)

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure
Development and financial contributions
Increase (decrease) in debt
Gross proceeds from sale of assets
Lump sum contributions
Other dedicated capital funding
TOTAL SOURCES OF CAPITAL FUNDING (C)

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure

- To meet additional demand
- To improve the level of service
- To replace existing assets

Increase (decrease) in reserves

Increase (decrease) of investments

TOTAL APPLICATIONS OF CAPITAL FUNDING (D)

Surplus (deficit) of capital funding (C-D)

FUNDING BALANCE ((A-B) + (C-D))

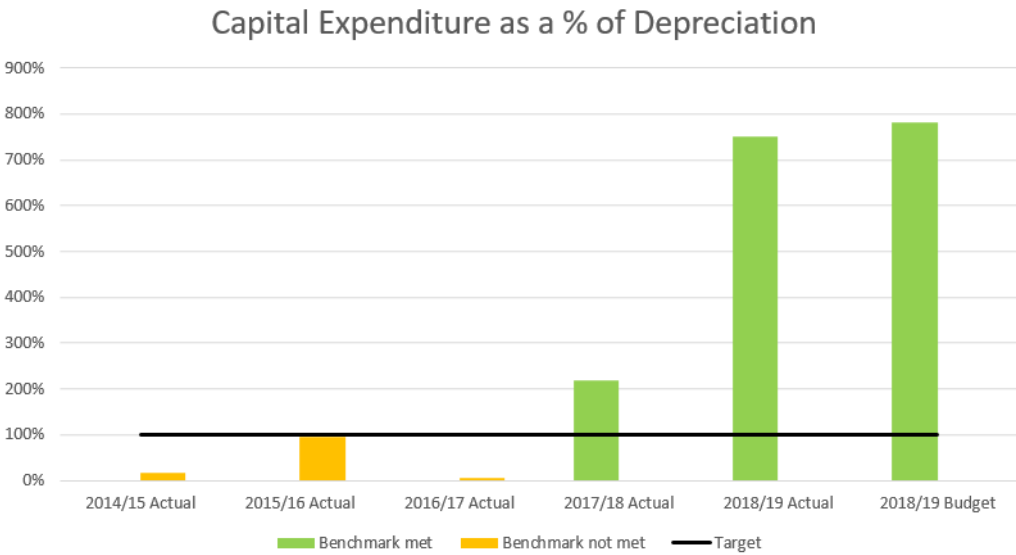
2018	2019	
Long Term Plan	Long Term Plan	Actual
\$000's	\$000's	\$000's
412	830	795
159	0	0
0	0	0
0	0	0
0	0	0
656	1,276	1,182
1,227	2,106	1,977
1,319	1,980	1,835
0	0	0
103	88	117
0	0	0
1,422	2,068	1,956
(195)	38	21
0	0	0
120	150	1,639
0	0	0
0	0	0
0	0	0
0	0	0
120	150	1,639
0	0	0
0	0	0
66	39	30
(140)	149	1,630
0	0	0
(74)	188	1,660
194	(38)	(21)
0	0	0

Reconciliation

Surplus (deficit) of operating funding	21
Add back:	
Financial contributions	1,639
Less:	
Depreciation	4
OPERATING SURPLUS/(DEFICIT)	1,656

Capital Expenditure

Projects	Notes	2018	2019	
		Actual \$000's	Long Term Plan \$000's	Actual \$000's
REPLACE EXISTING ASSETS				
Regulatory Services				
Civil Defence				
Plant & equipment		11	39	30
Rural Fire				
Plant & equipment		0	0	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		11	39	30
TOTAL CAPITAL EXPENDITURE		11	39	30



Notes:

Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.



Community and Township

Services



10
pensioner housing units

Three in Twizel, and seven in Fairlie

8
cemeteries

Twizel, Tekapo, Burkes
Pass, Fairlie and Albury

2
swimming pools

Twizel and Fairlie

381ha
recreation land*

*Recreation A (Active) and
Recreation P (Passive) zoned
land including domains,
parks and walkways

3
Resource Recovery Parks

Twizel, Tekapo and Fairlie

Council aims to meet the needs and aspirations of the community through the provision of a range of recreational facilities and open spaces which are safe, well maintained, offer a range of quality recreational experiences, and are affordable to the community.

What we do

Community and Township Services provides the township amenity areas and recreational facilities, including the district's pools, parks, reserves, libraries, community centres and halls.

We also provide a range of services including pensioner housing, cemeteries, public toilets, grants to the Resource Centres in Fairlie and Twizel, and support for the medical centres in Fairlie and Twizel. In addition to this, Council administers and distributes grants from Sport New Zealand and Creative New Zealand as well as making annual grants towards Heartlands Resource Centres in Fairlie and Twizel and one-off grants from time to time for specific projects.

The Council aims to protect public health and the environment through the provision of appropriate services for the disposal of residual waste, and to minimise the volume of residual waste disposed of to landfill through the promotion and provision of reduction, reuse and recycling services. In doing so, Council provides solid waste collection services and has three Resource Recovery Parks which are operated by our contractors, EnviroWaste.



Key projects for 2018/19

It has been a busy year for many aspects of this activity group. As well as maintaining our parks, reserves, and facilities, we provide support to other services such as medical centres to ensure they are viable in our district. The level of significant visitor growth meant also increased requirements for activities such as waste management, freedom camping and public toilets. Some key projects are further outlined below.

Project 1: Twizel Community Centre upgrade



As part of a three year programme of upgrades to the Twizel Community Centre we upgrading the theatre seats, and made improvements to the sports hall floor.

We were originally planning to replace the sports hall floor, however further investigation indicated that an entire replacement was not required. We opted to resurface the floor, extending the life of this community asset. We are finalising our plans and scheduling for this work and expect to be able to complete the floor improvements during 2019/20.

We also replaced the theatre seats, with the majority of seats being installed this year. As the new seats require less room than the original seating area we are planning to increase the seating area slightly with additional seats being installed by the end of 2019.

Next year, we will continue our programme of improvements to the Twizel Community Centre, upgrading the kitchen and storage areas.

Project 2: Mackenzie Community Centre upgrade



We have planned a three year upgrade of the Mackenzie Community Centre in Fairlie including the modernisation of the kitchen and toilet facilities, and hall improvements to make the facility usable for a wider range of events.

This year we have been planning out the upgrades that we want to undertake, working with the Fairlie Community Board and Mackenzie Theatre Group to finalise plans. This project will be funded by Council, the Mackenzie Theatre Group and external grant funding. We will commence the physical works next year with all upgrades scheduled to be completed in 2020/21.

Project 3: Fairlie Playground upgrade



We have planned upgrades to our playground facilities in the Fairlie Domain and Fairlie Township. We prioritised the upgrade of the Fairlie township playground with the installation of a basket swing and improvements to footpaths around the playground commencing towards the end of 2018/19. This has meant that the work we initially planned for 2018/19 within the Fairlie Domain has been delayed with completion expected early 2019/20.

Project 4: Lakeside Domain, Lake Tekapo



The Tekapo community has recently been developing plans for the domain and lake frontage from Lakeside Drive through to Pioneer Drive, including developments around the Church of the Good Shepherd. Much of this development hinges on the development of the surrounding areas and the impacts of neighbouring construction on these projects.

We intended to develop a master plan for the Tekapo lake front to incorporate existing walkways, facilities and proposed development to ensure that all of these developments and facilities work together. In our Long Term Plan 2018-28 (LTP) we indicated that we would complete this planning work in 2018/19 with an additional \$916,000 budgeted for the completion of the physical this work over 4 years, starting from 2018/19.

This year, we successfully secured \$711,000 of funding for the 2019/20 year from the Provincial Growth Fund to create a Destination Mackenzie feasibility study to determine the initiatives required to place our district on a more sustainable pathway-in terms of supporting and enhancing tourism, growth, environmental, community and iwi needs over the long term. We believe that Destination Mackenzie will better inform our development work along the Lake Tekapo lakefront and have therefore delayed our development plan work pending the outcome of the Destination Mackenzie study.

Project 5: Twizel Swimming Pool



We have been working on a multi-stage project upgrading the Twizel Swimming Pool. The first stage of works were completed in the 2018/19 season, with the second stage currently in progress. During the first stage, we separated the water supplies for the main pool from the small learners pool and toddlers pool, re-lined the main pool with a PVC membrane and installed new thermal blankets and reels. This year we have been working on the second stage which includes line marking the main pool, converting the toddlers pool to a zero-depth splash pad, erecting a new plant room shed and installing new water tanks. This will be completed during the 2019/20 year.

Project 6: Waste Management and Minimisation Plan Review

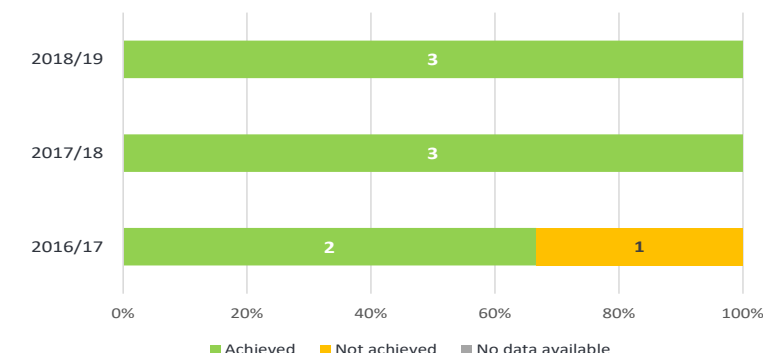


We adopted our Waste Management and Minimisation Plan 2018-2024 (WMMP) in September 2018. Our review included a Waste Assessment, which provided the background and technical data, sets our priorities and strategic framework for managing waste in our district.

Assessment against our performance measures for 2018/19

We achieved **100%** of the non-financial performance standards in our community and township services activity.

The following table shows how our community and township services activity performed as measured against the targets set for the 2018/19 year.



Community and Township Services

Measure 1:

Average customer satisfaction rating for township services and facilities.

Target:
≥84%

What we did:

As an overall measure across all of our township services and facilities, we received an average customer satisfaction rating of 89.2% from those surveyed in the 2018/19 year. This is consistent with previous years.

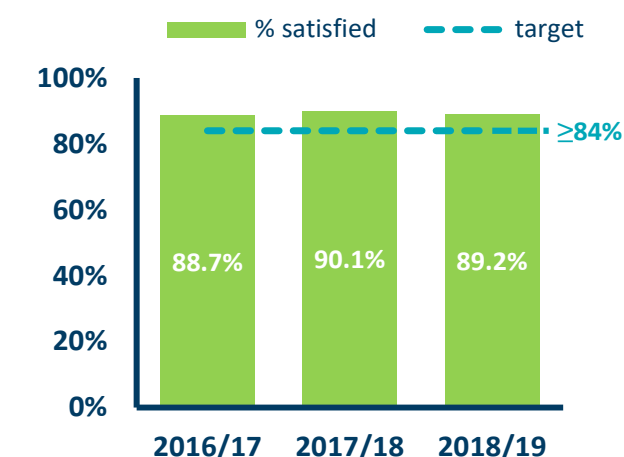
Further details of satisfaction levels with individual township and community services and facilities are included on page 94.

Challenges/issues we experienced:

Competing workloads and projects and the progression of other developments have resulted in delays of some scheduled projects and upgrades.

Looking ahead:

We will continue to manage our township services and facilities to the benefit of our communities and visitors. Activities in this area are likely to continue to be busy with ongoing increases expected in visitor numbers to the district.



Solid Waste

Measure 2:

The percentage of solid waste from the district resource recovery diverted from landfills.

Target:

>37%

What we did:

We exceeded our target for the volume of solid waste diverted from landfill in 2018/19, with a significant increase from previous years.

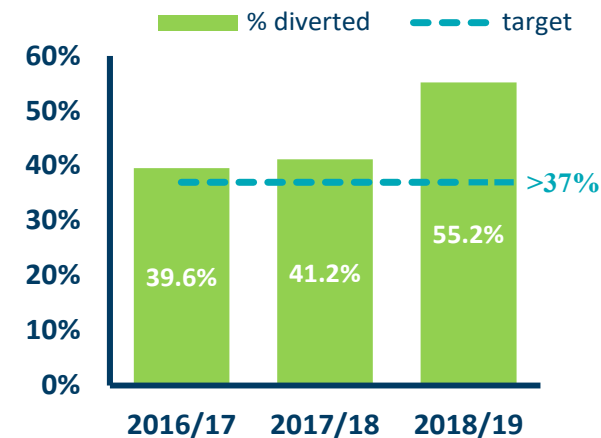
We work with our communities and contractors to focus on minimising waste as a whole, as well as diverting as much waste as possible from landfill. This includes waste education and maximising recycling of materials where possible. One change that has made a positive impact on the amount we are recycling was our removal of the charge to drop off recycling to the district's Resource Recovery Parks.

Challenges/issues we experienced:

We did not experience any significant challenges or issues during the 2018/19 year.

Looking ahead:

We recently adopted our Waste Management and Minimisation Plan which provides direction for how we will manage waste within our district over the next six years and includes actions to minimise waste and increase recycling. We anticipate that outcomes from the implementation of the proposed action plan will increase the levels of waste diverted from landfill. We intend to continue with waste education and targeted projects to further reduce waste to landfill.



Measure 6:

Compliance with resource consent conditions.

Target:

100%

What we did:

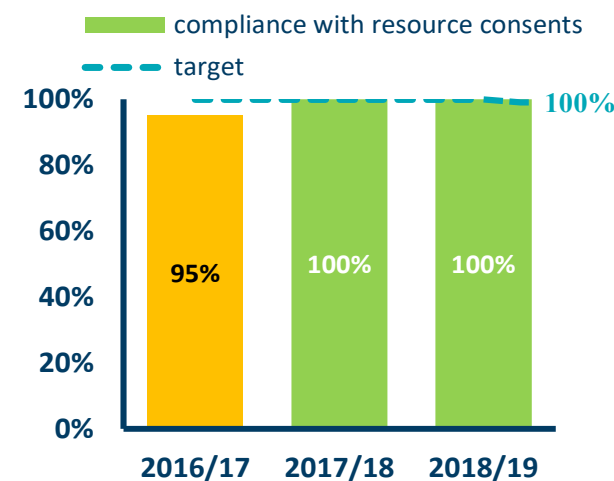
We have a number of resource consents associated with our Resource Recovery Parks and Clean Fill sites. During 2018/19 we achieved our target of 100% compliance with the conditions of these consents.

Challenges/issues we experienced:

No significant challenges or issues were experienced during the year.

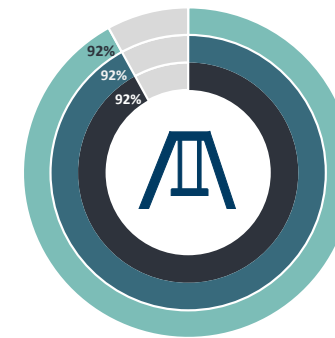
Looking ahead:

We have systems in place to ensure compliance with resource consent conditions and will continue to work to ensure that we remain fully compliant with all of our resource consents.



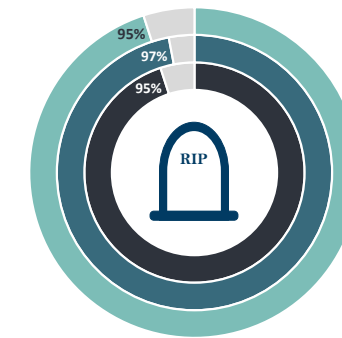
Other feedback

2016/17 2017/18 2018/19



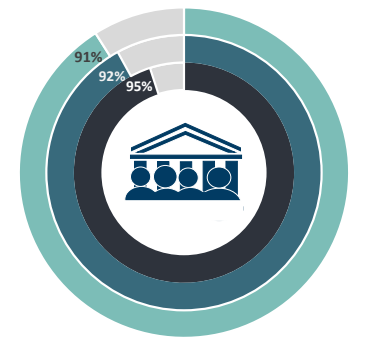
92%

were satisfied with our parks, reserves and playground facilities



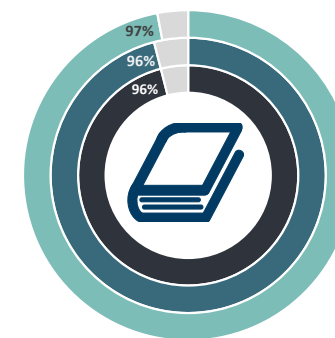
95%

were satisfied with our cemeteries and their maintenance



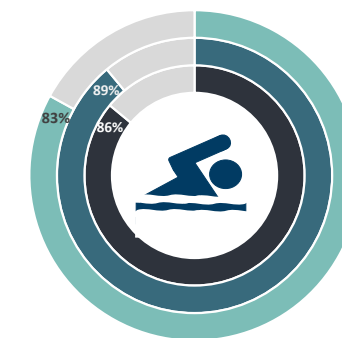
91%

were satisfied with our community halls and buildings



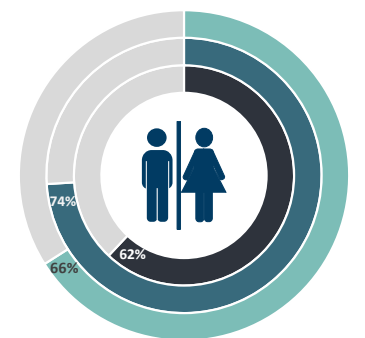
97%

were satisfied with our library services



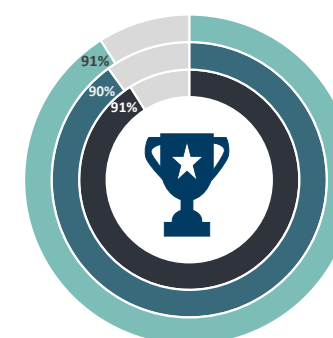
83%

were satisfied with our swimming pool facilities



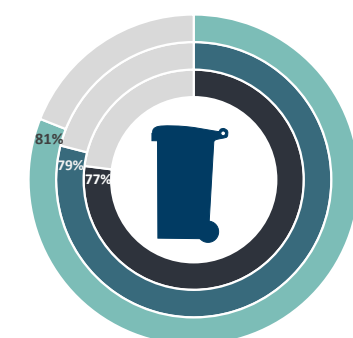
66%

were satisfied with our public toilets



91%

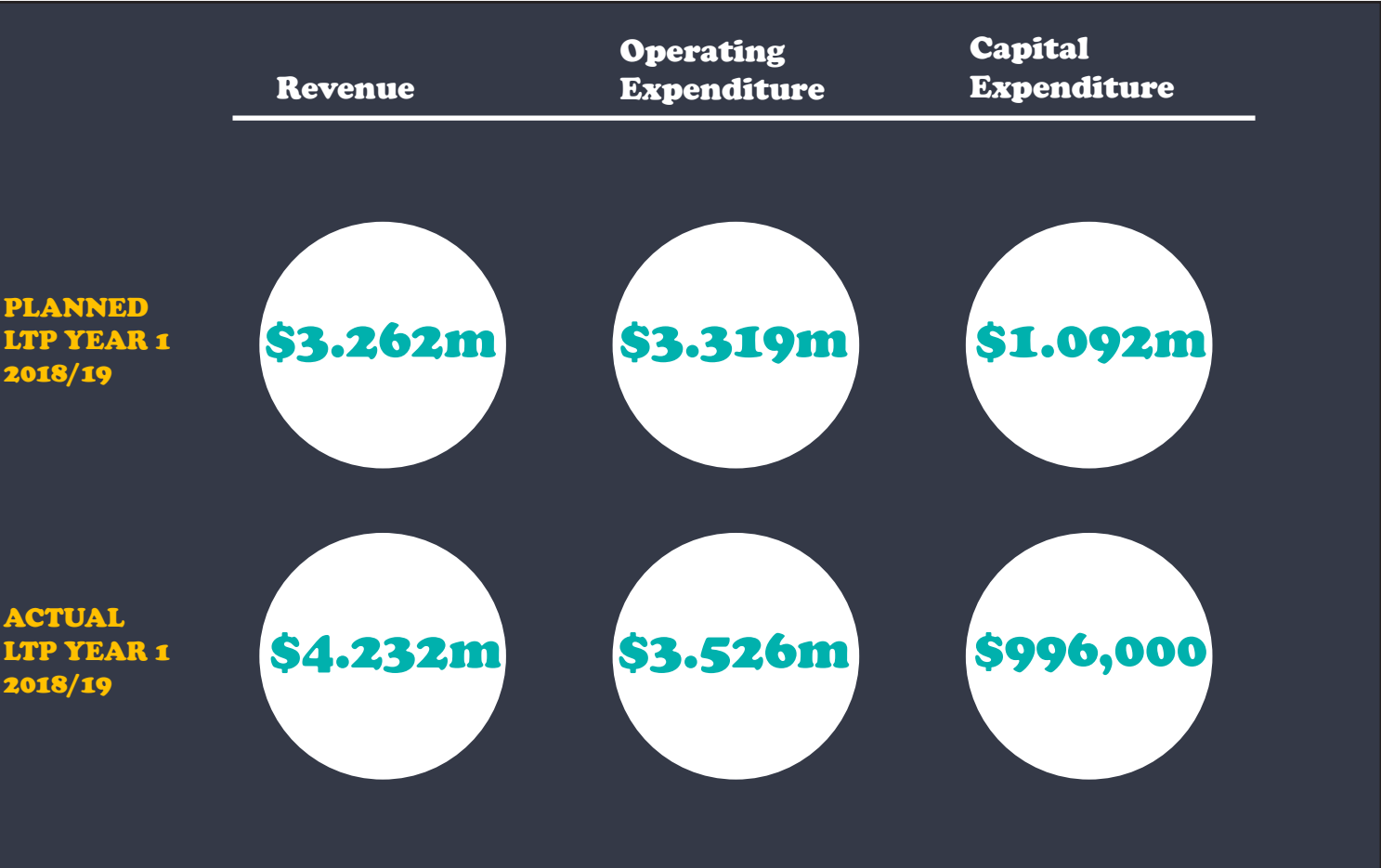
were satisfied with the presentation of our town centres



81%

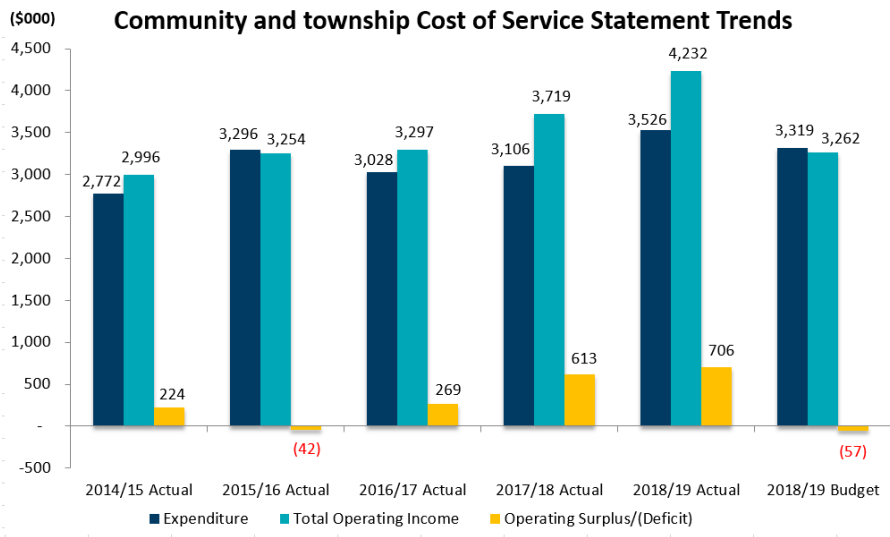
were satisfied with our rubbish collection and Resource Recovery Parks

Financial summary



Cost of Service Statement

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
General rates	732	705	453
Targeted rates	2,039	1,947	2,006
Subsidies and grants	1 321	22	1,107
Other revenue	2 618	581	657
Gain on sale of assets	0	0	0
Financial/upgrade contributions	0	0	0
Internal interest income	9	7	9
TOTAL REVENUE	3,719	3,262	4,232
EXPENDITURE			
Personnel costs	115	141	105
Consultancy expenses	23	32	26
Administration	3 280	204	252
Operational and maintenance	4 2,224	2,398	2,658
Interest on capital reserves	55	148	68
Internal expenses	4	7	5
Loss on sale and assets written off	27	0	0
Depreciation	378	389	412
TOTAL EXPENDITURE	3,106	3,319	3,526
OPERATING SURPLUS/(DEFICIT)	613	(57)	706



- Key variances to the budget:**
- Subsidies and grants are significantly higher than budgeted due to the receipt of four grants from the Ministry of Business, Innovation and Employment (MBIE) to help us to manage freedom camping in peak seasons in Mackenzie and Waitaki Districts.
 - Other revenue is higher than budgeted due to extra rubbish bins being ordered, higher than expected nappy sales and a number of freedom camping infringements being paid. A contribution was also received towards the new theatre seating in the Twizel Events Centre.
 - Administration costs are higher than budgeted due to grants being made towards the upgrade of the Mackenzie Community Library foyer, the Lake Tekapo Recreation Park and the running of the Fairlie Resource Centre.
 - Operations and maintenance costs were higher than projected as toilet cleaning costs have increased significantly due to the increase in the number of toilets throughout our District. Litter bin collections in Tekapo were also higher due to an increase in the number of bins. Significant costs incurred by Waitaki District Council and the Church of the Good Shepherd have been funded by grants from the Ministry of Business, Innovation and Employment.

Funding Impact Statement

2018	2019	
Long Term Plan	Long Term Plan	Actual
\$000's	\$000's	\$000's

SOURCES OF OPERATING FUNDING

General rates, uniform annual general charges, rates penalties	701	699	453
Targeted rates	2,084	1,947	2,006
Subsidies and grants for operating purposes	19	22	219
Fees and charges	0	0	0
Internal charges and overheads recovered	19	8	9
Local authorities fuel tax, fines, infringement fees, and other receipts	524	581	656
TOTAL OPERATING FUNDING (A)	3,347	3,257	3,343

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers	2,939	2,775	3,041
Finance costs	0	0	0
Internal charges and overheads applied	110	155	73
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,049	2,930	3,114
Surplus (deficit) of operating funding (A-B)	298	327	229

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	0	0	889
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	889

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	5
- To replace existing assets	431	1,093	991
Increase (decrease) in reserves	(133)	(766)	122
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	298	327	1,118
Surplus (deficit) of capital funding (C-D)	(298)	(327)	(229)

FUNDING BALANCE ((A-B) + (C-D))

	0	0	0
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Reconciliation

Surplus (deficit) of operating funding	229
Add back:	
Capital Subsidies and Grants	889
Less:	
Depreciation	412
OPERATING SURPLUS/(DEFICIT)	706

Capital Expenditure

Projects	2018		2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's	
IMPROVE LEVEL OF SERVICE				
Recreational Facilities				
<i>Albury Hall</i>				
Plant & equipment	0	0	5	
<i>Twizel Swimming Pool</i>				
Plant & equipment	5	0	0	
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE	5	0	5	
REPLACE EXISTING ASSETS				
Community Services				
<i>Twizel Pensioner Housing</i>				
Plant & equipment	0	8	0	
<i>Twizel Swimming Pool</i>				
Community asset - public amenities	1	0	500	274
<i>Public Toilets</i>				
Buildings	2	649	0	419
Recreational Facilities				
<i>Fairlie Township</i>				
Community assets - public amenities	3	0	50	0
Playground upgrade		0	50	6
<i>Mackenzie Community Centre</i>				
Buildings		4	20	0
<i>District General</i>				
Community assets		38	0	0
<i>Tekapo Township</i>				
Implementation of development plan	4	326	220	181
<i>Twizel Community Centre</i>				
Furniture & fittings		0	0	2
<i>Twizel Township and Twizel Reserves</i>				
Implementation of development plan	5	0	64	0
<i>Twizel Community Centre</i>				
Furniture & fittings	6	1	0	76
Buildings		0	30	0
Solid Waste				
<i>Waste Management</i>				
Resource consent	7	0	90	33
Plant & equipment	8	0	60	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS	1,018	1,093	991	
TOTAL CAPITAL EXPENDITURE	1,023	1,093	996	

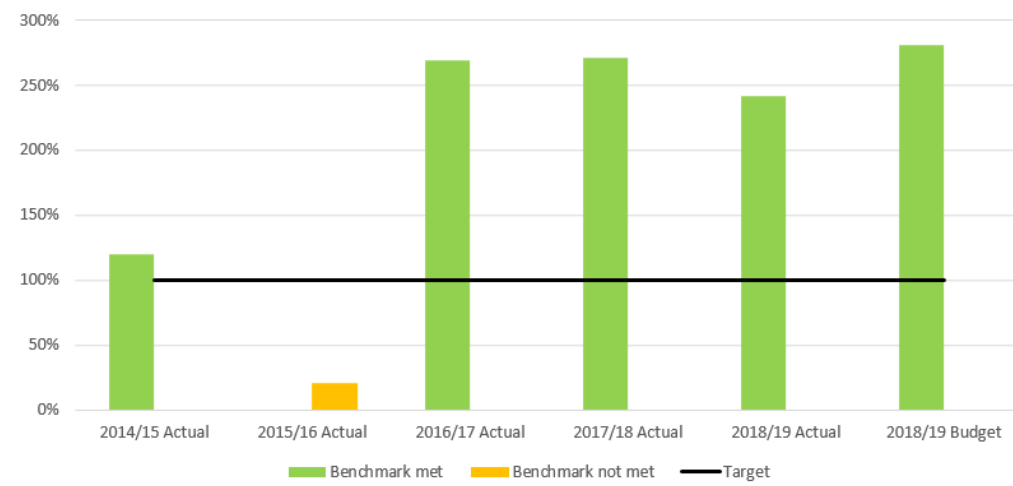
Notes:

Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Key variances to the budget:

1. The Twizel Swimming Pool refurbishment is now underway and will be completed in 2019/20.
2. We have had unplanned costs associated with public toilet infrastructure in Burkes Pass, Lakeside Drive, and Pukaki. This was offset by \$341k of MBIE funding.
3. This project has been deferred until 2019/20.
4. Less work was completed than expected this year. Remaining budget will be held over. Underspend is also due to MBIE funding being applied to key projects.
5. This work has been deferred until 2019/20.
6. We prioritised the installation of theatre seating. This was funding from Land Subdivision Reserve and donations.
7. This project has been delayed and will be completed in 2019/20.
8. This expenditure has been deferred until 2019/20.

Capital Expenditure as a % of Depreciation



Tourism, Economic

Development and Commercial Activities



63,300
pines planted
(commercial forestry)

\$13.6m
invested
in the bond market
and on term deposit

\$1.08m
property sales

\$60k
ED
economic development
support

\$218k
promotion spend

We work to foster the economic development of the district as a whole, to provide a strong marketing strategy and a focus on district promotion and branding. We also manage a number of commercial activities and investments, seeking to secure the best economic returns for our community.

What we do

Tourism promotion

Tourism is a significant contributor to the district's economy. The district is presently experiencing significant growth in tourist and visitor numbers. Council believes that it is important to continue to promote the Mackenzie for the long term, to ensure these benefits are maintained. At the same time, we recognise that it is important to also plan for managing the effects of increased visitor numbers in the district.

Support for Council's involvement in tourism promotion activity was confirmed in 2017 through a survey of those ratepayers that pay targeted tourism rates, with the overwhelming response being support for Council's ongoing investment in this activity.

Council also supports tourism within the Mackenzie District through the maintenance and promotion of the Alps 2 Ocean Cycle Trail. The A2O extends from Mount Cook to Lake Ohau. Within the Waitaki District, the trail then continues to Oamaru. Responsibility for maintenance of the cycleway is shared between the Mackenzie and Waitaki District Councils with marketing and promotion provided through a contract with Tourism Waitaki.

Economic development

Having a range of diverse and sustainable businesses is also essential to the district's economic wellbeing. Council wants existing and developing businesses to have access to information, advice and support they need to thrive and grow.

Commercial activities

Council is also involved in a range of commercial activities, to contribute to a thriving district economy. Our commercial activities consist of: Investments; Forestry; Real estate and rentals; and Pukaki Airport.

By generating returns on our investments and using these returns to offset rates, we can keep rates at an affordable level for households and business while still providing the types of services, infrastructure and facilities that make the Mackenzie District a desirable place to live, work and visit. In addition, Council operates Pukaki Airport as a public airport, acting as an important gateway to the district and serving and promoting a range of aviation and tourism operations.

Key projects for 2018/19

As well as business as usual, we have undertaken a number of key projects within our tourism, economic development and commercial activities group.

Project 1: Alps2Ocean update



In addition to co-funding the maintenance and promotion of the Alps2Ocean cycleway with Waitaki District Council, we have been contributing towards the off-roading of the remaining section of the Hayman Road track.

Due to severe weather in November causing damage to the track and other required upgrades, the off-roading work was postponed and is not scheduled to commence during 2019/20.

During the 2018/19 year we upgraded toilets along the trail within our district and moved approximately 400m of the track uphill due to high lake levels and wave action undermining the existing track. Following flooding in November, which resulted in significant damage to the track, we were able to secure additional funding from the Ministry of Business, Innovation and Employment (MBIE) to enable us to reinstate and increase the resilience of the track.

Project 2: Forestry: wilding control



This year we provided new budget to control wilding trees and other pests associated with our commercial forestry activity.

During 2018/19 the Mackenzie Basin Wilding Trees Trust undertook wilding tree work within Reserve 4038 to the north of Pukaki Airport. The work was undertaken using a Department of Conservation contract and a one for two subsidy meaning that we completed \$90,000 worth of wilding forestry control at a cost of \$30,000.

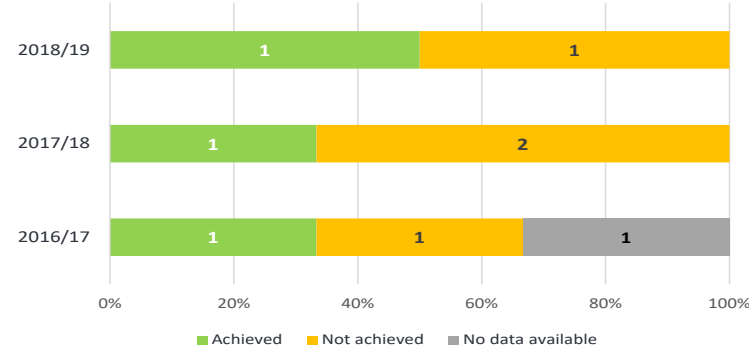
As a responsible land owner, we will continue to prioritise our wilding tree and pest control work relating to our forestry operation. We will continue to work with other agencies and trusts in supporting local and national wilding control programmes and efforts.



Assessment against our performance measures for 2018/19

We achieved **50%** of the non-financial performance standards in our tourism, economic development and commercial activities group.

The following table shows how our tourism, economic development and commercial activities group performed as measured against the targets set for the 2018/19 year.



Measure 1: Council’s cash investment portfolio independently reviewed each quarter, and performance of investments against the Bancorp Ltd benchmark portfolio

What we did: This target was not achieved for the year. Council undertook the quarterly reviews of its investment portfolio. The portfolio outperformed the benchmark on 3 out of 4 quarters measured.

Looking at the year as a whole, Council achieved an increase in value of 6.07% compared to the benchmark of 4.49%.

Challenges/issues we experienced: Council’s portfolio has been reducing over time as maturities are not replaced due to interest rates remaining low and new bond systems carrying a longer term at a lower rate. Council only has four bonds in its portfolio and any movements at a micro level will be magnified. Council has decided to invest in term deposits to enable it to take advantage of upward movements in interest rates.

Looking ahead: Council anticipates that it will become more difficult to achieve the target as our bond portfolio diminishes. It will see a shift to term deposit investments in anticipation of increases in interest rates. This strategy does allow Council to re-enter the bond market should a suitable opportunity arise. We will also review our investments policy and strategy.

Target: Council’s cash investment portfolio independently reviewed each quarter and investments out perform the Bancorp Ltd benchmark portfolio

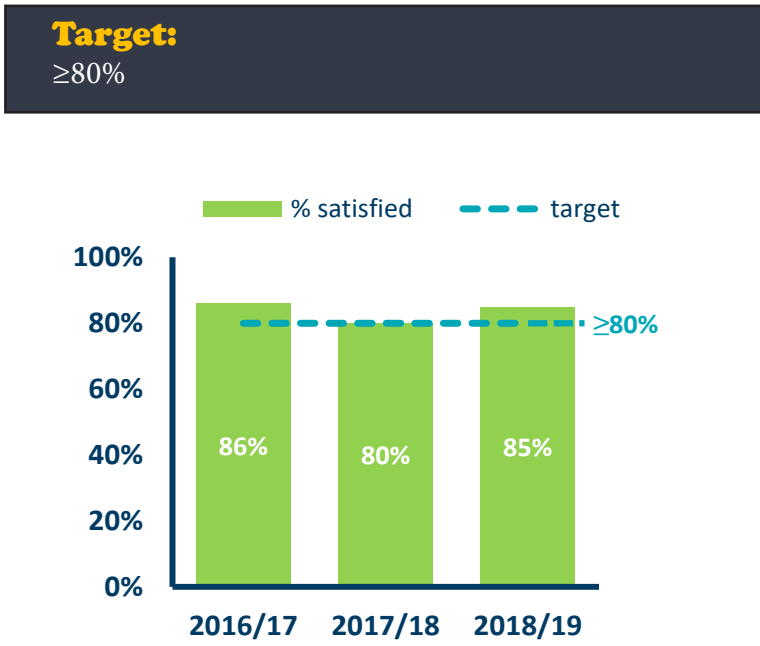


Measure 2: Percentage of ratepayers satisfied with with the Council’s tourism promotion and economic development.

What we did: We met our target with 85% of ratepayers surveyed were satisfied with our tourism promotion and economic development activities during 2018/19.

Challenges/issues we experienced: While tourism promotion bring positive outcomes for the district, unless it is well managed it could potentially have a significant effect on our residents and ratepayers. These impacts include the increased pressure on services and the need for upgraded and additional facilities and services. As tourism continue to grow, expectations of our communities for Council to manage the effects of this growth will increase.

Looking ahead: It is anticipated that tourism will continue to grow in the coming years. The simultaneous increase in expectations of Council will need to be managed. To this end, the Council is planning to undertake work to ensure growth is provided for in our facilities, infrastructure and services and to ensure the wellbeing of our local communities is maintained. The Council will also continue to lobby for Central Government support in managing the effects of tourism.



Financial summary

PLANNED
LTP YEAR 1
2018/19

Revenue

\$2.739m

Operating
Expenditure

\$2.167m

Capital
Expenditure

\$925,000

ACTUAL
LTP YEAR 1
2018/19

\$2.744m

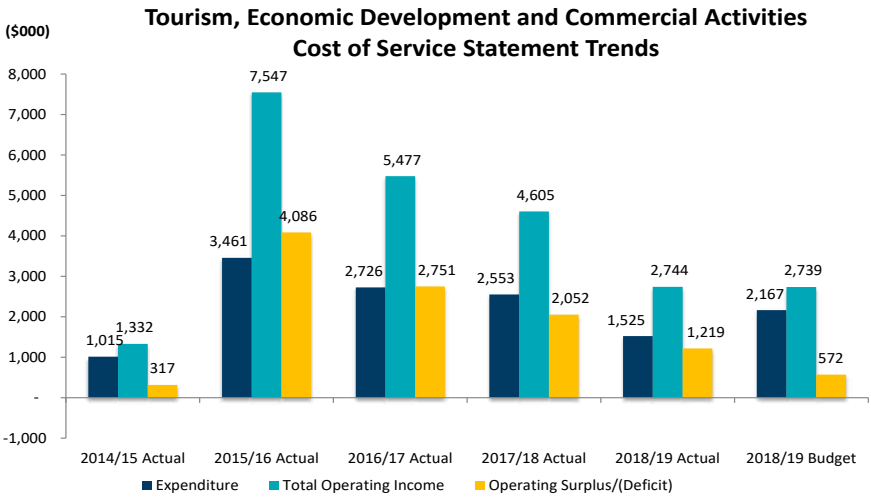
\$1.525m

\$166,000



Cost of Service Statement

Notes	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
REVENUE			
Targeted rates	470	340	412
Dividend	300	492	494
Interest revenue	1 251	225	337
Other revenue	2 855	790	824
Other gains	3 478	0	646
Gain on sale of assets	2,312	0	12
Real estate sales	4 835	1,500	1,020
Internal interest income	5 373	610	346
Internal income	0	64	0
Less used to offset rates	(1,269)	(1,282)	(1,347)
TOTAL REVENUE	4,605	2,739	2,744
EXPENDITURE			
Personnel costs	91	49	88
Member expenses	49	50	54
Consultancy expenses	6 137	182	104
Administration	7 111	52	110
Operational and maintenance	8 626	408	685
Real estate cost of sales	9 531	1,235	204
Interest on capital reserves	10 209	11	186
Internal expenses	609	0	0
Finance costs	11 0	115	0
Asset impairment	118	0	34
Depreciation	72	65	60
TOTAL EXPENDITURE	2,553	2,167	1,525
OPERATING SURPLUS/(DEFICIT)	2,052	572	1,219



Key variances to the budget:

1. External interest revenue was higher than budgeted due to the interest being received on the term investment being higher at maturity than anticipated.
2. Other revenue is higher than budgeted due to the sale of carbon credits and additional carbon credits being received, and increases in rental and postal incomes. These increases were offset by an anticipated donation to the cycleway not being received as this donation was dependant upon the progress of work.
3. Other gains is higher than budgeted largely due to an increase in the valuation of our forestry assets and proceeds from the sale of a section in Fairlie.
4. Real Estate sales are less than budgeted as only five Pukaki Airport sections were sold during the year.
5. Internal interest revenue is lower than budgeted due to the timing of section sales in real estate and higher than anticipated capital reserve balances for water, real estate, public toilets and roading.
6. Consultancy fees are less than budgeted as valuation and legal fees have been allowed for in the real estate activity. Costs were also lower due to minimal activity in this area.
7. Administration expenses are higher than budgeted as our forestry insurance was higher than we anticipated, accountancy fees and legal costs incurred by the Pukaki Airport were higher than expected, and rates for the Pukaki Airport and real estate were higher than we expected.



8. Operational and maintenance costs are higher than budgeted largely due to higher than anticipated forestry costs for spraying, planting thinning, tree purchases, wilding tree control and windrowing to minimise the fire risk. The old Telecom units in Lake Tekapo were repainted, postal supplies have been on sold with the income included in 'Other Revenue' above. Costs incurred by the Pukaki Airport were higher than budgeted with hangar assistance payments and various repairs being made to the runway, buildings and grounds. This has been offset by lower costs for tourism marketing than we had expected.

9. Real Estate cost of sales are significantly lower than budgeted as only five Pukaki Airport sections were sold during the year.

10. Interest on capital reserves is higher than budgeted as the amount charged to the sewer, stormwater and forestry activities is higher than forecast due to their capital reserve balances being higher than anticipated.

11. As we were planning to take on external borrowing to fund projects in water and roading this year, we had budgeted associated finance costs had been budgeted for. This borrowing has yet to be drawn on and therefore, the associated finance costs have not been incurred.

Funding Impact Statement

SOURCES OF OPERATING FUNDING

General rates, uniform annual general charges, rates penalties	(1,069)	(1,391)	(1,347)
Targeted rates	454	290	412
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	1,269	784	346
Interest and dividends from investments	551	717	831
Local authorities fuel tax, fines, infringement fees, and other receipts	829	855	824

TOTAL OPERATING FUNDING (A)

2,034 1,255 1,066

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers	730	902	1,041
Finance costs	0	115	0
Internal charges and overheads applied	123	186	186
Other operating funding applications	0	0	0

TOTAL APPLICATIONS OF OPERATING FUNDING (B)

853 1,203 1,227

Surplus (deficit) of operating funding (A-B)

1,181 52 (161)

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	148	0
Gross proceeds from sale of assets	1,500	1,500	1,020
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0

TOTAL SOURCES OF CAPITAL FUNDING (C)

1,500 1,648 1,020

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure			
- To meet additional demand	526	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	925	166
Increase (decrease) in reserves	2,155	775	693
Increase (decrease) of investments	0	0	0

TOTAL APPLICATIONS OF CAPITAL FUNDING (D)

2,681 1,700 859

Surplus (deficit) of operating funding (A-B)

(1,181) (52) 161

FUNDING BALANCE ((A-B) + (C-D))

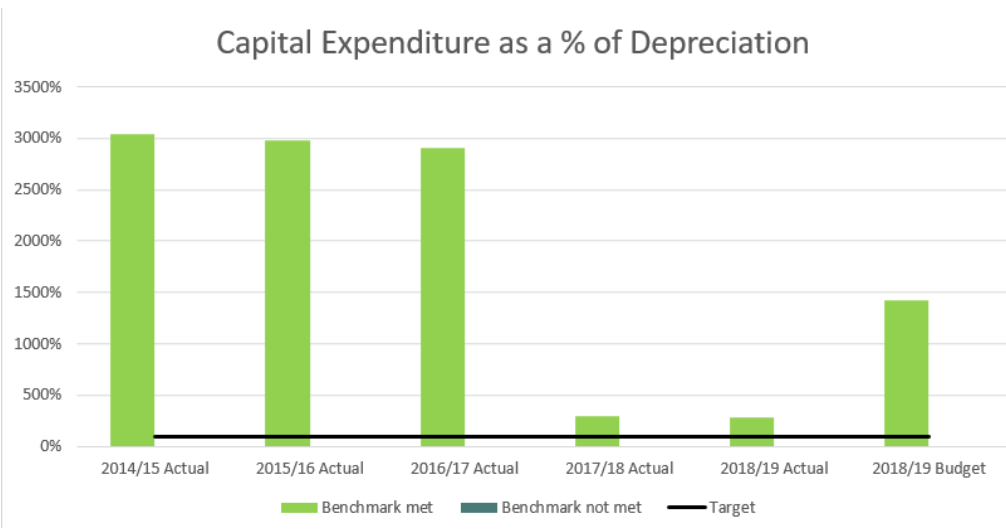
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Reconciliation

Surplus (deficit) of operating funding	(161)
Add back:	
Other Gains/Losses	646
Gain on Sale Assets	12
Real Estate sales	1,020
	1,678
Less:	
Depreciation	60
Asset impairment	34
Real Estate cost of sales	204
	298
OPERATING SURPLUS/(DEFICIT)	1,219

Capital Expenditure

Projects	Notes	2018	2019	
		Actual \$000's	Long Term Plan \$000's	Actual \$000's
REPLACE EXISTING ASSETS				
<i>Commerdal</i>				
Alps 2 Ocean Cycleway	1	64	540	22
<i>Pukaki Airport Board</i>				
Airport developemnt	2	0	385	144
Hangar		22	0	0
<i>Real Estate</i>				
Development costs		123	0	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		209	925	166
TOTAL CAPITAL EXPENDITURE		209	925	166



Notes:

Financial contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of financial contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Key variances to the budget:

- 1. Planned upgrades to the Alps 2 Ocean cycleway have been delayed. This project is scheduled to be completed in 2019/20.
- 2. Runway resurfacing will be completed in 2019/20.





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A guide to the financials

Statement of comprehensive revenue & expenditure

Introduction

The Local Government Act 2002 requires the Council to report its actual performance compared to targets published in the Long Term Plan and Annual Plan. We report against both financial and non-financial measures. The main purpose of providing financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups, Government regulatory bodies etc.) to assess our performance and make decisions regarding the Council and how it conducts its business.

The financial information includes the Statement of Comprehensive Revenue and Expenditure, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the accompanying Statement of Accounting Policies and Notes to the Financial Statements. This information must be prepared according to generally accepted accounting practice and recognised accounting standards.

Statement of Accounting Policies

These explain the basis upon which the financial statements are prepared. They explain the methods adopted by the Council used to measure the transactions incorporated into the financial statements above.

Statement of Comprehensive Revenue and Expenditure

The Statement of Comprehensive Revenue and Expenditure shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2019. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs and depreciation. This statement shows how total comprehensive revenue and expenditure is arrived at. Total comprehensive revenue and expenditure is then added or subtracted from the Council's equity as shown in the Statement of Changes in Equity.

Statement of Changes in Equity

This statement provides information about the nature of changes in the Council's ratepayers' equity during the year.

Statement of Financial Position

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2019. Assets include cash, accounts receivable (money owed to the Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to the Council that are expected to be received within the next 12 months while current liabilities are the Council's debts that are due to be paid within the next 12 months.

Investments are the Council funds held in revenue earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community. Non-current liabilities represent money owed by the Council that does not have to be paid within the next 12 months.

Statement of Cash Flows

This statement covers all the inflows and outflows of cash during the year covered by the Statement of Comprehensive Revenue and Expenditure.

The Statement of Cash Flows identifies the sources and application of cash in respect of the Council's operating, investing and financing activities.

Notes to the Financial Statements

These notes to the accounts provide further details of what the summarised amounts reported on in the above financial statements are comprised of. The reference to the note is included in the financial statements 'Notes' column, beside the dollar values for the current financial year.

REVENUE

	Notes	2018 Actual \$000's	2019 Long Term Plan \$000's	2019 Actual \$000's
Rates	4	8,777	9,296	9,556
Subsidies and Grants	4	2,266	1,811	2,866
Investment Revenue	4	564	718	833
Real Estate Sales		835	1,500	1,020
Contributions		3,125	150	3,426
Other Revenue	4	6,281	3,032	3,813
Assets Vested	4	2,890	0	3,627
TOTAL REVENUE		24,738	16,508	25,141

EXPENDITURE

Personnel Costs		3,082	3,440	3,514
Member Expenses		363	404	379
Finance Costs		0	115	0
Depreciation and Amortisation	7	3,767	3,919	4,020
Real Estate Cost of Sales		531	1,235	204
Asset impairment		118	0	34
Loss on sale and assets written off		15	0	71
Other Expenses	6	9,276	7,900	8,884
TOTAL EXPENDITURE		17,152	17,012	17,106

Surplus/(Deficit) Before Taxation

		7,586	(505)	8,035
Income tax expense	13	0	0	0
Surplus/(Deficit) After Taxation		7,586	(505)	8,035

OTHER COMPREHENSIVE REVENUE AND EXPENDITURE

Items that could be reclassified to surplus/(deficit)

Financial assets at fair value through other comprehensive revenue and expense		(9,895)	0	25
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Items that will not be reclassified to surplus/(deficit)

Property, plant, and equipment revaluations		474	0	3,390
TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE		(1,835)	(505)	11,450

Explanations of significant variances against budget are detailed in Note 28: Explanations of Major Variances against Budget. The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements



Statement of changes in equity

Notes	2018	2019	
	Actual	Long Term Plan	Actual
	\$000's	\$000's	\$000's
EQUITY AT START OF THE YEAR	243,194	250,241	241,359
Gains/(losses) on financial assets valuation	(9,895)	0	25
Gains/(losses) on property valuation	474	0	3,390
Total other comprehensive revenue and expenditure	(9,421)	0	3,415
Inventory valuation gains/(losses) taken to equity			110
Surplus/(deficit) after taxation	7,586	(505)	8,035
Total comprehensive revenue and expenditure for the year	(1,835)	(505)	11,560
TOTAL EQUITY AT END OF THE YEAR	10	241,359	249,736

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

Statement of financial position

Notes	2018	2019	
	Actual	Long Term Plan	Actual
	\$000's	\$000's	\$000's
ASSETS			
Current Assets			
Cash and cash equivalents	11	11,338	1,626
Receivables	12	2,862	2,250
Other Financial assets	14	1,406	1,526
Inventory	15	45	4,017
TOTAL CURRENT ASSETS		15,651	9,419
Non-current Assets			
Other Financial assets	14	11,573	20,924
Inventory	15	2,428	0
Forestry assets	16	5,910	5,432
Intangible assets	17	345	0
Property, plant and equipment	18	209,405	218,266
TOTAL NON-CURRENT ASSETS		229,661	244,622
Total Assets		245,312	254,041
LIABILITIES			
Current Liabilities			
Payables and deferred revenue	20	3,615	1,097
Employee entitlements	21	257	312
Provisions	22	3	0
TOTAL CURRENT LIABILITIES		3,875	1,410
Non-current Liabilities			
Employee entitlements	21	23	22
Provisions	22	55	57
Borrowings and other financial liabilities		0	2,817
TOTAL NON-CURRENT LIABILITIES		78	2,895
Total Liabilities		3,953	4,305
NET ASSETS		241,359	249,736
EQUITY			
Accumulated Funds	10	115,436	123,033
Reserves	10	125,923	126,703
TOTAL EQUITY		241,359	249,736

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.
For and on behalf of the Council, who authorise the issue of these financial statements on 31 October 2019.

Statement of cash flows

Notes	2018	2019	
	Actual	Long Term Plan	Actual
	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rates revenue	8,761	9,296	9,528
Receipts from other revenue	8,361	3,182	6,572
Subsidies and grants received	2,266	1,811	2,866
Interest received	258	718	350
Dividends received	484	0	494
Property sales	0	1,500	0
	20,130	16,508	19,810
Cash was applied to:			
Payments to suppliers	12,294	11,744	9,612
Payments to employees	3,063	0	3,511
Finance costs	0	115	0
	15,357	11,858	13,123
Net cashflow from operating activities	4,773	4,649	6,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipts from sale of property, plant and equipment	3,684	0	976
Receipts from sale of intangible assets	0	0	270
Receipts from sale of investments	1,017	0	527
	4,701	0	1,773
Cash was applied to:			
Purchase of property, plant and equipment	4,291	6,225	4,580
Purchase of investments	689	0	6,803
	4,980	6,225	11,383
Net cashflow from investing activities	(279)	(6,225)	(9,610)

Statement of cash flows

Notes	2018	2019	
	Actual	Long Term Plan	Actual
	\$000's	\$000's	\$000's
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings	0	3,160	0
	0	3,160	0
Cash was applied to:			
Repayment of borrowings	0	343	0
	0	343	0
Net cashflow from financing activities	0	2,817	0
Net Cashflows from operating activities	4,773	4,649	6,687
Net Cashflows from Investing Activities	(279)	(6,225)	(9,610)
Net Cashflows from Financing Activities	0	2,817	0
Net increase (decrease) in cash, cash equivalents and bank overdrafts	4,495	1,241	(2,923)
Cash, cash equivalents and bank overdrafts at the beginning of the year	6,844	385	11,338
Cash, cash equivalents and bank overdrafts at the end of the year	11,338	1,626	8,415

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

Funding impact statement

(whole of Council)

	2018		2019	
	Annual Plan \$000's	Actual \$000's	Long Term Plan \$000's	Actual \$000's
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	3,110	3,079	3,351	3,343
Targeted rates (other than a targeted rate for water supply)	5,543	5,719	5,932	6,272
Subsidies and grants for operating purposes	790	1,019	873	1,023
Fees, charges, and targeted rates for water supply	0	0	0	0
Interest and dividends from investments	772	564	718	833
Local authorities fuel tax, fines, infringement fees, and other	3,413	1,246	3,045	3,172
TOTAL OPERATING FUNDING (A)	13,628	11,627	13,919	14,643
Application of Operating Funding				
Payments to staff and suppliers	11,356	12,721	11,743	12,776
Finance costs	88	0	115	0
Other operating funding applications	659	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	12,103	12,721	11,858	12,776
Surplus (deficit) of operating funding (A-B)	1,525	(1,094)	2,061	1,867
Sources of Capital Funding				
Subsidies and grants for capital expenditure	1,055	1,159	938	1,755
Development and financial contributions	854	3,125	150	3,426
Increase (decrease) in debt	0	0	148	0
Gross proceeds from sale of assets	1,500	566	1,500	1,077
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,409	4,850	2,736	6,258
Application of Capital Funding				
Capital expenditure				
- To meet additional demand	321	64	0	0
- To improve the level of service	526	1,168	1,150	119
- To replace existing assets	2,301	3,185	4,838	4,594
Increase (decrease) in reserves	1,786	(661)	(1,191)	3,413
Increase (decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	4,934	3,756	4,797	8,126
Surplus (deficit) of capital funding (C-D)	(1,525)	1,094	(2,061)	(1,868)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0	0

Surplus (deficit) of operating funding

Add back:

Financial contributions	854	3,125	150	3,426
Gain on Sale Assets	8	2,324	0	24
Doubtful debts recovered	0	0	0	0
Real Estate Sales	0	835	0	1,020
Other Gains/Losses	372	2,790	265	646
Increase/(decrease) revaluation	0	(9,421)	0	3,415
Subsidies treated as Capital	1,055	1,159	938	1,755
Vested Assets	1,645	2,890	0	3,627

Less:

Depreciation	3,916	3,767	3,919	4,020
Loss on Sale and Assets Written Off	0	27	0	71
Asset Impairment	0	118	0	34
Real Estate Cost of Sales	0	531	0	204
Other Losses	0	0	0	0

Net Comprehensive Revenue and Expenditure

Notes	2018		2019	
	Annual Plan \$000's	Actual \$000's	Long Term Plan \$000's	Actual \$000's
	1,525	(1,094)	2,061	1,867
	854	3,125	150	3,426
	8	2,324	0	24
	0	0	0	0
	0	835	0	1,020
	372	2,790	265	646
	0	(9,421)	0	3,415
	1,055	1,159	938	1,755
	1,645	2,890	0	3,627
	3,934	3,702	1,353	13,913
	3,916	3,767	3,919	4,020
	0	27	0	71
	0	118	0	34
	0	531	0	204
	0	0	0	0
	3,916	4,443	3,919	4,329
	1,543	(1,835)	(505)	11,450

Notes to the financial statements

Note 1 - Statement of accounting policies

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Reporting entity

Mackenzie District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The principal activity of Mackenzie District Council is the provision of local authority services, including resource management, water, storm water, waste water and roading services, hazard management, recreation and cultural services and building control to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice. The financial statements of the Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

The Council and management of Mackenzie District Council are responsible for the preparation of the financial statements, including the appropriateness of the assumptions underlying the financial statements and other required disclosures.

Council, who are authorised to do so, believe the assumptions underlying the financial statements are appropriate.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

The financial statements have been prepared in accordance with and comply with PBE Standards RDR. The criteria under which Council is eligible to report in accordance with Tier 2 PBE Standards are:

- Council is not considered large with expenses greater than \$2 million and less than \$30 million per annum, and
- Not publicly accountable

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for land and buildings classified as property, plant and equipment, certain infrastructure assets, investment property, some investments and forestry.

Changes in accounting policies

There has been no changes in accounting policy during the year.

Summary of significant accounting policies

Basis of consolidation

Consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Joint venture

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. PBE IPSAS 8 requires venturers to account for their investment in a jointly controlled entity using either proportionate consolidation or equity accounting.

Note 2 - Summary Revenue & Expenditure for Group activities

Mackenzie District Council has a 4% interest in a jointly controlled asset called the Downlands Water Supply has chosen the proportionate method for accounting for its joint venture. Council recognises in its financial statements its share of each of the assets, liabilities, revenue, and expenses of the joint venture.

Statement of Cash Flows

Cash and cash equivalents is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts. Operating activities include cash received from all revenue sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2018-2028 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are.

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 18: Property, plant and equipment.
- Estimating the retirement obligation – see Note 21: Employee entitlements.
- Estimating the landfill aftercare provision – see Note 22: Provisions.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Classification of property – see Note 18: Property, plant and equipment.
- Accounting for suspensory loan from Housing New Zealand - see Note 4: Revenue.
- Accounting for donated or vested land and buildings with use or return conditions - see Note 4: Revenue.

Accounting policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

All of Councils costs are “direct costs”, which are costs charged directly to significant activities. Consequently, Council does not require a cost allocation policy for indirect costs.

There have been no changes to the cost allocation methodology during the year.

	2018	2019
	Actual	Actual
	\$000's	\$000's
INCOME		
Governance and Corporate Services	3,391	3,791
Water supplies	3,192	3,148
Sewerage	2,189	2,237
Stormwater	514	802
Roading	4,478	5,128
Planning and Regulatory	3,842	3,616
Community and Towns	3,719	4,232
Commercial activities	4,605	2,744
	25,930	25,698
Less interest on capital reserves	(458)	(428)
Less internal income	(734)	(129)
Total revenue	24,738	25,141
EXPENDITURE		
Governance and Corporate Services	3,656	4,048
Water supplies	1,642	1,739
Sewerage	731	766
Stormwater	94	114
Roading	4,163	3,985
Planning and Regulatory	2,396	1,960
Community and Towns	3,106	3,526
Commercial activities	2,553	1,525
	18,341	17,663
Less interest on capital reserves	(455)	(428)
Less internal expenditure	(734)	(129)
Total expenditure	17,152	17,106
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	7,586	8,035

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to Note 4: Revenue). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expenditure, these transactions are eliminated as shown above.

Note 3 - Revenue & Non-Exchange Transactions

The split of exchange and non-exchange transactions for revenue and receivables is disclosed below:

	2018	2019	
	Actual \$000's	Long Term Plan \$000's	Actual \$000's
Revenue from non-exchange transactions			
Revenue from rates			
General	3,091	3,600	3,348
Targeted	5,686	5,925	6,208
Penalties	52	50	60
Total revenue from rates	8,829	9,575	9,616
Revenue from transfers			
Vested assets	2,890	0	3,627
Fines and infringements	1	2	8
Consents, licences and permits	1,081	738	969
Contributions	3,125	150	3,426
Operating grants	1,000	873	1,023
Capital grants	857	938	1,755
Petroleum Tax	88	0	88
Other non-exchange revenue	939	0	1,056
	9,981	2,701	11,952
Total revenue from non-exchange transactions	18,810	12,276	21,568
Revenue from exchange transactions			
Water charged by metered supply	117	158	64
Sales of goods and services	1,705	1,588	1,186
Interest revenue	264	225	337
Dividend revenue	300	492	494
Rental revenue	395	269	460
Property, plant and equipment gains on disposal	2,312	0	12
Inventory Land Sales	835	1,500	1,020
Total revenue from exchange transactions	5,928	4,232	3,573
Total revenue	24,738	16,508	25,141

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to Note 4: Revenue). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expenditure, these transactions are eliminated as shown above.

Note 4 - Revenue

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Revenue from Non Exchange Transactions

Rates revenue

The following policies for rates have been applied:

General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Rates collected on behalf of the Environment Canterbury are not recognised in the financial statements, as the Council is acting as an agent for Environment Canterbury.

New Zealand Transport Agency roading subsidies

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Revenue from building consents is recognised when payment of the consent is received. Revenue from fees charged for resource consent processing is recognised in proportion to the stage of completion. Work performed is invoiced monthly until completion.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.

Provision of goods and services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide the service.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Landfill fees

Fees for disposing of waste are recognised as waste is disposed of by users.

Revenue from Exchange Transactions

Sales of goods and services

Revenue from the sale of goods and services is recognised when a product is sold or service provided to the customer.

Interest and dividends

Interest revenue is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the interest rate applicable. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Revenue from commission and booking fees

Revenue from commission and booking fees from the sale of tours and accommodation is recognised when the booking is made by the customer, payment has been received and the voucher has been issued.

Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term.

Critical judgements in applying accounting policies

Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 Revenue from Non-Exchange Transactions. The Council considers that there are two possible accounting treatments for the grant under PBE IPSAS 23, either recognising the grant as revenue when all conditions are satisfied in 2028, or recognising the grant evenly over the 20-year condition period. The Council has elected to recognise the grant evenly over the 20-year period as that better reflects the substance of the arrangement. Further information about the suspensory loan is included in Note 25: Contingencies.

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

For the year ended 30 June 2019

NOTE 4 - Revenue

(i) Breakdown of rates and further information¹

	2018	2019
	Actual	Actual
	\$000's	\$000's
General rates	3,091	3,349
Targeted rates attributable to activities		
Governance and Corporate Services	31	32
Other water rates	1,221	1,417
Sewerage	602	660
Stormwater	197	131
Roading	1,159	1,614
Planning and Regulatory Services	0	0
Community and Towns	2,039	2,006
Commercial Activities	469	412
TOTAL TARGETED RATES REQUIRED	5,718	6,272
<i>Less Distribution of Investment Income</i>		
Budgeted contribution to rates from commercial activities	(32)	(64)
Total rates struck	8,777	9,556

(ii) Breakdown of subsidies and grants

	2018	2019
	Actual	Actual
	\$000's	\$000's
Grants ²	321	1,107
NZTA subsidies ³	1,857	1,671
Petroleum tax	88	88
Total subsidies and grants	2,266	2,866

(iii) Breakdown of investment revenue

	2018	2019
	Actual	Actual
	\$000's	\$000's
Dividend	300	494
Interest revenue	264	339
Total investment revenue	564	833

(iv) Breakdown of other revenue

	2018	2019
	Actual	Actual
	\$000's	\$000's
Carbon credits	271	410
Gain on changes in fair value of forestry assets	479	646
Property, plant and equipment gains on disposal	2,312	12
Rental income	395	460
User fees and donations	1,906	1,723
Water charged by metered supply	117	63
Other	801	499
Total other revenue	6,281	3,813

¹Targeted Rates Revenue

Each significant activity's separate rates are stated at gross, excluding the distribution of investment revenue. Revenue from Council's investments is distributed to each community in the District; Fairlie, Lake Tekapo, Twizel and Rural. This distribution reduces the total Works and Services Rate to be levied over each community. The distribution of investment revenue is on the basis of each community's capital values. In order to fairly reflect the total external operations for the Council in the surplus or deficit, these transactions are eliminated.

²Grants

Donations and grants includes funding of \$1,078,000 received from central government tourism funds. The purpose of the funding is to improve the response to the needs of increasing numbers of visitors to the region for such facilities. The projects funded include:

Grant of \$100,000 for Lake Pukaki Toilets and Effluent System

For the upgrade existing toilet and effluent disposal system on Meridian Energy Limited owner land adjacent to the Lake Pukaki Lookout.

Grant of \$240,890 for Lakeside Drive Toilets

For the construction of a Permaloo toilet and shower facility adjacent to Lakeside Drive, Lake Tekapo; installation of an effluent dump station and installation of a Manco SPSC10 rubbish compactor unit in Tekapo township.

Grant of \$548,000 for Freedom Camping

For the management of freedom camping during the 2018/19 peak summer season in the Mackenzie and Waitaki regions.

Grant of \$189,590 for Tourism Infrastructure Fund

For local tourism related infrastructure where tourism growth (domestic and international) is placing pressure on, or potential growth is constrained by, existing infrastructure and where the local community is unable to respond in a timely manner without assistance.

³NZTA Subsidies

The Council receives grants from the New Zealand Transport Agency (NZTA) which reimburses part of the Councils costs of maintaining and constructing Mackenzie District's roading infrastructure. There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

Note 5 - Personnel Costs

Assets Vested

The Council has had vested to it certain infrastructural assets and land as part of the subdivisional process. Council recognises the value of these assets as revenue in the Statement of Comprehensive Revenue and Expenditure with an equivalent increase in property, plant and equipment in the Statement of Financial position. There were infrastructural assets totaling \$3,626,629 vested in Council during 2019 (2018: \$2,890,311).

Rates Remissions

The objectives of rates remissions is to facilitate the continuing provision of non-commercial community services and recreational opportunities in the Mackenzie District. The different type of rates remissions and the specific objectives of each type of rates remission are set in accordance with the policy outlined in the Long-Term Plan.

Revenue is shown net of rates remission and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totaled \$16,593 (2018: \$12,158).

	2018 Actual \$000's	2019 Actual \$000's
Rates remissions are comprised of:		
Community sporting and non-profit organisations	12	17
TOTAL REMISSIONS	12	17

Non-Rateable Land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. The non-rateable land does not constitute a remission under the Council's rates remission policy.

Rating Base Information

30 June 2018

Ratings units within the District or region of the local authority at the end of the preceding financial year:

The number of rating units:	4,921
The total land value of rating units	2,275,655,700
The total capital value of rating units	4,221,382,020

Operating leases as a lessor

Mackenzie District Council leases several properties held for future strategic purposes under operation leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2018 Actual \$000's	2019 Actual \$000's
Not later than one year	176	227
Later than one year, not later than five years	480	917
Later than five years	1,603	1,805
	2,259	2,949

Total non-cancellable operating leases as lessor

No contingents rents have been recognised during the year.

Accounting policy

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

(i) Breakdown of personnel costs and further information

During the year to 30 June 2019, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

Chief Executive

	2018* Actual \$000's	2019 Actual \$000's
Salary	88	0
Vehicle (Market value)	6	0
Telephone	0	0
Superannuation	3	0
Total remuneration package of the previous Chief Executive	97	0
<i>*Comparative is from July 2017 to November 2017</i>		

Chief Executive (November 2017 to June 2019)

	2018* Actual \$000's	2019 Actual \$000's
Salary	108	195
Vehicle (Market value)	6	10
Telephone	0	0
Superannuation	3	6
Total remuneration package of the current Chief Executive	117	211
<i>*Comparative is from November 2017 to June 2018</i>		

Elected Representatives

Elected representatives received the following remuneration:

	2018	2019
	Actual	Actual
	\$000's	\$000's
PRESENT COUNCIL		
Mayor Graham Smith	59	65
Councillor Russel Armstrong	17	19
Councillor Stuart Barwood	21	23
Councillor Chris Clarke	17	18
Councillor Paul Hannagan	17	20
Councillor James Leslie	21	23
Councillor Anne Munro	21	23
	173	191
PRESENT COMMUNITY BOARDS		
Fairlie Community Board Members	10	10
Tekapo Community Board Members	8	10
Twizel Community Board Members	10	12
	28	32
TOTAL REMUNERATION PAID TO ELECTED REPRESENTATIVES	201	223

Council Remuneration By Band

Total annual remuneration by band for employees as at 30 June 2019:

	2019
	Actual
<\$60,000	9
\$60,000-\$79,999	13
\$80,000-\$99,999	5
\$100,000-\$139,999	6
\$140,000-\$219,999	4
Total employees	37

Total annual remuneration by band for employees as at 30 June 2018:

	2018
<\$60,000	14
\$60,000-\$79,999	11
\$80,000-\$119,999	6
\$120,000-\$219,999	5
Total employees	36

Total remuneration includes any non-financial benefits provided to employees.

At balance date, the Council employed 37 people (2018: 36) 28 full-time employees (2018: 27), with the balance of staff representing 5 (2018: 6) full-time equivalent employees. A full-time employee is determined on a basis of a 37.5 hour working week.

Severance Agreements

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to terminate his or her employment with Council, over and above their contractual employee entitlements.

For the year ended 30 June 2019, the Council made 4 severance payments to employees totalling \$44,526 (2018: Nil). The value of each of the severance payments was \$11,175, \$10,156, \$10,966 and \$12,228.

Note 6 - Other Expenses

Accounting Policy

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

(i) Breakdown of other expenses and further information

	2018	2019
	Actual	Actual
	\$000's	\$000's
Audit fees		
Fees to Audit New Zealand for audit of financial statements	100	93
Fees to Audit New Zealand for audit of Long Term Plan ⁴	67	26
Fees to Audit New Zealand for assurance review of the debenture trust deed	0	2
Contractors	1,413	1,454
Consultants and legal fees	1,740	1,482
Donations and grants ⁵	153	128
Impairment of trade receivables	19	1
Insurance	135	186
Landfill provision: discount unwind (Note 22; Provisions)	(1)	2
Repairs and maintenance	383	396
Roading	1,565	1,279
Subscriptions	57	51
Waste cartage and transport	707	806
Other operating expenses	2,938	2,978
Total other operating expenses	9,276	8,884

⁴Fees to Audit New Zealand for Other Services

The fees to Audit New Zealand for other services in the year ending 30 June 2019 were for the audit of the Council's 2018-2028 Consultation Document and Long-Term Plan.

⁵Donations and Grants

Council allocated \$19,041 through Rural travel and Creative Communities grants.

Operating leases as lessee

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum contract payments under non-cancellable operating contracts are as follows:

	2018	2019
	Actual	Actual
	\$000's	\$000's
Not later than one year	17	23
Later than one year, not later than two years	23	11
Later than two years, not later than five years	15	3
Later than five years	0	0
Total non-cancellable operating contracts	55	37

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Council by any of the leasing arrangements.

Contractual commitments

These are commitments for which a formal contract has been entered at 30 June 2019.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Utilities maintenance	43	886
Road maintenance	5,546	3,249
Refuse operations	1,975	1,383
Information technology services	180	0
Township maintenance	0	755
Total non-cancellable operating contracts	7,744	6,273

These commitments are based on the legal commitment outstanding under contracts. They do not take into account any additional work required due to emergency events or any adjustments to costs based on inflation.

Joint Venture Operating Lease Commitments

There are no operating lease commitments associated with the joint venture, Downlands Water Supply, as at 30 June 2019 (2018:Nil).

Note 7 - Depreciation and Amortisation

Depreciation and amortisation for each Group of Activities:

	2018	2019
	Actual	Actual
	\$000's	\$000's
Governance and Corporate Services	196	194
Water supplies	610	697
Sewerage	314	345
Stormwater	54	57
Roading	2,138	2,251
Planning and Regulatory	5	4
Community and Township Services	378	412
Commercial Activities	72	60
Total depreciation and amortisation expense	3,767	4,020

Note 8 - Reconciliation of Internal Revenue and Internal Expenses

Each significant activity is stated gross of internal revenue and expenditure. In order to fairly reflect the total external operations for the Council in the surplus or deficit, these transactions are eliminated as shown below:

Internal expenses

Internal support and administration operations (support activities) have been allocated to each significant on the basis of various cost drivers relative to the usage of services.

	2018	2019
	Actual	Actual
	\$000's	\$000's
INTERNAL INCOME		
Governance and Corporate Services	122	126
Water supplies	31	3
Sewerage	16	0
Stormwater	6	0
Roading	0	0
Planning and Regulatory	559	0
Community and Towns	0	0
Commercial activities	0	0
Total Internal Income	734	129
INTERNAL EXPENSES		
Governance and Corporate Services	55	48
Water supplies	3	3
Sewerage	0	0
Stormwater	0	0
Roading	21	23
Planning and Regulatory	42	50
Community and Towns	4	5
Commercial activities	609	0
Total Internal Expenses	734	129

Note 9 - Internal Borrowing

2019					
Activity	Opening Balance \$000's	Repayments	Borrowings	Closing Balance \$000's	Interest Paid \$000's
Governance and Corporate Services Activity Group					
Administration	41	1	0	40	0
Water Supplies Activity Group					
Allandale water	311	13	0	298	8
Planning and Regulatory Activity Group					
Animal control	6	1	0	5	0
Resource management	2,514	0	97	2,611	66
Rural Fire	0	0	0	0	0
Community and Township Services Activity Group					
Twizel township	341	93	0	248	8
Waste management	359	289	35	105	13
Total internal borrowing	3,572	397	132	3,307	95

2018					
Activity	Opening Balance \$000's	Repayments	Borrowings	Closing Balance \$000's	Interest Paid \$000's
Financial/upgrade contributions					
Administration	43	2	0	41	0
Contributions					
Allandale water	325	14	0	311	8
Financial/upgrade contributions					
Animal control	23	17	0	6	0
Resource management	2,213	0	301	2,514	57
Rural Fire	0	0	0	0	0
Financial/upgrade contributions					
Twizel township	422	81	0	341	10
Waste management	672	313	0	359	31
Total internal borrowing	3,698	427	301	3,572	106

Note 10 - Equity

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Operating reserves
- Capital reserves
- Asset revaluation reserve
- Other reserves & special funds reserves
- Accumulated general funds

Operating reserves

Operating reserves consist of surpluses earned over time, and funds set aside for special purposes. These reserves represent funds available for the use in trading and operation of Council for special purposes. All special purpose funds and assets are separately accounted for and balanced with the cash resources retained by Council for special purposes.

Capital reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the Long Term Plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves involve all capital revenue received for the activity and any capital expenditure incurred within that activity.

The capital revenue includes depreciation funded from rates, financial contributions, upgrade contributions and grants. Depending on the movements in the capital reserve, the balance can be in funds or in deficit. An interest component is applied to the capital reserve depending on whether the particular reserve is in funds or deficit. The Council policy is to charge interest on deficit capital reserves at the average of Councils external bond investment rates and to pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

Asset revaluation reserves

This reserve relates to:

- The revaluation of property, plant, and equipment to fair value including operational and infrastructural assets, and
- The revaluation of financial assets including shares and bond stock held. This reserve comprises of the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expenditure.

Other Reserves & Special Funds Reserves

Other reserves

Other reserves consist of funds which have been received over time by the Council, usually by way of a donation or bequest, the terms of which restrict the use of funds. Each amount has been set up as a trust fund to maintain a degree of independence from general Council funds. All such funds are separately accounted for and are not available for any other purpose.

Restricted reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Accumulated General Funds

Accumulated General Funds consist of all other equity transactions not classified as operating reserves, capital reserves, asset revaluation reserves, other reserves or special reserves.

Accumulated funds

	2018 Actual \$000's	2019 Actual \$000's
Balance 1 July	112,206	115,436
Surplus/(deficit) for the year	7,586	8,035
Transfers from asset revaluation reserve on disposal	552	17
Transfers from special funds	0	22
Transfers to special funds	(1,114)	(1,940)
Transfers from other reserves	1	0
Transfers to other reserves	(4)	(2)
Transfers from restricted and Council created reserves	7,739	10,981
Transfers to restricted and Council created reserves	(11,530)	(12,762)
Balance at 30 June	115,436	119,787

Equity

Accumulated funds

Special fund reserves

Albury water fund	40	0	0	40
Ashwick/Opuha water fund	(40)	0	0	(40)
Building maintenance	0	0	0	0
Housing replacement	7	0	0	7
Insurance reserve	200	0	0	200
Land subdivision	1,430	1,219	(108)	2,541
Pensioner housing amenities	2	0	0	2
Watertight building reserve	44	0	0	44
Mackenzie County Scholarship Trust	85	1	0	86
Masonic Lodge Scholarship Fund	22	2	0	24
Real estate investment	4,115	0	0	4,115
Strathconan pool capital	2	0	0	2
Total special funds reserves	5,907	1,222	(108)	7,021

Other reserves

Albury war memorial	5	0	(1)	4
Ashwick/Allandale war memorial	5	0	0	5
Davidson bequest: cemetery	1	1	0	2
Gillingham bequest: library	0	0	0	0
Gould bequest: cemetery	1	1	0	2
Paterson ponds	10	0	0	10
Enid Hutt Fairlie beautifying fund	25	2	0	27
Total other reserves	47	4	(1)	50

Asset revaluation reserves

Share revaluation reserve	16,087	0	(9,873)	6,214
Investment revaluation reserve	84	0	(23)	61
Infrastructural assets revaluation reserves				
Land	31,391	872	(1,857)	30,406
Water supplies	13,449	40	0	13,489
Wastewater schemes	7,349	16	0	7,365
Stormwater schemes	2,641	0	0	2,641
Roading	45,252	0	(16)	45,236
Plant	35	0	0	35
Buildings	9,641	1,217	(350)	10,508
Total revaluation reserves	125,929	2,145	(12,119)	115,955

2018				2019			
Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's	Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's
112,206	7,586	(4,356)	115,436	115,436	8,035	(3,684)	119,787
112,206	7,586	(4,356)	115,436	115,436	8,035	(3,684)	119,787
40	0	0	40	40	0	0	40
(40)	0	0	(40)	(40)	0	0	(40)
0	0	0	0	0	0	0	0
7	0	0	7	7	0	0	7
200	0	0	200	200	0	0	200
1,430	1,219	(108)	2,541	2,541	2,035	(20)	4,556
2	0	0	2	2	0	0	2
44	0	0	44	44	0	0	44
85	1	0	86	86	2	(2)	86
22	2	0	24	24	13	0	37
4,115	0	0	4,115	4,115	0	0	4,115
2	0	0	2	2	0	0	2
5,907	1,222	(108)	7,021	7,021	2,050	(22)	9,049
5	0	(1)	4	4	0	0	4
5	0	0	5	5	1	0	6
1	1	0	2	2	0	0	2
0	0	0	0	0	0	0	0
1	1	0	2	2	0	0	2
10	0	0	10	10	0	0	10
25	2	0	27	27	1	0	28
47	4	(1)	50	50	2	0	52
16,087	0	(9,873)	6,214	6,214	0	0	6,214
84	0	(23)	61	61	25	0	86
31,391	872	(1,857)	30,406	30,406	2,657	0	33,063
13,449	40	0	13,489	13,489	15	0	13,504
7,349	16	0	7,365	7,365	0	0	7,365
2,641	0	0	2,641	2,641	0	0	2,641
45,252	0	(16)	45,236	45,236	14	0	45,250
35	0	0	35	35	0	0	35
9,641	1,217	(350)	10,508	10,508	687	0	11,195
125,929	2,145	(12,119)	115,955	115,955	3,398	0	119,353

Equity	2018				2019			
	Opening Balance	Movement Into Reserve	Movement from Reserve	Closing Balance	Opening Balance	Movement Into Reserve	Movement from Reserve	Closing Balance
	Actual \$000's	Actual \$000's	Actual \$000's	Actual \$000's	Actual \$000's	Actual \$000's	Actual \$000's	Actual \$000's
Capital reserves								
Administration	(53)	3	0	(50)	(50)	2	0	(48)
Allandale water	(325)	35	(9)	(299)	(299)	0	(7)	(306)
Animal control	(23)	17	0	(6)	(6)	11	0	5
Ashwick/Opuha water	76	0	(5)	71	71	11	0	82
Asset management	0	0	0	0	0	0	0	0
Burkes Pass sewer	0	0	0	0	0	0	0	0
Burkes Pass water	0	0	0	0	0	0	0	0
CEO department	0	75	(75)	0	0	0	0	0
Civil defence	32	5	(28)	9	9	0	(27)	(18)
Community facilities	0	0	0	0	0	0	0	0
District Council	(2)	0	0	(2)	(2)	1	0	(1)
Council building: Fairlie	(5)	49	(76)	(32)	(32)	0	0	(32)
Council building: Twizel	24	31	(35)	20	20	22	0	42
District general	43	0	(37)	6	6	1	(181)	(174)
District wide roading	(1,013)	2,507	(3,062)	(1,568)	(1,568)	3,488	(3,554)	(1,634)
Downlands water	93	0	0	93	93	0	0	93
Eversley sewer	(1)	0	0	(1)	(1)	0	0	(1)
Fairlie medical centre	24	4	0	28	28	5	0	33
Fairlie pensioner housing	106	9	0	115	115	8	0	123
Fairlie roading	0	0	0	0	0	0	0	0
Fairlie resource recovery park	0	0	0	0	0	0	0	0
Fairlie sewer	0	0	0	0	0	0	0	0
Fairlie stormwater	0	0	0	0	0	0	0	0
Fairlie township	0	0	0	0	0	0	0	0
Fairlie water	0	0	0	0	0	0	0	0
Forestry	5,370	930	0	6,300	6,300	835	0	7,135
Hardfill sites	0	0	0	0	0	0	0	0
Inspectorate	0	0	0	0	0	0	0	0
Information technology department	(52)	90	(79)	(41)	(41)	78	(46)	(9)
Kimbell water	19	1	0	20	20	1	0	21
Lake Tekapo community hall	(47)	6	(1)	(42)	(42)	11	(1)	(32)
Lake Tekapo roading	0	0	0	0	0	0	0	0
Lake Tekapo resource recovery park	0	0	0	0	0	0	0	0
Lake Tekapo sewer	0	0	0	0	0	0	0	0
Lake Tekapo stormwater	0	0	0	0	0	0	0	0
Lake Tekapo township	0	0	0	0	0	0	0	0
Lake Tekapo water	0	0	0	0	0	0	0	0
Mackenzie community centre	39	40	(4)	75	75	68	0	143
Manuka Terrace water	20	1	0	21	21	0	0	21
Plant account	64	69	(35)	98	98	0	(78)	20
Public Toilets	(537)	310	(649)	(876)	(876)	936	(419)	(359)
Pukaki airport board	0	0	0	0	0	0	0	0
Real estate	(1,719)	1,805	(8)	78	78	31	0	109
Resource planning	(2,213)	0	(301)	(2,514)	(2,514)	0	(97)	(2,611)
Roading professional business unit	(19)	4	(2)	(17)	(17)	4	0	(13)
Rural fire control	0	0	0	0	0	0	0	0
Rural roading	0	0	0	0	0	0	0	0
School Road water	16	0	4	20	20	3	0	23
Sherwood Downs hall	19	2	0	21	21	5	0	26
Sherwood Downs recreation reserve	37	0	0	37	37	0	0	37
Spur Road water	(3)	0	(1)	(4)	(4)	0	(8)	(12)
Swimming pool: Strathconan	6	20	0	26	26	9	0	35
Swimming pool: Twizel	(8)	4	(87)	(91)	(91)	4	(251)	(338)
Treatment of organic waste	0	0	0	0	0	0	0	0
Twizel community centre	218	52	0	270	270	57	(75)	252
Twizel medical centre	8	0	0	8	8	0	(8)	0
Twizel pensioner housing	29	6	0	35	35	8	(2)	41
Twizel roading	0	0	0	0	0	0	0	0
Twizel resource recovery park	0	0	0	0	0	0	0	0
Twizel sewer	0	0	0	0	0	0	0	0
Twizel stormwater	0	0	0	0	0	0	0	0
Twizel township	(422)	81	0	(341)	(341)	93	0	(248)
Twizel water	0	0	0	0	0	0	0	0
Urban sewerage	2,040	1,937	(648)	3,329	3,329	2,104	(2,675)	2,758
Urban stormwater	560	197	(5)	752	752	99	0	851
Urban water	(2,100)	2,337	(1,474)	(1,237)	(1,237)	2,617	(1,050)	330
Waste Management	(672)	313	(2)	(361)	(361)	289	(33)	(105)
Total capital reserves	(371)	10,940	(6,619)	3,950	3,950	10,801	(8,512)	6,239

Information about the purpose of capital reserves

Equity	Activity to which the fund relates	Purpose
Administration	Governance and Corporate	To fund capital replacements of Administration Assets
Allandale water	Water	To Fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement
Animal control	Regulatory	To fund capital requirements of animal control
Ashwick/Opuha water	Water	To fund capital requirements of the Ashwick/Opuha Water scheme
Asset management	Governance and Corporate	To fund capital requirements of asset management
Burkes Pass sewer	Sewerage	To fund sewer capital works in Burkes Pass
Burkes Pass water	Water	To fund capital requirements of the Burkes Pass Water scheme
CEO department	Governance and Corporate	To fund capital requirements of the CEO department
Civil defence	Regulatory	To fund capital requirements of Civil Defence
Community facilities	Communities and Towns	To fund capital requirements of community facilities
District Council	Governance and Corporate	To fund capital requirements of the Governance Activity
Council building: Fairlie	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie
Council building: Twizel	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel
District general	Communities and Towns	To fund capital requirements of the District
District wide roading	Roading	To fund roading capital works district wide
Downlands water	Water	Councils share of a Joint Venture to fund the capital requirements of the Downlands Water Scheme
Eversley sewer	Sewerage	To fund capital requirements of the Eversley water scheme
Fairlie medical centre	Communities and Towns	To fund replacement of medical facilities in Fairlie
Fairlie pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Fairlie
Fairlie roading	Roading	To fund roading projects in Fairlie
Fairlie resource recovery park	Communities and Towns	To fund capital upgrade and replacement for Fairlie Recovery Park
Fairlie sewer	Sewerage	To fund sewer capital works in Fairlie
Fairlie stormwater	Stormwater	To fund stormwater capital works in Fairlie
Fairlie township	Communities and Towns	To fund capital works in the Fairlie Township
Fairlie water	Water	To fund capital requirements of the Fairlie Water scheme
Forestry	Commercial	To fund the operations of Councils Forestry Assets
Hardfill sites	Communities and Towns	To fund costs arising from operations of the Councils Hardfill sites
Inspectorate	Regulatory	Fund the capital requirements of the Inspectorate department
Information technology department	Governance and Corporate	To fund capital replacement of Councils IT assets
Kimbell water	Water	To fund capital requirements of the Kimbell Water scheme
Lake Tekapo community hall	Communities and Towns	To fund replacement of the Tekapo Community Hall
Lake Tekapo roading	Roading	To fund roading projects in Tekapo
Lake Tekapo resource recovery park	Communities and Towns	To fund capital upgrade and replacements for Tekapo Recovery Park
Lake Tekapo sewer	Sewerage	To fund sewer capital works in Tekapo
Lake Tekapo stormwater	Stormwater	To fund stormwater capital works in Tekapo
Lake Tekapo township	Communities and Towns	To fund capital works in the Tekapo Township
Lake Tekapo water	Water	To fund water capital works in Tekapo
Mackenzie community centre	Communities and Towns	To fund the capital works at the Fairlie community centre
Manuka Terrace water	Water	To Fund investigation and construction of a new water supply for Manuka Terrace
Plant account	Governance and Corporate	To fund capital replacement of Councils Motor Vehicle assets
Public Toilets	Communities and Towns	To fund replacement of Public Toilets within the district
Pukaki airport board	Commercial	To fund the operations of Councils Airport Assets
Real estate	Commercial	To fund subdivision of Councils real estate assets
Resource planning	Regulatory	To fund capital requirements of the Resource Planning Business unit
Roading professional business unit	Roading	To fund capital requirements of the Rading Business unit
Rural fire control	Regulatory	To fund capital requirements of Rural fire
Rural roading	Roading	To fund roading projects in Rural areas
School Road water	Water	To fund capital requirements of the School Road Water scheme
Sherwood Downs hall	Communities and Towns	To fund capital requirements of the Sherwood Downs Reserves
Sherwood Downs recreation reserve	Communities and Towns	To fund capital requirements of the Sherwood Downs Hall
Spur Road water	Water	To fund Spur Road capital debt
Swimming pool: Strathconan	Communities and Towns	To fund replacement of the Fairlie swimming pool
Swimming pool: Twizel	Communities and Towns	To fund replacement of the Twizel swimming pool
Treatment of organic waste	Communities and Towns	To fund treatment of organic waste
Twizel community centre	Communities and Towns	To fund replacement of the Twizel Events Centre
Twizel medical centre	Communities and Towns	To fund replacement of medical facilities in Twizel
Twizel pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Twizel
Twizel roading	Roading	To fund roading projects in Twizel
Twizel resource recovery park	Communities and Towns	To fund capital upgrade and replacement for Twizel Recovery Park
Twizel sewer	Sewerage	To fund sewer capital works in Twizel
Twizel stormwater	Stormwater	To fund stormwater capital works in Twizel
Twizel township	Communities and Towns	To fund capital works in the Twizel Township
Twizel water	Water	To fund water capital works in Twizel
Urban sewerage	Sewerage	To fund District sewer capital works
Urban stormwater	Stormwater	To fund District stormwater capital works
Urban water	Water	To fund District water capital works
Waste Management	Communities and Towns	To fund District Solid Waste capital works

Note 11 - Cash and Cash Equivalents

Equity	Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's	Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's
Operating reserves								
Albury hall	17	2	0	19	19	0	(4)	15
Albury community refuse collection	3	0	0	3	3	0	0	3
Albury water supply	185	24	(13)	196	196	45	(72)	169
District general	(1,636)	246	(910)	(2,300)	(2,300)	1,184	(2,259)	(3,375)
Downlands water supply	82	47	0	129	129	51	0	180
Eversley/Punaroa water races	(1)	0	0	(1)	(1)	0	0	(1)
Fairlie community refuse collection	11	0	0	11	11	0	0	11
Fairlie works and services	90	16	57	163	163	5	0	168
Lake Alexandrina refuse collection	1	0	0	1	1	0	0	1
Lake Tekapo community refuse collection	10	0	0	10	10	0	0	10
Lake Tekapo works and services	425	38	(297)	166	166	1	(119)	48
Other reserves	336	3	50	389	389	50	0	439
Pukaki airport board	467	104	78	649	649	503	0	1,152
Roading professional services business unit	(174)	0	(59)	(233)	(233)	0	(4)	(237)
Real estate	(69)	0	69	0	0	0	0	0
Resource management	0	0	0	0	0	0	0	0
Rural works and services	(78)	1	(16)	(93)	(93)	39	0	(54)
Tourism and development	(339)	88	(64)	(315)	(315)	27	0	(288)
Twizel community refuse collection	2	0	0	2	2	0	0	2
Twizel visitors centre	0	0	0	0	0	0	0	0
Twizel works and services	144	21	(14)	151	151	56	(11)	196
Waste management	0	0	0	0	0	0	0	0
Total operating reserves	(524)	590	(1,119)	(1,053)	(1,053)	1,961	(2,469)	(1,561)
TOTAL EQUITY	243,194	22,487	(24,322)	241,359	241,359	26,247	(14,687)	252,919

Information about the purpose of operating reserves

Equity	Activity to which the fund relates	Purpose
Operating reserves		
Albury hall	Communities and Towns	To fund operations at the Albury Hall
Albury community refuse collection	Communities and Towns	Council's refuse collection operations
Albury water supply	Water	Accumulate surpluses/deficits from General Rate funded operations
District general	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations
Downlands water supply	Water	Accumulate surpluses/deficits from General Rate funded operations
Eversley/Punaroa water races	Water	Accumulate surpluses/deficits to fund Eversley/Punaroa operating activities
Fairlie community refuse collection	Communities and Towns	Council's refuse collection operations
Fairlie works and services	Communities and Towns	Accumulate surpluses/deficits from Fairlie Works and Services Rate funded operations
Lake Alexandrina refuse collection	Communities and Towns	Council's refuse collection operations
Lake Tekapo community refuse collection	Communities and Towns	Council's refuse collection operations
Lake Tekapo works and services	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations
Other reserves	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts
Pukaki airport board	Commercial	To fund the operations of Council's Airport Assets
Roading professional services business unit	Roading	Accumulate operating results of Council's Rooding Business Unit
Real estate	Commercial	Holds returns from real estate transactions
Resource management	Regulatory	Deficit from Plan Change 13
Rural works and services	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations
Tourism and development	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre
Twizel community refuse collection	Communities and Towns	Council's refuse collection operations
Twizel visitors centre	Communities and Towns	Accumulate surpluses/deficits from Twizel visitor centre operations
Twizel works and services	Communities and Towns	Accumulate surpluses/deficits from Twizel Works and Services Rate funded operations
Waste management	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Cash at bank and in hand	3,741	4,281
Short-term deposits maturing three months or less from date of acquisition	7,597	4,134
TOTAL CASH AND CASH EQUIVALENTS	11,338	8,415

Fair Value

The carrying value of short term deposits with maturity dates of three months or less approximate fair value.

Note 12 - Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Rates	348	376
Dividend receivable	0	0
Interest receivable	52	41
Other taxes payable (e.g. GST and FBT)	96	0
Prepayments	92	93
Other receivables	2,293	2,109
	2,881	2,619
Less: provision for uncollectability	(19)	0
Total receivables	2,862	2,619

Total receivables comprise:

Receivables and prepayments from non-exchange transactions -

This includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates

2,546	2,286
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Receivables and prepayments from exchange transactions -

This includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

316	333
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Total receivables

2,862	2,619
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Movements in the provision for uncollectability of receivables are as follows:

	2018	2019
	Actual	Actual
	\$000's	\$000's
Opening balance 1 July	(1)	(19)
Additional provisions made during the year	(18)	0
Receivables written-off during the period	0	19
Receivables recovered during the period	0	0
Closing balance 30 June	(19)	0

Note 13 - Tax

Relationship between tax expense and accounting surplus:

SURPLUS/(DEFICT) BEFORE TAX

Tax @28% (2018: 28%)

Taxation effect of permanent differences

Imputation credit adjustment

Non-taxable income/expenditure

Tax expense

Components of tax expense:

Adjustments to current tax in prior years

Current taxation

Deferred taxation

Tax expense

2018	2019
Actual	Actual
\$000's	\$000's
7,586	8,035
2,124	2,250
0	0
0	0
(2,124)	(2,250)
0	0
0	0
0	0
0	0
0	0

The Council has unrecognised tax losses \$39,362 (2018: \$57,521), with the tax effect \$11,021 at 28% (2018: \$10,978) available for carryforward in offsetting assessable revenue in future years.

<p>Note 14 - Other Financial Assets</p>	
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Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed and unlisted shares, listed bonds (fair value through other comprehensive revenue and expenditure)

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expenditure.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expenditure, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expenditure is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expenditure is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Current	1,406	7,684
Non-current	11,573	11,596
TOTAL OTHER FINANCIAL ASSETS	12,979	19,280
<i>Investments are comprised of:</i>		
CURRENT PORTION		
<i>Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months</i>		
Bonds	537	0
Eversley Sewerage Loan	9	9
Term deposits with maturities of 3 -12 months	860	7,675
TOTAL CURRENT PORTION	1,406	7,684
NON-CURRENT PORTION		
<i>Investment in CCOs and similar entities</i>		
Eversley Sewerage	119	107
Total investment in CCOs and similar entities	119	107
<i>Investment in other entities</i>		
Bonds	1,037	1,042
Strongly rated corporate bonds	789	819
Unlisted shares	9,628	9,628
Total investment in other entities	11,454	11,489
TOTAL NON-CURRENT PORTION	11,573	11,596
Total other financial assets	12,979	19,280

Fair Value

Term deposits

The carrying amount of short term deposits approximates their fair value.

Bonds

The fair value of bonds is \$1,041,897 (2018: \$1,573,391). Fair value has been determined using discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates range between 2.64% and 3.43% (2018 2.34% and 4.00%).

Strongly rated corporate bonds

The fair value of corporate bonds is \$818,944 (2018: \$789,231). Fair value has been determined by discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates used are 3.19% and 3.46% (2018: 3.49% and 3.82%).

Unlisted shares

Unlisted shares are recognised at fair value.

The Council holds 2,049,870 fully paid shares (2018: \$2,049,870) of \$1 (2018: \$1) in Alpine Energy Limited. The shares are recognised at fair value as assessed by Ernst & Young for the year ending 31 March 2019. There has not been any significant change from the previous year.

The fair value of unlisted shares in Alpine Energy Limited has been determined using a valuation technique based on Discounted Cash flows (DCF). The primary valuation method applied is the Discounted Cash flow method (DCF) method for the regulated electricity business and the capitalisation of maintainable earnings (CME) for the other businesses except Infratec.

The DCF method involves:

- Estimating the EBITDA from FY19 to FY25 (when the fourth regulatory period ends) based on our analysis of the maximum allowable revenue (MAR) for the regulatory period.
- Deducting the capital expenditures and depreciation provided by AEL management to derive the cash flows.
- Deducting the net debt as of the valuation date and added the fibre network business and the market value of AEL's rental property as surplus assets.

The DCF method is based on the following estimates and assumptions:

- A DCF of the free cash flows until the end of the current regulatory period on the basis that income can be determined with a reasonable degree of certainty,
- Using an estimated EBITDA from FY19 to FY25 (when the fourth regulatory period ends) and applying the observed market multiples.
- The discounted cash flows use a nominal post-tax weighted average cost of capital (WACC) mid-point of 5.35% (2018: 5.35%), a rate based on the market risk premium 7.5% and beta of 0.63. This compares to the Commission's calculated 67th percentile post-tax WACC, in October 2014 of 7.14%.
- The computed implied EBITDA multiple of 9.9x (mid-point) falls within the range of multiples for comparable publicly listed companies.
- The risk-free rate for 31 March 2019 was 2.72% (2018: 2.72%).

As at 31 March 2019, Alpine Energy had net tangible assets per share of \$7.09 per share (2018: \$6.79) and the earnings per share were \$33.30 (2018: \$33.80) according to the annual report of the company.

ALPINE ENERGY LIMITED

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company.

This is carried at fair value.

	2018		2019	
	Number of shares held	Value per share	Number of shares held	Value per share
Other financial assets	2,049,870	\$ 4.69	2,049,870	\$ 4.69

Shares in Alpine Energy Ltd	2018	2019
	Actual \$000's	Actual \$000's
Opening Balance	19,500	9,628
Plus revaluations	(9,872)	0
CLOSING BALANCE	9,628	9,628

INTEREST RATES

The weighted average effective interest rates on

	2018	2019
Call accounts	1.00 - 3.55%	1.00 - 3.5%
State owned enterprises and strongly rated corporates	4.05%	4.05%
Trading bank stock	5.23%	4.78%

This was the second year the valuation was undertaken by Ernst & Young. Ernst & Young applied a revised approach to the valuation. Ernst & Young valuation also included updated information on the future regulatory environment for Alpine Energy Ltd, and on the profitability of Alpine Energy Ltd's subsidiaries and associates.

Note 15 - Inventory

Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Breakdown of inventory and further information

	2018	2019
	Actual	Actual
	\$000's	\$000's
Current	45	58
Non-current	2,428	2,224
TOTAL INVENTORIES	2,473	2,282
Inventories are comprised of:		
CURRENT PORTION		
Held for distribution or consumption:	45	58
Commercial inventory - land developed for sale ⁴	0	0
TOTAL CURRENT PORTION	45	58
NON-CURRENT PORTION		
Held for distribution or consumption:	0	0
Commercial inventory - land developed for sale ⁴	2,428	2,224
TOTAL NON- CURRENT PORTION	2,428	2,224
Total INVENTORIES	2,473	2,282

No inventories are pledged as security for liabilities (2018: \$Nil).

Held for distribution inventory

Inventories held for distribution or consumption include:

- Retail stock for sale, and
- Excess parts in working condition that remain for emergency repairs. Council intends to hold these spare parts as inventory until they can be utilised in the future.

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2019 amounted to \$58,572 (2018: \$45,192).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2018: \$Nil). There have been no reversals of write-downs (2018: \$Nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

Commercial inventory

⁴The Council has developed land for future sale and associated development costs to date capitalized. These costs will be recovered upon the sale of land. During 2018, Council placed a moratorium on this activity which continued in 2019. The commercial land has therefore been reclassified as non-current inventory until the moratorium is lifted.

For further details; refer to Note 23: Surplus Property

Note 16 - Forestry

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Opening balance	5,432	5,910
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	509	650
Gains arising from changes in fair value less estimated point of sale costs attributable to price changes	161	47
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to log cartage rate changes	0	0
Increase/(decrease) due to discount rate change	0	0
Increase/(decrease) due to remap	(193)	(51)
CLOSING BALANCE	5,910	6,557

During the financial period no harvesting took place and 44.6 hectares was replanted. (2018: No replanting or harvesting took place).

Valuation assumptions

Independent registered valuers, Terry O'Neill (Bachelor of Forestry Science) Forestry Consultant, with Ashburton District Council have valued forestry assets as at 30 June 2019 in accordance with PBE IPSAS 27: Agriculture.

This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The Net Present Value method has been used which values mature stands with inventory information at their realisable (“immediate liquidation”) value.
- A discount rate of 7.5% (2018: 7.5%) has been used in discounting the present value of expected future cash flows
- Land value is expressed as an annual rental and included in the annual overhead cost. Reserves vested to the Council by the crown that have been planted in trees (42% of the Council's plantations) have a nil land value. The remaining land has an average value of \$1,500/ha, the annual cost of this land has been set as a rental of 4% on this value that is \$60/ha/year,
- Gross log prices have increased by 0.3% (2018: increased by 0.8%),

Costs include the following:

- Log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the mill or wharf. The harvesting costs used for the valuation are derived from the current average cost for operations.
- Logging costs for Council's plantations are reasonably high due to varied terrain and small stand size. All plantations are able to be harvested using conventional ground based systems.
- Logging, loading and roading: \$29.00/tonne (ground based) and \$38 (steepeland)
- Log sale management commission has been included in overheads
- Log cartage is well serviced in Canterbury. This year cartage rates have decreased to \$3.50 per tonne (2018: \$4.00) and the variable rate of \$0.20 per tonne/km (2018: \$0.22 per tonne/km). The average cartage distance for Downlands plantations is 90km and 120km for Mackenzie Basin plantation.
- Point-of-sale costs: Commissions on assets of significant value can generally be discounted with a rate of 2% (2018: 2%). The sales agent commission could therefore cost between \$30,000 and \$55,000. For valuation purposes \$50,000 has been used. The Sales Memorandum for a scattered forest estate such as this one, would be complex and relatively expensive to put together, therefore a cost of \$15,000 has been allowed.

Note 17 - Intangible Assets

Accounting policy

Software acquisition and development

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council’s website are recognised as an expense when incurred.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located.

Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangible Assets. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation values of major classes of intangible assets have been estimated as follows:

Intangible assets	Depreciation method	Life (years)
Computer software	Straight line	3

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment in Note 18: Property, plant and equipment. The same approach applies to the impairment of intangible assets.

	1 July 2018			30 June 2019								30 June 2019		
	Cost	Accum.amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum. Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposals amortisation	Current year impairment charges	Amortisation Charge	Closing Carrying Amount	Cost	Accum. Amortisation and impairment	Carrying Amount
	\$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
Computer software	301	226	75	0	0	25	0	0	0	44	56	326	270	56
Carbon emissions	270	0	270	(34)	0	410	270	0	0	0	376	376	0	376
Capital work in progress ³	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTANGIBLE ASSETS	571	226	345	-34	0	435	270	0	0	44	432	702	270	432

	1 July 2017			30 June 2018								30 June 2018		
	Cost	Accum.amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum. Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposals amortisation	Current year impairment charges	Amortisation Charge	Closing Carrying Amount	Cost	Accum. Amortisation and impairment	Carrying Amount
	\$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
Computer software	239	191	48	0	0	62	0	0	0	35	75	301	226	75
Carbon emissions	0	0	0	9	0	261	0	0	0	0	270	270	0	270
Capital work in progress ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTANGIBLE ASSETS	239	191	48	9	0	323	0	0	0	35	345	571	226	345

Carbon Credits

There is a \$34,000 revaluation decrease of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

Carbon credits have been assessed as having an indefintie useful life because they have no expiry and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

Note 18 - Property, Plant and Equipment

Accounting policy

Property, plant and equipment consist of:

Operational assets

Operational assets are tangible assets that are able to be dealt with as part of the operating strategy. These include operational land buildings and improvements, furniture and fittings, plant and equipment, computer hardware, motor vehicles, office equipment, resource recovery parks and heritage assets.

Restricted assets

Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Infrastructure assets

infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the financial statements because there little or no service potential from the majority of these paper roads.

Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

Properties where use is to be determined

Properties where Council will determine their future use once it has completed its future strategy for the District.

Revaluation

The carrying values of revalued items are assessed annually to ensure that their carrying amount does not differ materially from fair value and at least every three years. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The measurement base for each class of asset is described below.

Operational assets	Is the class revalued?	Valuation Basis
Buildings	Yes	Fair value
Computer hardware	No	Depreciated historical cost
Furniture and fittings	No	Depreciated historical cost
Heritage assets	No	Deemed cost
Land	Yes	Fair value
Motor vehicles	No	Depreciated historical cost
Office equipment	No	Depreciated historical cost
Plant and machinery	No	Depreciated historical cost
Resource recovery parks	No	Depreciated historical cost

Restricted assets	Is the class revalued?	Valuation Basis
Land	Yes	Fair value

Infrastructural assets	Is the class revalued?	Valuation Basis
Flood protection and control works	No	Not applicable
Landfills	No	Depreciated historical cost
Village projects	No	Depreciated historical cost
Alps 2 Ocean cycle-way	No	Deemed cost
Land under roads	No	Not applicable
Roads and footpaths	Yes	Optimised depreciated replacement cost
Resource consents	No	Depreciated historical cost
Stormwater	Yes	Optimised depreciated replacement cost
Sewerage	Yes	Optimised depreciated replacement cost
Water supplies	Yes	Optimised depreciated replacement cost

Properties where use is to be determined	Is the class revalued?	Valuation Basis
Properties where use is to be determined	No	Deemed cost

The net revaluation results are credited or debited to other comprehensive revenue and expenditure and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenditure but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenditure.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Depreciation method	Life (years)
Buildings	Straight line	13-80
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles	Straight line	5
Office equipment	Straight line	5-10
Light plant and machinery	Straight line	10-25
Plant and machinery	Straight line	10-25
Resource recovery parks	Straight line	14-25

Infrastructural assets	Depreciation method	Life (years)
Flood protection and control works	Not applicable	-
Landfills	Straight line	30-50
Village projects	Straight line	5-80
Alps 2 Ocean cycle-way	Straight line	50
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths	Straight line	6-80
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17
Kerb and channelling	Straight line	10-100
Street signs	Straight line	13
Street lighting	Straight line	20-40
Bridges	Straight line	80-100
Resource consents	Straight line	14-33
Stormwater		
Lines	Straight line	60-150
Manholes	Straight line	150
Open drains	Not depreciated	-
Sewerage		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	80
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	25
Service lines	Straight line	80-100
Hydrants	Straight line	80
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Gerald Morton FNZIV FPNZ FREINZ of Morton and Co Ltd. The valuation is effective as at 30 June 2019.

Land (operational, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2019 valuation include:

The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.

The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs based on a modal rate of \$2,875 per square metre (includes an architectural and engineers fees component of 15%) plus a multiple range between 0.2 to 1.7, depending on the nature of the specific asset being valued. Council has engaged independent structural engineers to estimate the costs to strengthen the Council's earthquake-prone buildings. The information was not available at the time of the annual report preparation and therefore has not been deducted off the depreciated replacement cost.

The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, obsolescence and experience with similar buildings.

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence. Significant assumptions in the 30 June 2019 valuation do not include market rents and capitalisation rates.

Infrastructural asset classes: wastewater, stormwater, water, solid waste and roads

The most recent valuation of infrastructural assets was performed by an independent registered valuer, George JasonSmith BE(NSW) CPEng of AECOM Maunsell. The valuation is effective as at 1 July 2016.

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

Determination of quantities and sizes of assets are optimised to relate to those acquired for current service delivery and foreseeable demand with the constraint that both sizes and quantities may only be reduced to reflect restrictions in need. Expansions are matters to be considered in capital improvement budgets.

Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern engineering equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2017 quarter index) for civil constructions to convert them to current dollar value at the valuation date.

Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenditure. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Critical judgements in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

Also held is a number of properties which were deemed surplus to Council requirements. Council will determine their future use once it has completed its future strategy for the District. As such these properties are not subject to regular revaluations as is the case with operational land.

	1 July 2018	30 June 2019					30 June 2019	
Cost / Revaluation	Carrying amount and impairment charges	Current year revaluation	Accum. Depn reversed on revaluation	Current year additions ⁵	Current year disposals within PPE	Current year disposals	Net Book Value	Cost
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
OPERATIONAL ASSETS								
Buildings	16,832	13	16,819	316	371	574	171	17,888
Computer Hardware	358	334	24	0	0	28	0	366
Furniture and Fittings	537	462	75	0	0	84	0	621
Heritage Assets	30	16	14	0	0	0	13	30
Land	21,043	0	21,043	2,589	0	126	10	23,768
Motor Vehicles	327	162	165	0	0	137	0	464
Office Equipment	143	121	22	0	0	3	0	146
Plant and Machinery	782	458	324	0	0	58	0	840
Resource Recovery Parks	171	114	57	0	0	0	0	171
Total Operational Assets	40,223	1,680	38,543	2,905	371	1,010	181	44,314
RESTRICTED ASSETS								
Land	7,241	0	7,241	114	0	65	0	7,420
Total Restricted Assets	7,241	0	7,241	114	0	65	0	7,420
INFRASTRUCTURAL ASSETS								
Flood Protection and Control Works	0	0	0	0	0	0	0	0
Landfills	136	73	63	0	0	0	0	136
Village Projects	2,903	943	1,960	0	0	49	0	2,952
Alps 2 Ocean Cycleway	740	69	671	0	0	0	15	740
Land Under Roads	5,824	0	5,824	0	0	19	0	5,943
Roads and Footpaths	103,600	4,067	99,533	0	0	3,527	0	107,127
Resource Consents	383	110	273	0	0	0	14	472
Stormwater: Drainage	6,471	100	6,371	0	0	645	0	7,116
Stormwater: Schemes	0	0	0	0	0	0	0	0
Sewerage Schemes: Treatment plants and facilities	1,921	96	1,825	0	0	779	275	2,975
Sewerage Schemes: Other assets	14,853	542	14,311	0	0	920	0	15,773
Water Supplies: Treatment plants and facilities	1,503	5	1,498	0	0	18	0	1,521
Water Supplies: Rural	1,571	348	1,223	0	0	69	0	1,640
Water Supplies: Other assets	24,564	1,114	23,450	0	0	827	0	25,391
Total Infrastructural Assets	164,569	7,467	157,102	0	0	6,853	364	171,786
Capital Work in Progress	743	0	743	0	0	382	(618)	517
Joint Venture Assets	775	232	544	0	0	0	5	770
Properties where use is to be determined	5,231	0	5,231	0	0	4	45	5,190
TOTAL PROPERTY, PLANT AND EQUIPMENT	218,782	9,379	209,404	3,019	371	8,324	(73)	229,997
								217,002

	1 July 2017			30 June 2018							30 June 2018		
	Cost / Revaluation	Accum. dep and impairment charges	Carrying amount	Current year revaluation	Accum. Depn reversed on revaluation	Current year additions ¹	Current year trfsto PPE intended for sale	Current year disposals depreciation	Current year disposals impairment charges	Current year depreciation	Net Book Value	Cost	Accum. Depn and impairment charges
	\$'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
OPERATIONAL ASSETS													
Buildings	15,969	18	15,951	567	350	323	0	27	0	0	16,819	16,832	13
Computer Hardware	343	301	42	0	0	15	0	0	0	0	24	358	334
Furniture and Fittings	518	449	69	0	0	19	0	0	0	0	75	537	462
Heritage Assets	30	15	15	0	0	0	0	0	0	0	14	30	16
Land	18,268	0	18,268	1,142	0	3	1,630	0	0	0	21,043	21,043	0
Motor Vehicles	330	154	176	0	0	53	0	56	49	0	165	327	162
Office Equipment	143	117	26	0	0	0	0	0	0	0	22	143	121
Plant and Machinery	639	422	217	0	0	143	0	0	0	0	324	782	458
Resource Recovery Parks	171	106	65	0	0	0	0	0	0	0	57	171	114
Total Operational Assets	36,411	1,582	34,829	1,709	350	556	1,630	83	49	0	497	40,223	1,680
RESTRICTED ASSETS													
Land	6,454	0	6,454	279	0	9	499	0	0	0	7,241	7,241	0
Total Restricted Assets	6,454	0	6,454	279	0	9	499	0	0	0	7,241	7,241	0
INFRASTRUCTURAL ASSETS													
Flood Protection and Control Works	0	0	0	0	0	0	0	0	0	0	0	0	0
Landfill	136	69	67	0	0	0	0	0	0	0	63	136	73
Village Projects	2,401	855	1,546	0	0	502	0	0	0	0	4	2,903	943
Alps 2 Ocean Cycleway	740	54	686	0	0	0	0	0	0	0	1,950	740	69
Land Under Roads	5,901	0	5,901	0	0	4	19	0	0	0	5,924	5,924	0
Roads and Footpaths	100,502	2,083	98,419	0	0	3,248	0	0	0	0	2,134	103,500	4,067
Resource Consents	378	96	282	0	0	5	0	0	0	0	14	383	110
Stormwater Drainage	5,475	47	5,428	0	0	996	0	0	0	0	53	6,471	100
Stormwater Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Schemes: Treatment plants and faci	1,481	50	1,431	0	0	440	0	0	0	0	46	1,921	96
Sewerage Schemes: Other assets	13,888	266	13,622	0	0	965	0	0	0	0	276	14,853	542
Water Supplies: Treatment plants and facilities	110	2	108	0	0	1,393	0	0	0	0	3	1,503	5
Water Supplies: Rural	1,431	313	1,118	0	0	140	0	0	0	0	35	1,571	348
Water Supplies: Other assets	23,567	552	23,015	0	0	997	0	0	0	0	562	24,564	1,114
Total Infrastructural Assets	156,010	4,387	151,623	0	0	8,690	19	0	0	0	3,730	164,569	7,467
Capital work in progress ¹	3,234	0	3,234	0	0	262	(2,753)	0	0	0	743	743	0
Joint venture assets	760	214	547	0	0	6	0	(9)	0	0	18	775	232
Properties where use is to be determined	7,168	0	7,168	0	0	300	(1,722)	515	0	0	5,231	5,231	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	210,037	6,183	203,855	1,988	350	9,823	(2,327)	589	49	0	3,745	218,782	9,379
													209,404

Valuation Operational assets

Buildings are measured at fair value less accumulated depreciation with subsequent additions recorded at cost. Buildings were revalued at 30 June 2019 by Morton & Co. Future revaluations will be carried out on a three yearly basis. Buildings have been valued using market values where a market value exists for that asset, or at depreciated replacement cost. Each building has also been componentised into:

- Structure;
- Services; and
- Internal fitout.

Land is valued at fair value. This is determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Morton & Co, and the valuation is effective as at 30 June 2019. Any subsequent additions form this date have been recorded at cost.

Plant and machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2010 by the registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage assets have been recorded at cost less accumulated depreciation.

Other assets are valued at the lower of cost less accumulated depreciation.

Infrastructural assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable.

Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents and Alps 2 Ocean Cycleway, have been included in this document at their 1 July 2016 valuations, plus additions at cost, less accumulated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis was conducted by a registered valuer, AECOM Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2016. Subsequent additions have been valued at cost and depreciated.

Rural water races, landfills, village projects and Alps 2 Ocean Cycleway are stated at their cost or deemed cost less depreciation.

Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

Land under roads, includes under formed roads and subsequent additions vested to Council. The value of land under roads is based in the average value of the land in the associated ward deemed by Quotable Value. These values have been adopted as deemed cost.

Impairment

Impairment losses during the 2019 Financial year in relation to property, plant and equipment were \$71,000 (2018: \$117,716).

Work In Progress

The total amount of property, plant and equipment in the course of construction is \$516,951 (2018: \$706,284). Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date and depreciated from the following year.

Properties where use is to be determined

Properties where Council will determine their future use once it has completed its future strategy for the District. This land is held at cost and is not revalued.

Note 19 - Subsidiary

Restrictions

Land and buildings in the “Restricted Asset” category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Core Assets

Included within the infrastructure assets above are the following core Council assets:

	2019			
	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Replacement Cost
	\$000's	\$000's	\$000's	\$000's
Water Supply				
- treatment plants and facilities	1,446	18	0	1,571
- other assets	23,695	375	452	37,699
- rural	1,257	69	0	1,952
Sewerage				
- treatment plants and facilities	2,830	1,053	0	4,472
- other assets	14,943	94	826	24,514
Stormwater drainage	6,960	0	645	9,068
Flood protection and control works	0	0	0	0
Roads and footpaths	99,554	1,935	1,505	150,632
TOTAL	150,685	3,544	3,428	229,908

The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 1 July 2016 plus additions during 2016/2017, 2017/18 and 2018/19 at cost. The closing book value of Roads and footpaths shown above excludes the value of street lighting, sumps, leads and other related assets totalling \$1,295,750 that are included in the value of Roading assets under infrastructural assets as disclosed in the previous page. Replacement cost for water supply does not include rural water schemes as they are stock water and as such are not considered core assets.

	2018			
	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Replacement Cost
	\$000's	\$000's	\$000's	\$000's
Water Supply				
- treatment plants and facilities	1,490	1,393	0	1,553
- other assets	23,456	510	487	36,872
	1,224	140	0	1,883
Sewerage				
- treatment plants and facilities	1,825	435	5	3,419
- other assets	14,311	193	772	23,594
Stormwater drainage	6,371	719	277	8,423
Flood protection and control works	0	0	0	0
Roads and footpaths	98,237	1,926	1,258	147,192
TOTAL	146,914	5,316	2,799	222,936

Name of Entities: Mackenzie Holdings Ltd and Mackenzie Tourism and Development Trust

Balance date: 30 June 2019

Council resolved on 12 June 2014 to dissolve the Mackenzie Tourism Development Trust. In 2013, Council ceased to operate in a Group as Council resolved 13 June 2013 to dissolve the Trust and also resolved to exempt the organisation under Section 7 of the Local Government Act 2002. The transactions for MTDT have been absorbed into Council. Consequently, no Group financial transactions have been included in these results.

Council resolved on 20 July 2017 to dissolve Mackenzie Holdings Ltd and to exempt the organisation under Section 7 of the Local Government Act 2002. The transactions for Mackenzie Holdings Ltd have been absorbed into Council, therefore no Group financial transactions have been included in these results.



Note 20 - Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	2018	2019
	Actual	Actual
	\$000's	\$000's
CURRENT PORTION		
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	2,466	1,867
Revenue in advance	403	532
Deposits on Land Sales	626	601
Total	3,495	3,000
Payables and deferred revenue under non-exchange transactions		
Other taxes payable (e.g. GST and FBT)	3	212
Grants payable	0	0
Rates in advance	117	118
Total	120	330
TOTAL CURRENT PAYABLES AND DEFERRED REVENUE	3,615	3,330

Fair Value

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 21 - Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and

The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Current	257	259
Non-current	23	24
TOTAL EMPLOYEE ENTITLEMENTS	280	283
Employee entitlements are comprised of:		
CURRENT PORTION		
Accrued salaries and wages	126	147
Annual leave	131	111
TOTAL CURRENT PORTION	257	259
NON-CURRENT PORTION		
Retirement gratuities	23	24
TOTAL NON-CURRENT PORTION	23	24
Total employee entitlements	280	283

Note 22 - Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event,
- it is probable that an outflow of future economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Critical accounting estimates and assumptions

As the former owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment.

The Council has obtained resource consents for the closure of the following landfills:

- Burkes Pass landfill - granted until 27 July 2031
- Fairlie landfill - granted until 27 July 2031
- Tekapo landfill - granted until 27 July 2031
- Twizel landfill - granted until 27 July 2031
- Haldon landfill - granted until 27 July 2031
- Albury landfill - granted until 27 July 2031

The cash outflows for landfill post-closure costs are expected to occur for up to 12 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is \$63,896 (2018: \$69,330).

The following significant assumptions have been made in estimating the provision:

The remaining capacity of the site is 0.5 million cubic metres (refuse, clean fill, and cover).

The estimated remaining life is 12 years, based on current projected waste volumes. Projected waste volumes have been estimated by using historical waste trend information.

- An annual inflation factor of 1.76% (2018: 3.05%) has been applied in estimating the future cash outflows.
- Discount rates of 1.76% (2018: 3.05%) has been used to discount the estimated future cash outflows. These rates have been determined using 30 June 2019 Treasury risk-free discount rate forecast.

The management of the landfill will influence the timing of recognition of some liabilities. For example, the current landfill will operate in two stages. A liability relating to stage two will be created only when this stage is commissioned and when refuse begins to accumulate in this stage. Estimates of the life and future expenditure are reviewed annually by Council.

	2018	2019
	Actual	Actual
	\$000's	\$000's
Current	3	3
Non-current	55	52
TOTAL PROVISIONS	58	55
CURRENT PORTION		
Landfill aftercare liability	3	3
TOTAL CURRENT PROVISIONS	3	3
NON-CURRENT PORTION		
Landfill aftercare liability	55	52
TOTAL NON-CURRENT PROVISIONS	55	52
Total provisions	58	55
Movements for each class of provision are as follows:		
LANDFILL AFTERCARE LIABILITY		
Opening balance	60	58
Additional provisions made	3	0
Unused amounts reversed	(4)	(5)
Discount unwind (Note 6; Other expenses)	(1)	2
Total landfill aftercare liability	58	55

Note 23 - Surplus Property

	2018	2019
	Actual	Actual
	\$000's	\$000's
LAND		
Opening Balance	12,399	7,659
Add/(less):		
Transfer from operational land	(3,904)	0
Disposals/change in valuation	(836)	(245)
CLOSING BALANCE	7,659	7,414
TOTAL SURPLUS PROPERTY	7,659	7,414
Total surplus properties are comprised of:		
Inventory (Note 15; Inventories)	2,428	2,224
Properties where use is to be determined (Note 18)	5,231	5,190
Total Surplus Properties	7,659	7,414

Note 24 - Related Party Transactions

Mackenzie District Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

James Leslie leases premises on Lot 42, Pukaki Airport on a month to month basis. Transactions between James Leslie and Council total \$4094.43 for the year. No amounts were outstanding at balance date.

Russell Armstrong has an interest in Twizel Crane and Cartage Limited and High Country Auto Services. Council has transactions in the year totalling \$686.96 plus GST with Twizel Crane and Cartage Limited and transactions totalling \$1,014.21 plus GST with High Country Auto Services. \$617.60 was outstanding to High Country Auto Services at balance date.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2019 (2018: Nil). No related party debts have been written off or forgiven during the period (2018: Nil).

Key Management Personnel Compensation

	2018	2019
	Actual	Actual
	\$000's	\$000's
Councillors		
Remuneration	173	191
Full-time equivalent members	7	7
Senior Management Team, including the Chief Executive		
Remuneration	898	980
Full-time equivalent members	6	6
Senior Management Team remuneration for 2019 includes \$44,526 termination payments (2018: \$nil)		

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Key Management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

1. There are close family members of key management personnel employed by the Council. The terms and conditions of those arrangements are no more favourable than the Council would have adopted if there were no relationship to key management personnel.

During the reporting period, total remuneration of \$5,700 (2018: \$47,722) was provided by Council to employees who are close family members of key management personnel.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 5.

Note 25 - Contingent Liabilities and Assets

2018	2019
Actual	Actual
\$000's	\$000's

Council is aware of the following contingent liabilities as at 30 June 2018:

CONTINGENCIES:

Housing New Zealand contribution to Fairlie Pensioner Housing Units

516	516
-----	-----

TOTAL CONTINGENT LIABILITIES

516	516
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Contingent Liabilities

Housing New Zealand Contribution

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the Pensioner Housing units in Fairlie. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. This liability will cease on 12 June 2028.

Contingent Assets

There are no contingent assets (2018: \$330,000 relating to High Country Medical Trust)

Note 26 - Events after Balance Date

Land Sales: Pukaki Airport Board

During the year, Pukaki Airport Board entered into four Sale and Purchase Agreements with third parties for the disposal of parcels of land held for a total cash consideration of \$1, 029, 400 (2018:\$604,905). The initial deposits received for the four properties was \$147,880, which are included in Note 20: Payables and deferred revenue as deposits on land sales as at the end of the financial year. The disposals are expected to be completed by the end of the 2020/2021 financial year.

The remaining amounts receivable (including sales from previous years) prior to settlement are collectible as follows:

	2018	2019
	Actual	Actual
	\$000's	\$000's
Not later than one year	365,328	723,920
Later than one year, not later than two years	222,800	78,800
Later than two years, not later than five years	714,400	78,800
	1,302,528	881,520

“In the "Later than two years, not later than five years" range for 2018 an amount of \$557,000 is included. The Lot has since been sold for \$542,000, however the amount is still included above in the comparative.

Land Sales: Mackenzie District Council

No post balance date events occurred up to the date of the report adoption that are known to have a material effect on the Financial Statements and Notes to the Financial Statements of Council (2018: Nil).

New Contract Agreements

On 21 August 2019, Council entered into a Multi Party Fuding Agreement between Timaru District Council and Waimate District Council and Mackenzie District Council in respect of a Road Resurfacing Contract for the period of 1 July 2019 to 30 June 2022.

Alpine Energy Limited

The Directors of Alpine Energy Limited signed the solvency certificate for the final dividend of 9.6 cents per share, fully imputed on 25 July 2019. As the declaration for the final dividend was after balance date, Council has not included the revenue in 2018/2019. The revenue will be recognised in 2019/2020 financial year.

Note 27 - Financial Instruments

FINANCIAL ASSETS

Loans and receivables

	2018 Actual \$000's	2019 Actual \$000's
Cash and cash equivalents	11,338	8,415
Receivables	2,674	2,526
Other financial assets		
Eversley Loan	128	116
Term deposits	860	7,675
TOTAL LOANS AND RECEIVABLES	15,000	18,732

Fair value through other comprehensive revenue and expense

	2018 Actual \$000's	2019 Actual \$000's
Bonds	1,574	1,042
Strongly rated corporate bonds	789	819
Local authority stock	0	0
Unlisted shares	9,628	9,628
TOTAL FAIR VALUE THROUGH COMPREHENSIVE REVENUE AND EQUITY	11,991	11,489

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

	2018 Actual \$000's	2019 Actual \$000's
Payables	2,466	1,867
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	2,466	1,867

Note 28 - Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2018-2019 Annual Report are as follows:

Statement of Comprehensive Revenue and Expenditure

Council's net comprehensive revenue and expenditure of \$11,450,000 was \$11,955,000 higher than the budgeted deficit of \$505,000. This is due to the net effect of the following variances in revenue and in expenditure as detailed below.

Revenue

(Refer to Note 4; Revenue)

Revenue was \$25,141,000, compared to the budgeted revenue of \$16,508,000.

Subsidies and grants

Subsidies and grants were \$2,866,000 being \$1,055,000 above the budget of \$1,811,000. This was largely due to:

- Grants were received from the Regional Mid-sized Tourism Facility Grant Fund totalling \$1,078,000 to upgrade the toilet facilities at Lakeside Drive and Lake Pukaki Lookout, towards management of Freedom Camping and to improve facilities being impacted by the growth across the District. The purpose of the projects are to better respond to the needs of increasing visitor numbers in the region for such facilities. The grants were not forecast in the Long-term Plan, and
- Petrol tax of \$88,000 was also received this year which had not been budgeted.

Real estate sales

Revenue from real estate sales is derived from the final settlements being received during the year on five Pukaki Airport properties totalling \$1,020,000

The cost of the land pertaining to these sales was \$204,000 showing in the expenditure section.

In 2018, Council placed a moratorium on future real estate sales which remains in place, therefore the sales revenue of \$1,020,000 is less than the budget of \$1,500,000 as the moratorium came into place.

Contributions

Contributions are generated as a result of developers giving effect to subdivision plans and have contributed \$3,426,000 in revenue for the year. The budget was \$150,000, therefore revenue from contributions is \$3,276,000 higher than expected due to increased development in the District.

Other revenue

Other revenue totals \$3,813,000, which is \$781,000; more than the budget of \$3,032,000. This is largely due to unplanned income received from:

- Carbon credits were issued to Council during the year worth \$410,000, and
- A forestry revaluation gain of \$646,000.

Vested assets

Infrastructural assets and land vested in Council this year totalled \$3,627,000 from Tekapo and Twizel developers, including water assets \$452,000, sewer assets \$826,000, stormwater assets \$645,000, roading assets \$1,611,000 and land \$92,000. Vested asset revenue is largely attributable to higher than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed.

Note 29 - Insurance Contracts

Financial assets at fair value through other comprehensive revenue and expenditure	Council's investment stock has shown a small increase in the value of \$25,000.
Property, plant and equipment revaluations	Council undertook the revaluation of its land and buildings again this year due to the continuing increasing values across the District. The resulting unrealised gain from the Land and Buildings revaluation was \$3,390,000. The revaluation was not budgeted due to the inherent difficulties in forecasting marketconditions which affect fair value.
Expenditure	
Refer to Note 5; Personnel Costs and Note 6: Other Expenses.	
	Expenditure was \$17,106,000, compared to the budgeted expenditure of \$17,012,000.
Personnel costs	Personnel costs of \$3,514,000 is \$74,000 higher than the budget of \$3,440,000. This is primarily due to higher recruitment and training costs \$160,000 offset by lower salaries and wages than planned.
Depreciation and amortisation	<div>Depreciation of \$4,020,000, is \$101,000 higher than the budget of \$3,919,000. This is due to:<ul style="list-style-type: none">Depreciation on roading assets is higher than forecast due to assets being vested in Council earlier than expected.</div>
Real estate cost of sales	Real Estate cost of sales totalled \$204,000 and was budgeted at \$1,235,000. This relates to the land development costs associated with the sections sold by the Pukaki Airport Board.
Other expenses	<div>Costs for the year are \$8,884,000; \$984,000 more than the budgeted cost of \$7,900,000. The main reasons for this are:<ul style="list-style-type: none">Consultancy costs were higher than planned by \$343,000.due to:<ul style="list-style-type: none">Unbudgeted expenditure on consultants engaged for organisational review \$104,000.Outsourcing the processing of building consent applications \$284,000.The increased expenditure above has been partially offset by town planning costs being underspent \$182,000.The operational and maintenance costs are higher than budget by \$681,000 due to:<ul style="list-style-type: none">Contractor costs on repairs and maintenance for the water supply, wastewater and toilets across the District being \$200,000 higher than anticipated.Costs incurred by Pukaki Airport Board were higher than anticipated due to repairs and maintenance and the Hanger Assistance Payout \$51,000.Litter bin costs were higher than expected due to an increase in the number of bins \$51,000.Tekapo township projects largely being work on the Church of the Good Shepherd \$245,000.Forestry operational and maintenance costs were \$194,000 higher than expected.</div>

An explanation for this and other operating expenditure variances are reported in detail by significant activity in the cost of service statements in the Group Activities section.

Insurance of Assets
The following information relates to the insurance of Council assets as at 30 June 2019

	2018	2019
	Actual	Actual
	\$000's	\$000's
The total value of all Council assets covered by insurance contracts	209,404	217,002
The maximum amount to which insured assets are insured	46,362	45,479
The total value of all Council assets covered by financial risk sharing arrangements	0	0
Maximum amount available to the Council under financial risk sharing arrangements	0	0
Total value of assets that are self-insured	148,211	151,944
The value of funds maintained for self-insurance	3,000	3,000

The maximum amount to which assets are insured under Council insurance policies are calculated at cost to reinstate the asset.

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

An insurance reserve of \$200,000 (2018: \$200,000) exists to meet the costs of claims that fell below deductible levels under Council insurance policies. Refer to Note 10: Special Fund Reserve

What is the Purpose of this Statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

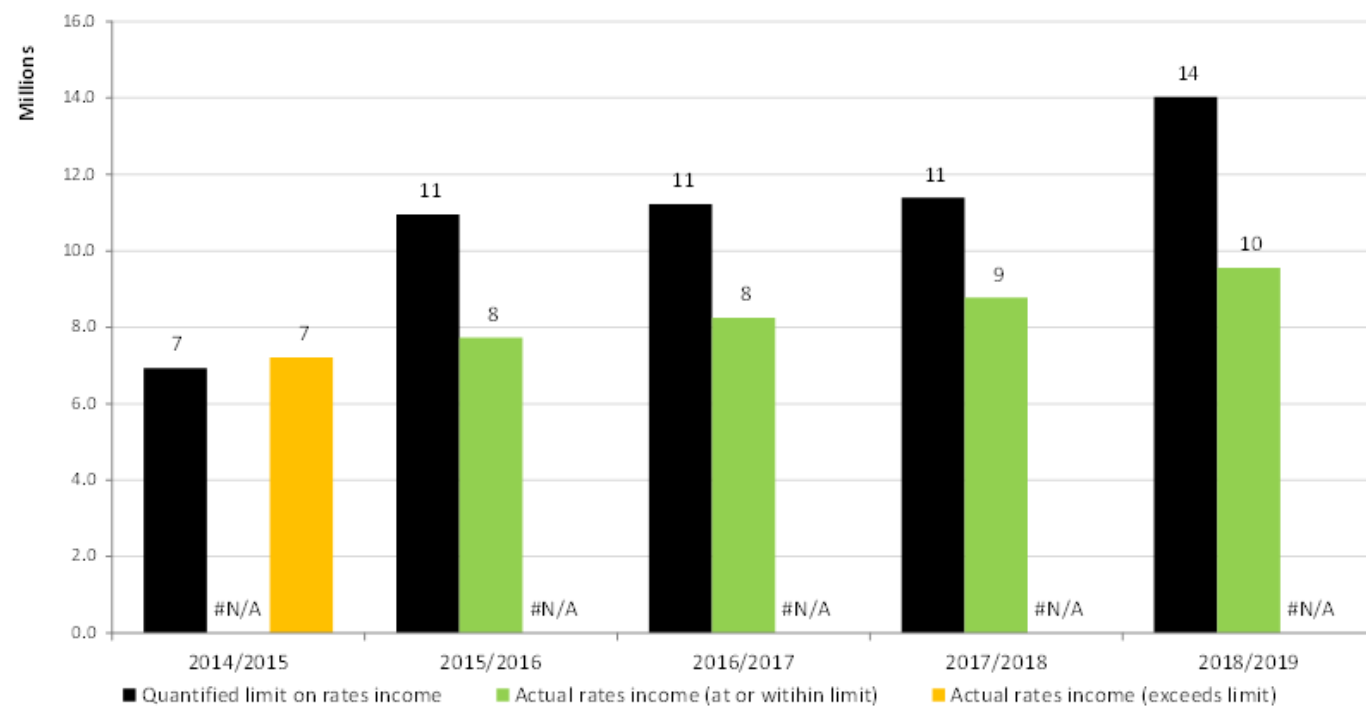
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if—

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

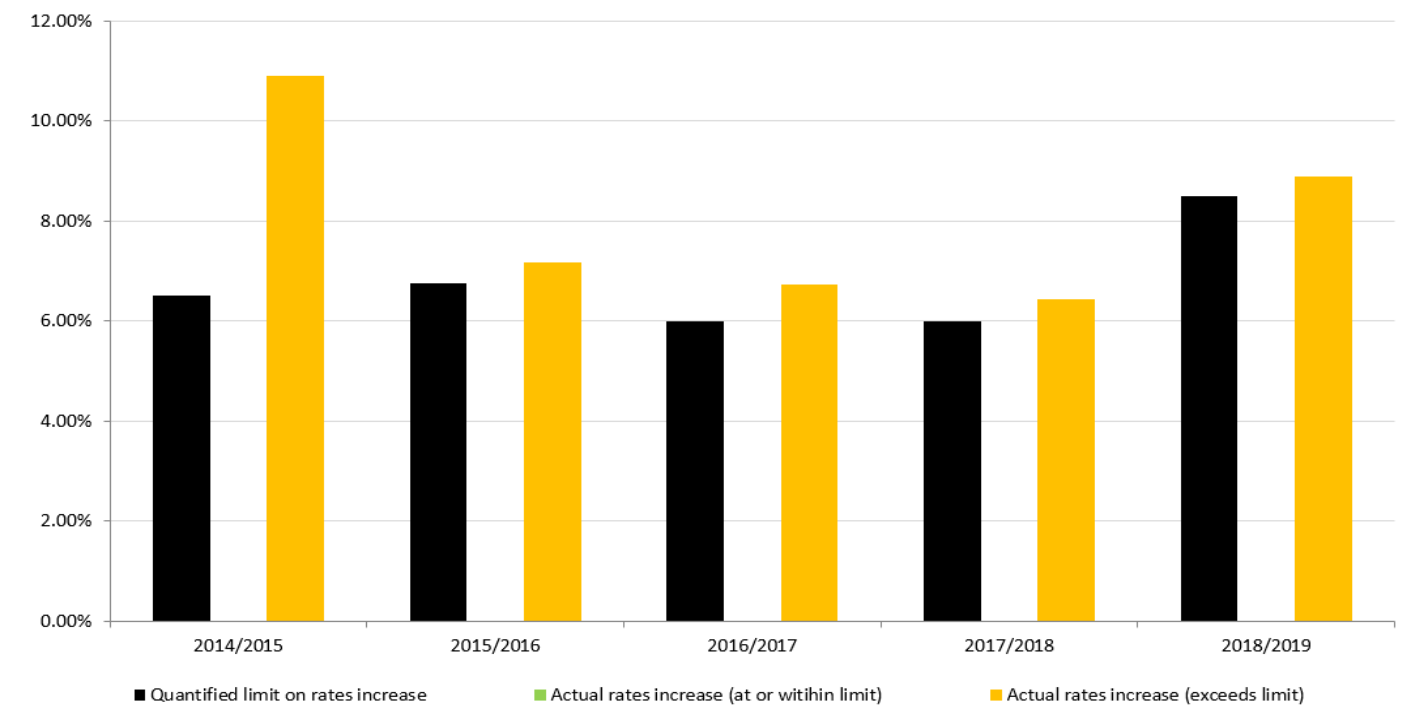
Rates (Revenue) Affordability

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's Long-Term Plan. The quantified limit is Council's quantified limit on rates is that total rates will not exceed 0.35% of the total capital value of the District.



Rates (Increases) Affordability

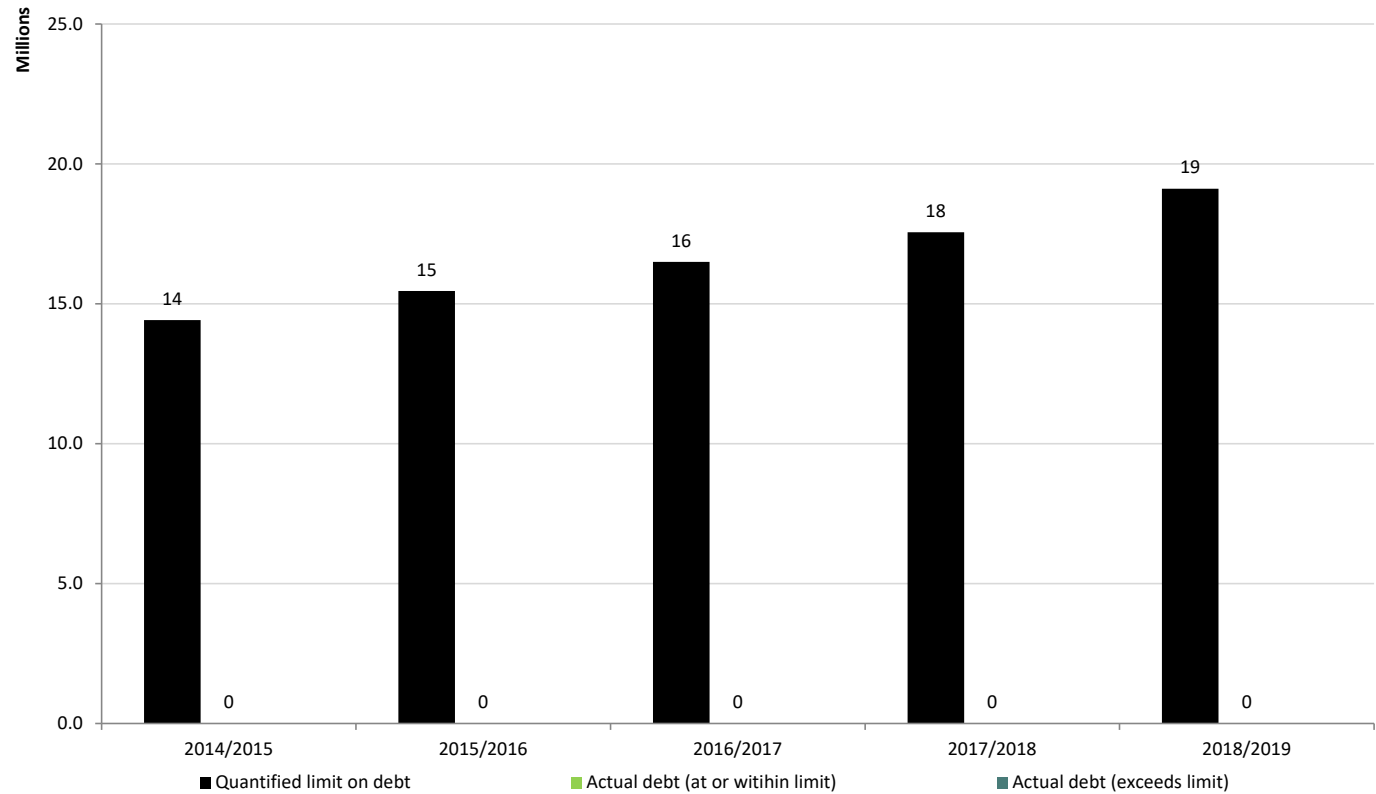
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long-Term Plan. The quantified limit is that rates increases to existing ratepayers will not exceed 6.00% + Local Government Cost Index (LGCI) in each year over the life of the Plan.



The Council breached its quantified limit on rates increase due to increased growth in capital value between when the rates were budgeted and the rates strike.

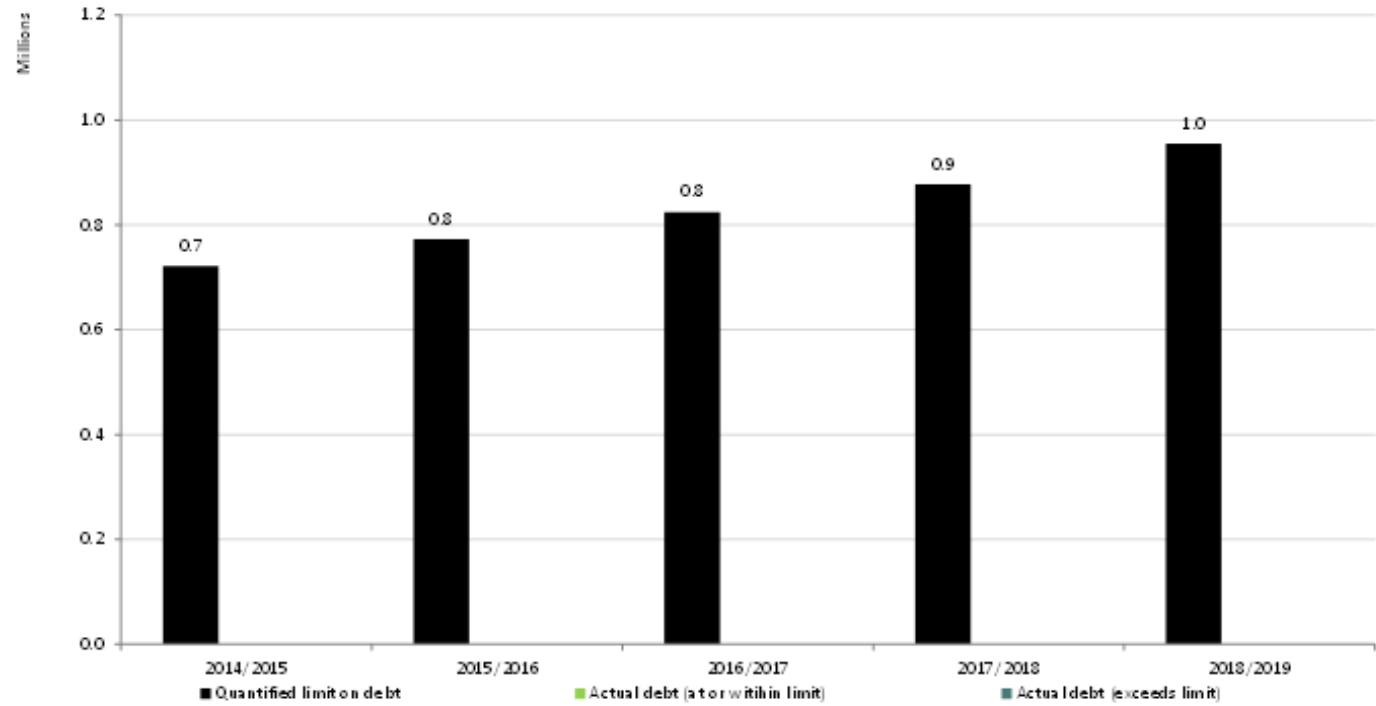
Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s Long-Term Plan. The quantified limit is that the maximum debt level is that the debt will be no more than two times Council’s rates income.



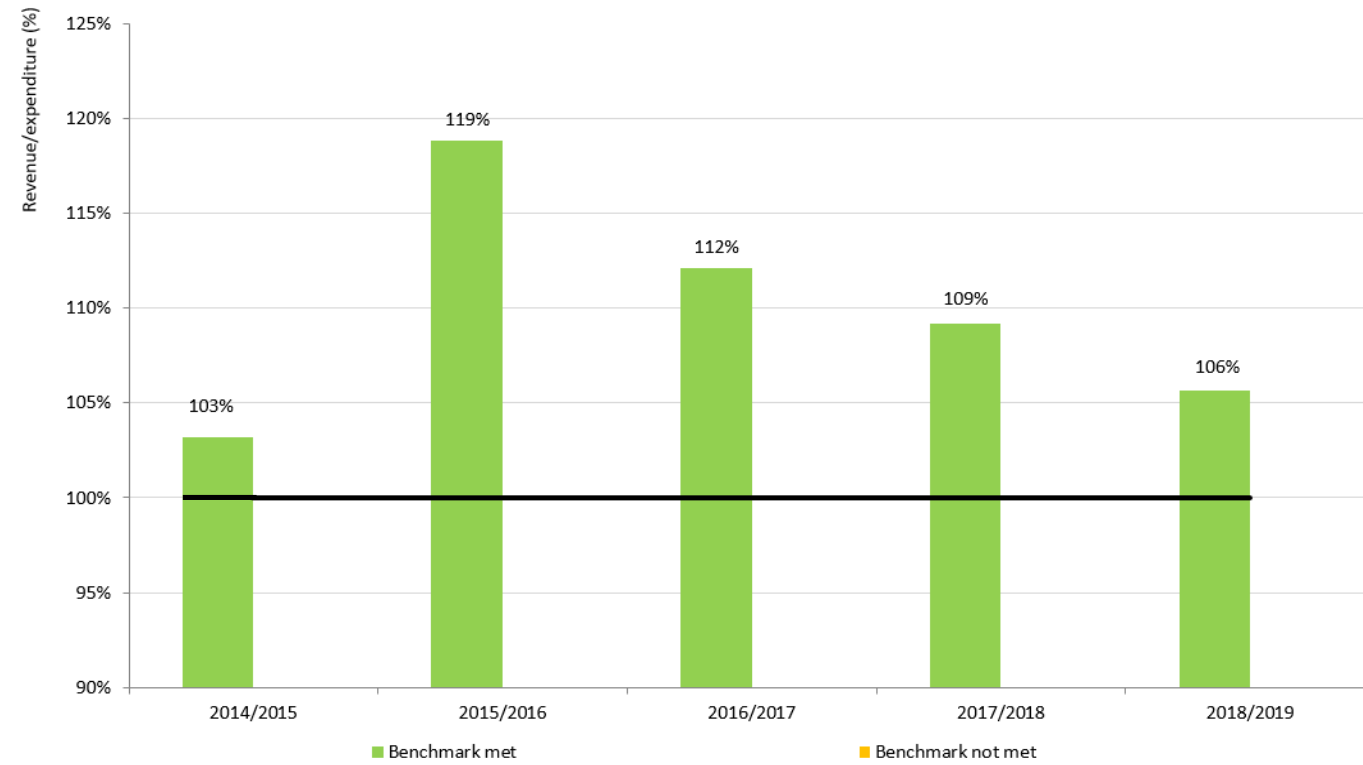
Financing Costs as a Percentage of Rates Revenue

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council’s Long-Term Plan. The quantified limit is that financing costs will be no more than 10% of total rate income.



Balanced Budget Benchmark

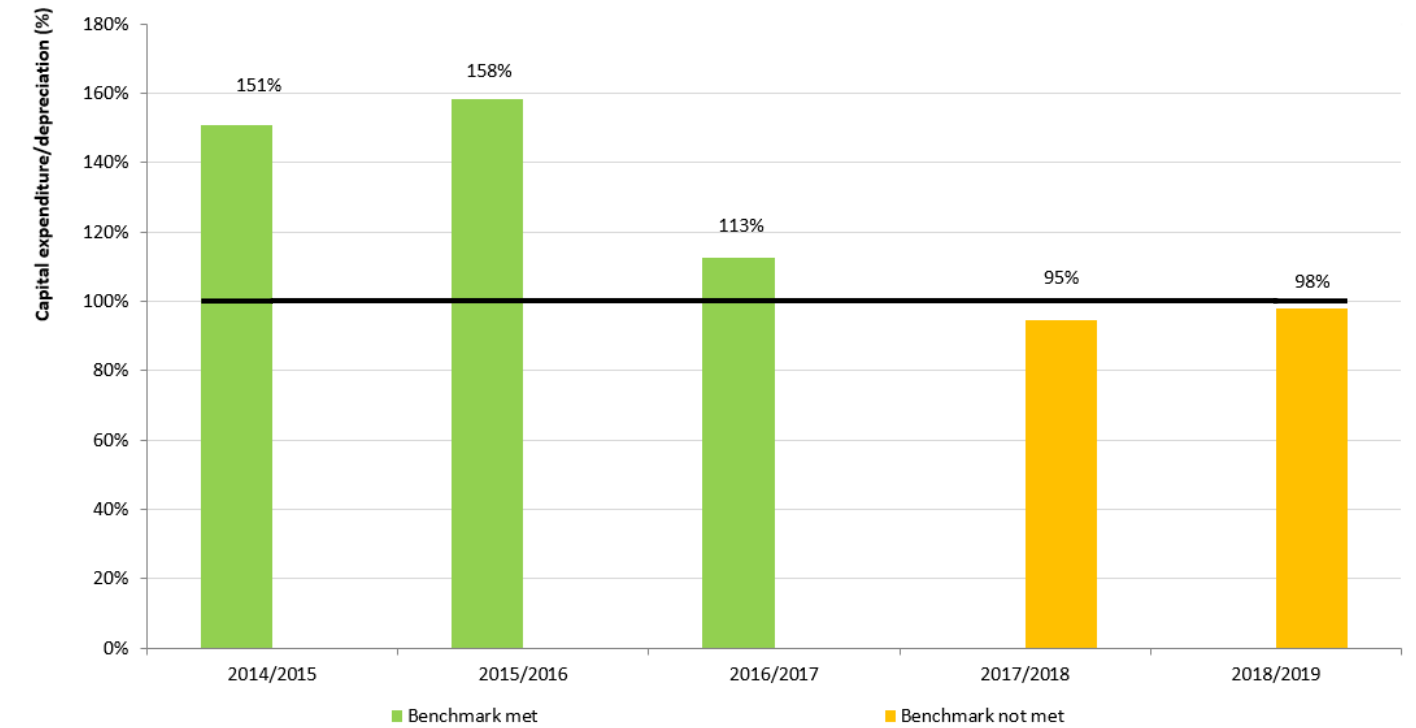
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

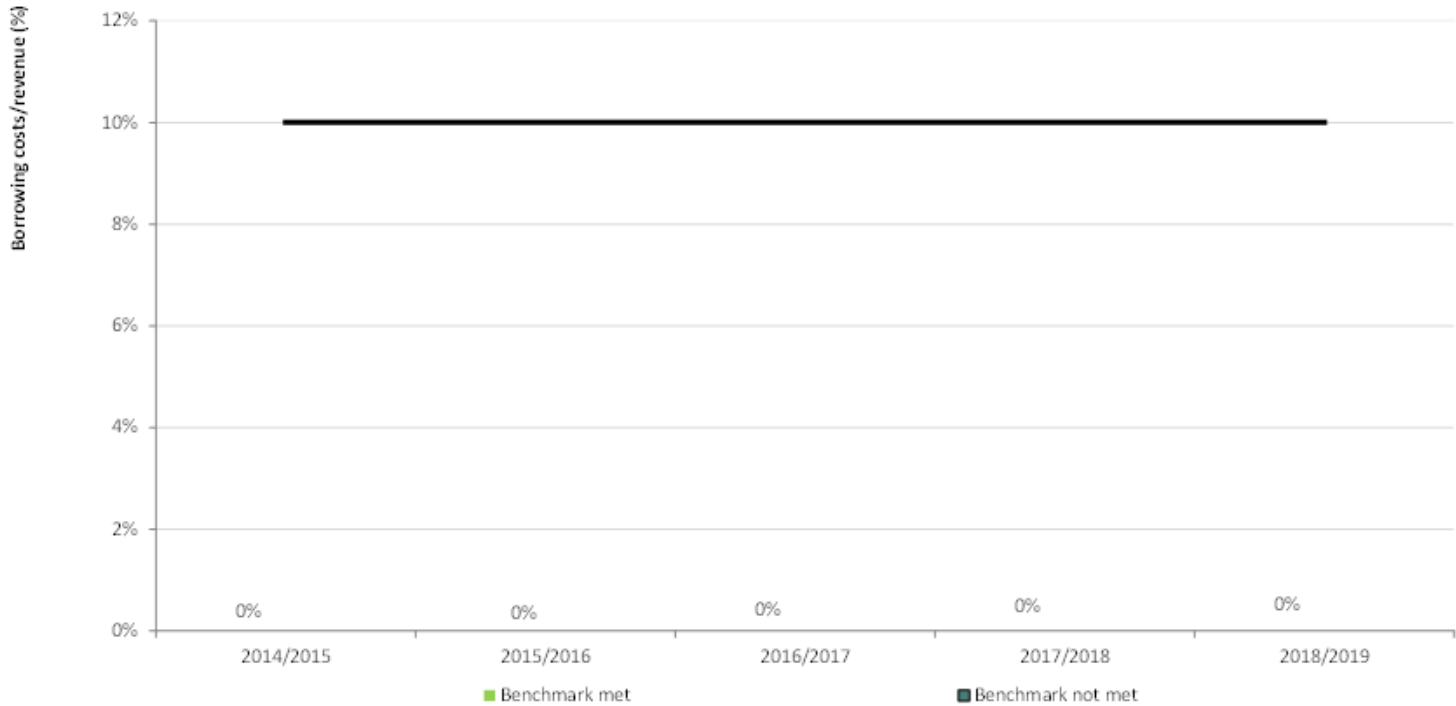
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



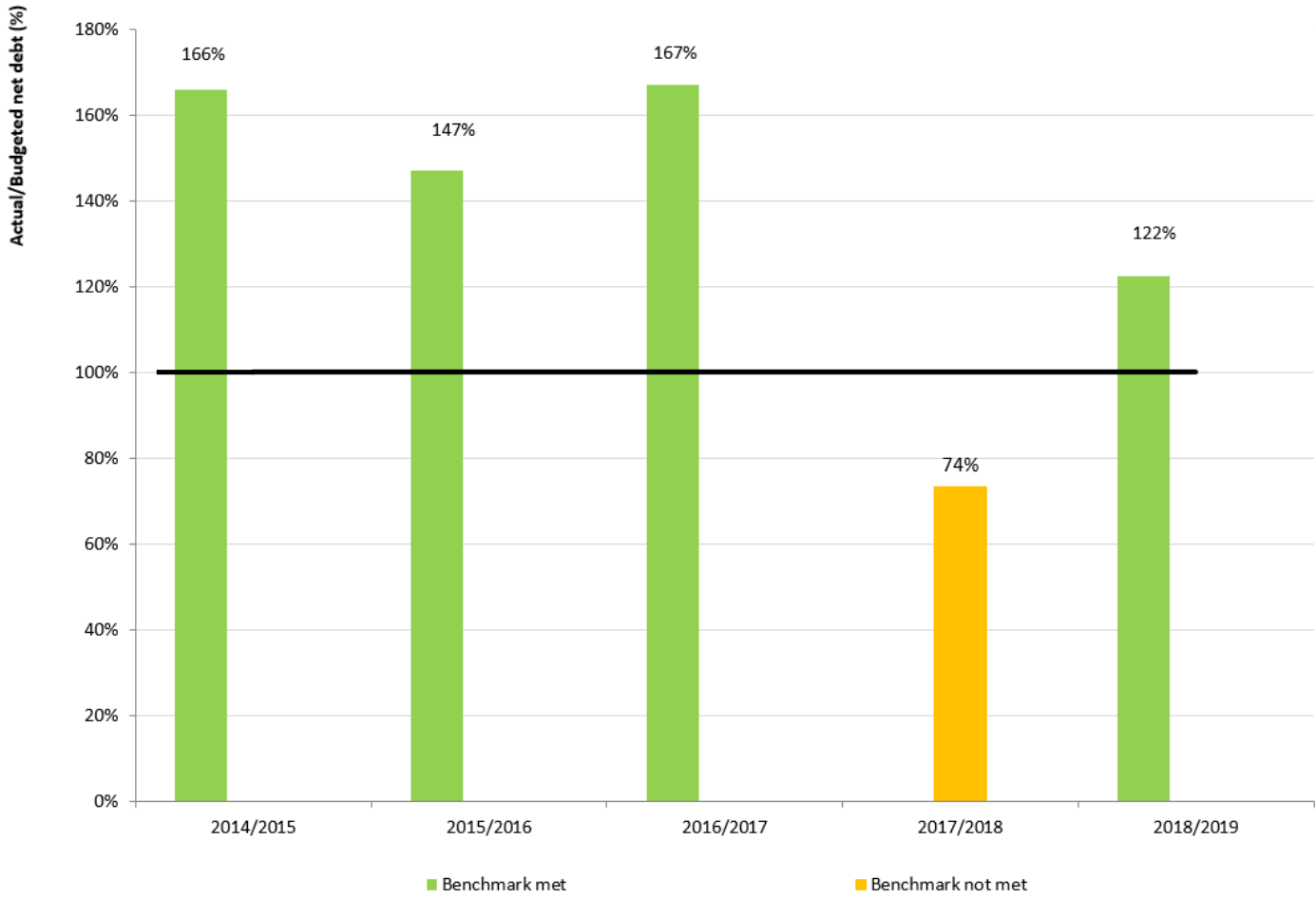
Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt Control Benchmark

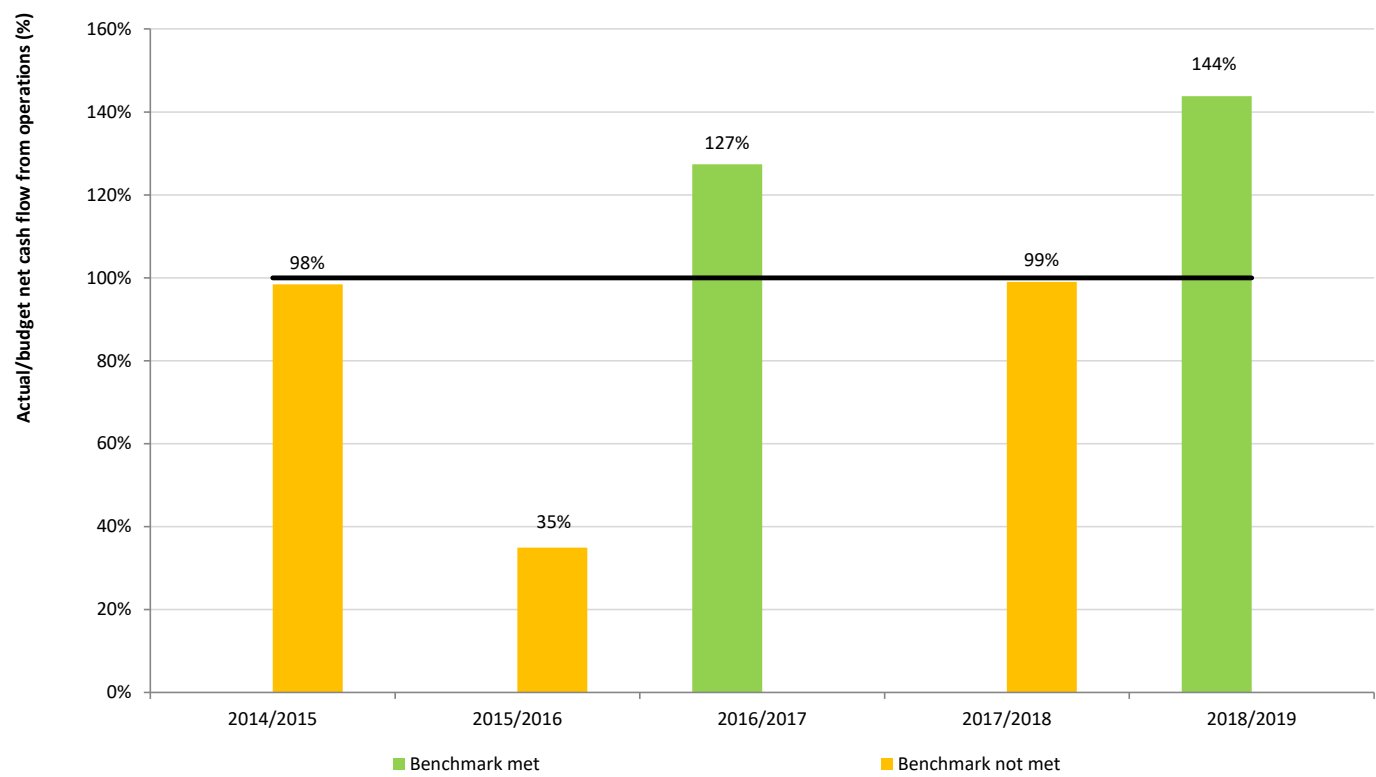
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Mathematically, the results shown in the graph above are correct. The graph shows “benchmark met” whenever the Council is better off (either less indebted or with greater net assets) than planned. In this case, there is no net debt, so figures are comparing actual net assets against budgeted net assets.

Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





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Audit Report

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Mackenzie District Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Mackenzie District Council (the District Council). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 114 to 118 and pages 122 to 181:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2019;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on pages 119 to 120, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan,
- the statement of service provision on pages 25 to 109;
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on pages 32 to 109 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 31 to 108 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 183 to 191 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages i to iii, 5 to 22 and 199 to 206, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of

Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Council controlled organisations

The Mackenzie District Council has two Council Controlled Organisations, Mackenzie Holding Limited and Mackenzie Tourism and Development Trust.

Mackenzie Holdings Limited

The Mackenzie District Council holds 100% control of Mackenzie Holdings Limited.

Mackenzie Holdings Limited is now a dormant company from the perspectives of the Inland Revenue Department and Companies Office. Council resolved, on 20 July 2017, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future.

Mackenzie Tourism and Development Trust

The Mackenzie District Council holds 100% control of Mackenzie Tourism and Development Trust.

Mackenzie Tourism and Development Trust is now a dormant company from the perspective of the Inland Revenue Department. Council is in the process of dissolving the Trust. Council resolved, on 13 June 2013, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation. Mackenzie Tourism and Development Trust will be wound up at some time in the future. This decision was reconfirmed by Council on 31 October 2019



Development of Maori capacity

Section 81 of the Local Government Act 2002 requires all local authorities to establish and maintain processes to provide opportunities for Māori to contribute to Council's decision-making processes.

The Act also requires Councils to consider ways to foster the development of Māori capacity to contribute to these processes and to provide Māori with relevant information about the above.

Ngā papatipu rūnanga

Three papatipu rūnanga have their rōhe within the Mackenzie District: Te Rūnanga o Arowhenua based at Arowhenua, Temuka; Te Rūnanga o Waihao based to the north of the Waitaki River, South Canterbury; and Te Rūnanga o Moeraki based at Moeraki, North Otago. The Council considers it important to further develop relationships with the papatipu rūnanga who have interests in the district, as the fostering of these relationships is key to assisting the contribution of Māori to decision-making processes. The Council will endeavour to extend and promote opportunities for involvement as far as practicable, and as available resources allow.

Council provides copies of all plans, including the long term plans and annual plans, providing opportunities for papatipu rūnanga to make submissions on any issues deemed appropriate. Early consultation on resource management plans and policies is also undertaken, and opportunities considered for appointments on planning and resource consent hearing committees. Council will continue to work with ngā papatipu rūnanga where processes and decisions will involve or are relevant to mana whenua.

To maintain good working relationships, Council seeks to meet with papatipu rūnanga a minimum of twice a year to discuss matters of common interest. Council's Senior Management Team are also available to meet with local Māori on an as required basis.

Te Rūnanga o Ngāi Tahu

Te Rūnanga o Ngāi Tahu is the governing tribal council of Ngāi Tahu, with their offices based in Christchurch. Currently Council engages with Te Rūnanga o Ngāi Tahu on a case by case basis, on individual matters, recognising that local matters should be addressed through fostering relationships and collaboration with papatipu rūnanga. Council is working to ensure that closer liaison with Te Rūnanga o Ngāi Tahu is sought when appropriate, to maintain an ongoing and active relationship.

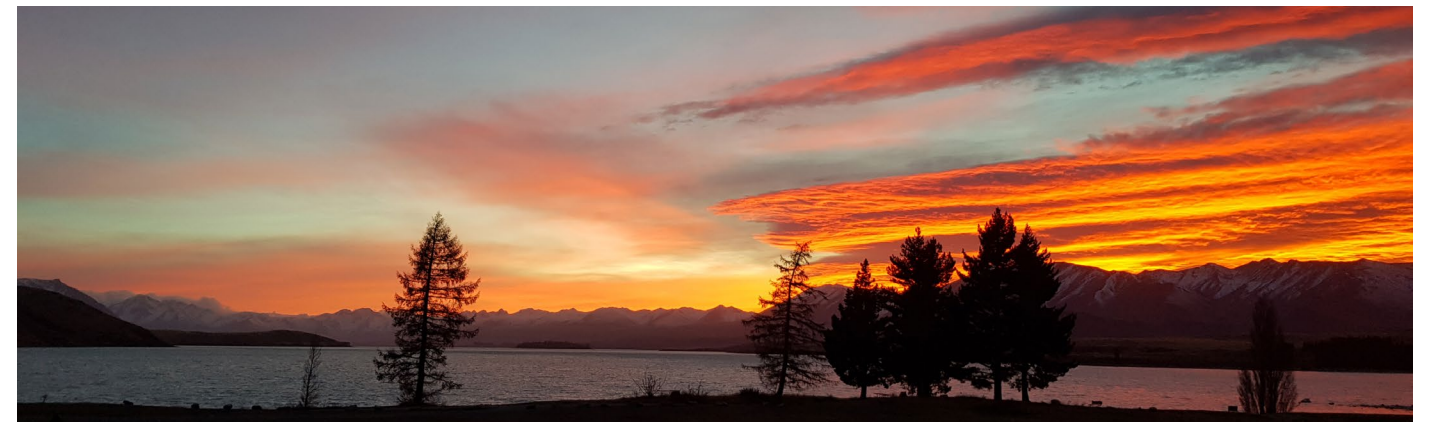
Result for the year

During the 2018/19 year, Council has continued to engage with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu as appropriate, seeking opportunities to foster these relationships. However we did not have any formal meetings between Council representatives and representatives of ngā papatipu rūnanga or Te Rūnanga o Ngāi Tahu during the year.

Council has provided ngā papatipu rūnanga, through their agencies, copies of Plan Changes and resource consents contributing to ongoing work on the District Plan. No mana whenua appointments to hearing panels were made during the year.

In 2017, Council signed a Service Level Agreement with Aoraki Environmental Consultancy Limited, a consultant organisation working on behalf of Te Rūnanga o Arowhenua. This has enabled Council to establish a process for efficient and effective engagement, with staff continuing to directly consult and liaise with papatipu rūnanga where decisions involve and are relevant to Māori.

Discussions have also been held with Te Rūnanga o Waihao, initiating work on establishing a Service Level Agreement between Mackenzie District Council, Te Rūnanga o Waihao and Aukaha (1997) Ltd being the environmental entity of Te Rūnanga o Waihao.



Governance, Management and Employees

Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the District's activities. This responsibility includes areas of stewardship such as:

- Formulating the District's strategic direction
- Managing principle risks facing Mackenzie District
- Administering various regulations and upholding the law
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of elected members
- Reporting to ratepayers.

Full Council meets on a six weekly basis. Committees generally meet on a six weekly basis with some committees meeting less frequently.

Council had one sub-committee – the Tekapo Property Group which consisted of three Councillors and two outside appointments. This sub-committee of the Finance Committee was disestablished 10 April 2018 having completed its mandated work. The chair of the Tekapo Property Group was Ms Stella Sweney.

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to the Chief Executive Officer as required under Section 119c(1)(a) of the Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Community Boards

Community boards service the communities of Fairlie, Lake Tekapo, and Twizel, and make recommendations to Council regarding the management of township services. Each community board meets six weekly, with additional meetings held as required.

Structure of the Council

Following a review of its representation and subsequent determinations by the Local Government Commission, the Council has, since 2004 been made up of a Mayor and six Councillors elected from two wards.

Council has five committees of the whole: Finance, Assets and Services, Planning and Regulation, Audit and Risk, and Strategy; and three committees with independent members.

The following are appointed to chair the meetings:

- Chair of Finance – Mayor Smith
- Chair of Asset and Services – Councillor Barwood
- Chair of Planning and Regulation – Councillor Munro
- Chair of Strategy – Councillor Leslie
- Chair of Audit and Risk – Councillor Leslie
- Chair of Mackenzie Forestry Board Committee – Mayor Smith
- Chair of Pukaki Airport Committee – Derek Kirke

Governance Framework - division of responsibility between Council and management

Independent Election

Council believes that its democratic election by the Mackenzie District residents and ratepayers ensures that it is able to operate in the best interests of the District and to function independently of management.

Legislative Compliance

As a regulatory body, Council administers various regulations and laws. As such, it is vital that it complies with all relevant legislation. The Council makes use of external lawyers and consultants as appropriate to ensure it does comply with all legislative requirements.

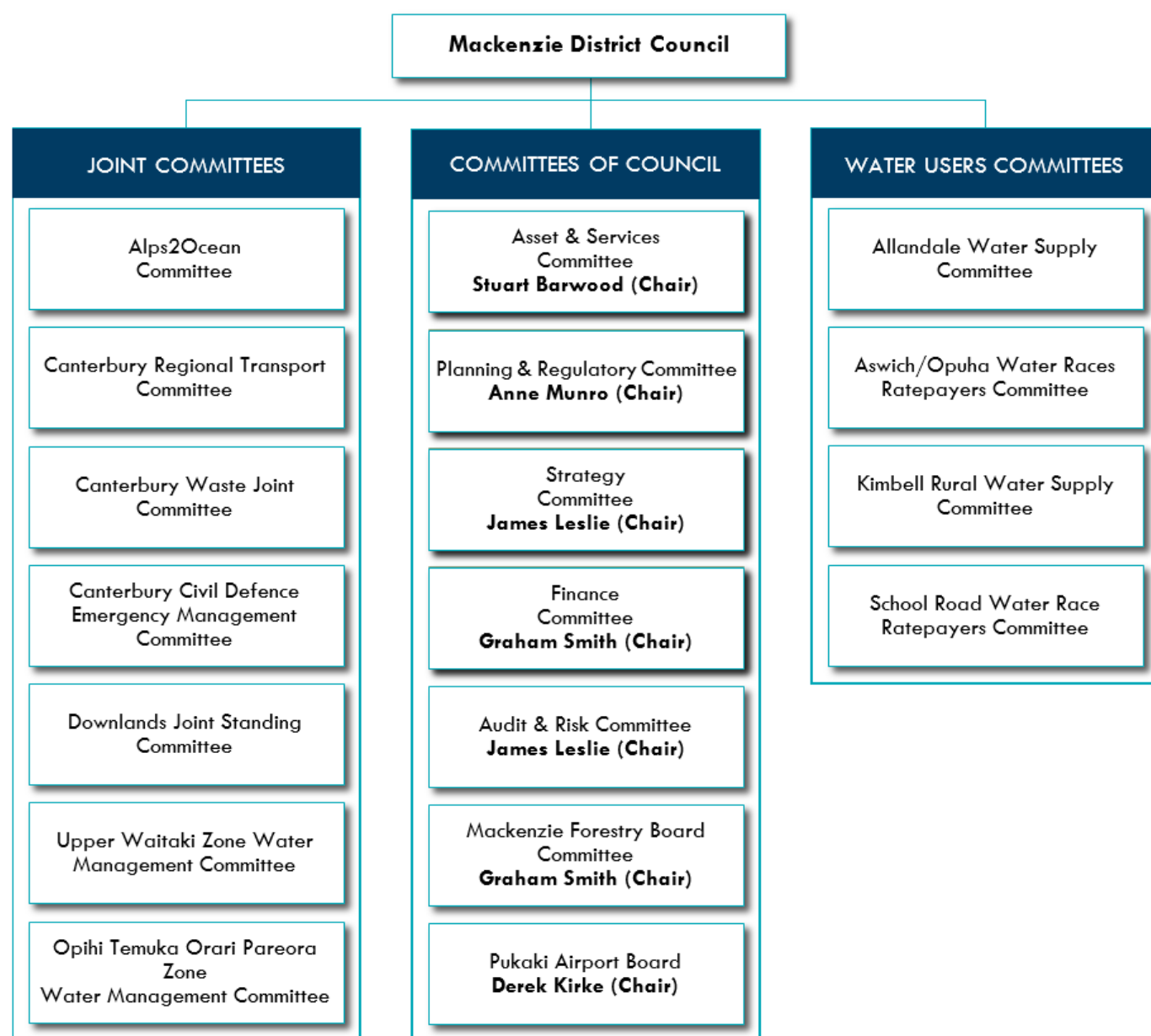
Communication/Reporting

Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of "good citizenship" and high standards of ethical behaviour. A key to the efficient running of Council is to maintain a clear division between the role of the elected representatives and that of management. The Council of the Mackenzie District concentrates on setting policy and strategy, and then reviews progress. Management is concerned with implementing these policies and strategies.

While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with the Council. The Council helps discharge this responsibility by maintaining effective systems of internal control. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved.

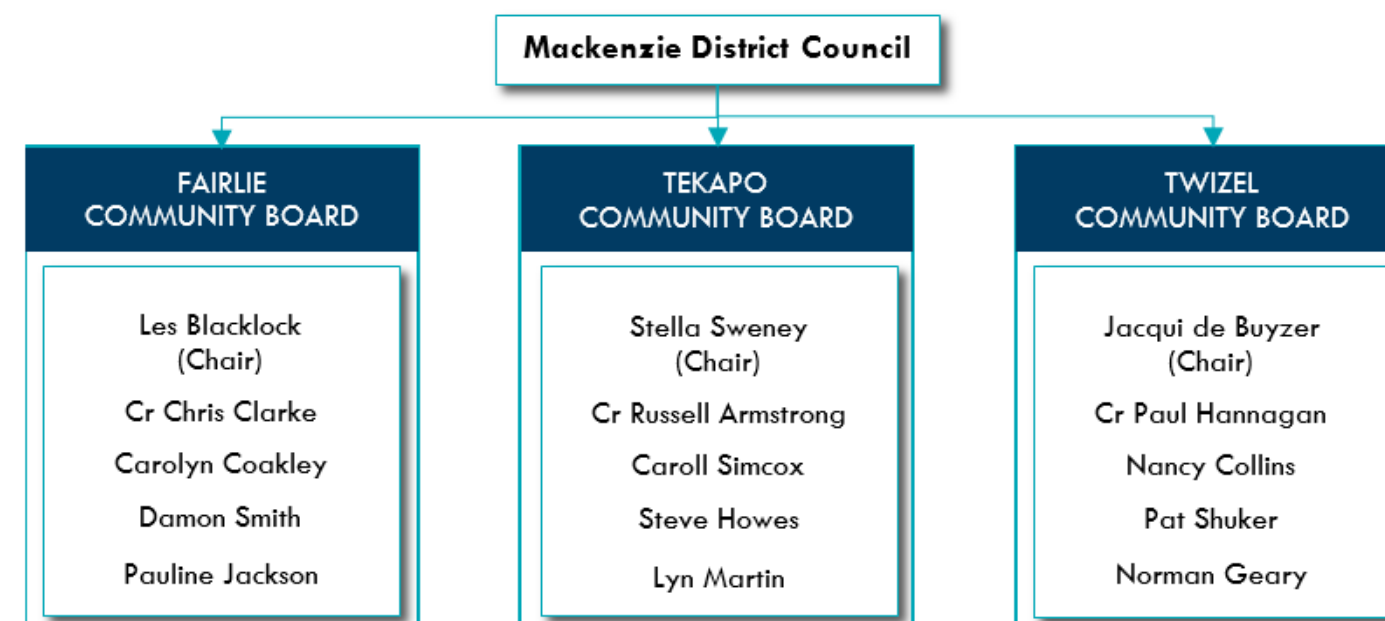
Council committee structure

as at 30 June 2019

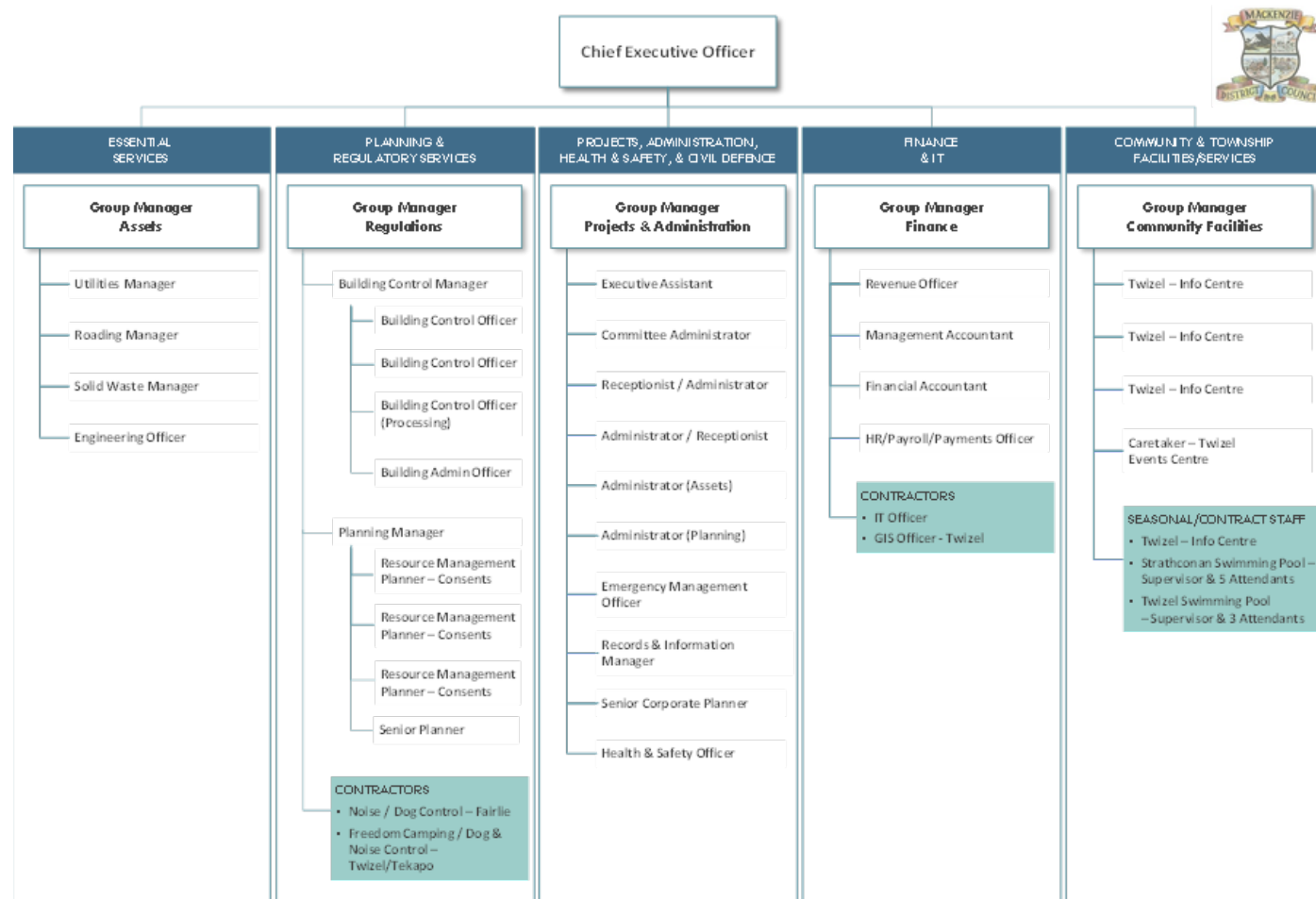


Community board structure

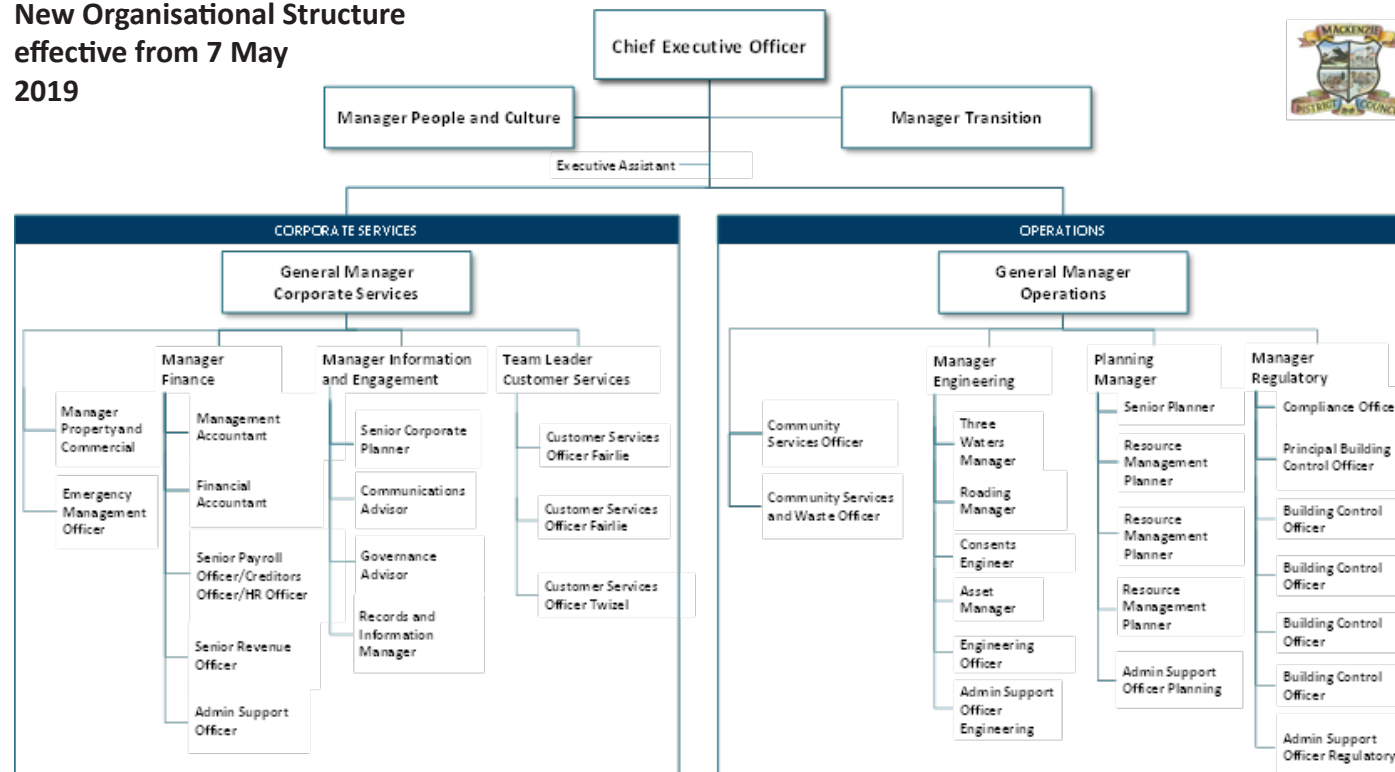
as at 30 June 2019



Organisation chart



New Organisational Structure effective from 7 May 2019



Glossary

Activity	Services provided by Council
Annual Plan	A document produced annually by Council to inform stakeholders of our intended activities, performance, income and expenditure for the financial year
Annual Report	A document produced annually that reports performance against the Annual Plan or Long Term Plan, including significant differences from what was planned
Asset	An item of value, usually of physical nature, that Council owns on behalf of the people of the Mackenzie - that has a useful life of more than 12 months and creates future economic benefits over a period of time, such as roads, drains, parks and buildings
Activity Management Plan (AMP)	A plan developed for the management of each of Council's groups of activities
Capital Expenditure	What we spend on capital projects
Depreciation	Assets lose their value over time as a result of wear and tear, age or obsolescence (in other words, they depreciate) and must be replaced once the end of their useful life is reached. Depreciation is an accounting method to spread the replacement cost of items over their useful lives
District Plan	A plan under the Resource Management Plan 1991 that manages through objectives, policies and rules, the adverse impact of land uses on the environment of the District. The Mackenzie District Plan became operative in 2004
Environment Canterbury Regional Council (ECAN)	The authority responsible for protecting the Canterbury region's air, soil and water resources from pollution and ensuring their sustainable use
Expenditure	The outflow of resources (usually cash) in return for goods and/or services
Fees and charges	What a user pays for a service (e.g pool entrance fee)
Financial contributions	Contributions from developers collected under the District Plan for developing public facilities. Contributions might be in cash or in the form of land
General rate	A levy by Council to fund its general services, but not services funded by targeted rates, fees or charges
Interest	Interest payable on bank overdrafts and debt
Local Government Act 2002 (LGA)	The primary legislation governing Council's operations and actions
Long Term Plan (LTP)	A ten year plan which sets out what Council will do over the ensuing decade, how it will be funded and what level of service the community can expect to receive
Operation expenditure	Expenditure through Council's activities on such items as salaries, materials and electricity
Operating revenue	Money earned through activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include NZTA subsidies, rental income, permits and fees.
Operating surplus (deficit)	Accounting terms meaning the excess of income over expenditure and the excess of expenditure over income (deficit). It includes non-cash items such as income and expenditure owing by not paid (debtors and creditors) and depreciation.
Rates	A property tax to fund Local Government activities. The amount of rates varies between properties because of difference in capital values and differences in services provided. Property valuation changes, which Council has no control over, will also affect the rates paid
Revenue	Income received by the Council to fund its services. Sources include rates, fees and charges, and grants and subsidies
Subcommittee	Formed by the elected Council or standing committee as needs arise, such as for major projects
Targeted rate	Paid by a specific group who receive a specific service
To improve levels of service	Capital projects that upgrade existing assets (e.g upgrading pipes to perform better)
To meet additional demands	Capital projects that are predominately to enable new growth (e.g new reservoir)
To replace existing assets	Capital projects that replace an asset with a like-for-like item

Today's
choices,
tomorrow's
Mackenzie.



MACKENZIE
DISTRICT COUNCIL

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