



2016-2017 ANNUAL REPORT SUMMARY

INTRODUCTION BY THE MAYOR AND CEO

We are pleased to introduce the Annual Report Summary for the Mackenzie District Council for 2016/17. It has been another very busy year. Economic activity has been strong across the district and this has translated through many Council activities.

The local authority elections heralded a significant change around the Council table. The new Council has been keen to understand all aspects of Council business and to set their own strategy agenda. Great progress has been made in defining a clear strategy and formulating a work plan to achieve it.

A key theme for the year was our relationship with central government. The most visible example of this was in relation to our successful MBIE funding applications which enabled the completion of two new toilet blocks at Tekapo. We have also actively worked behind the scenes to build relationships at political and executive levels to enable us to advance our district objectives at a national level.

Building and Resource Consents activity is continuing at a very strong level. We have needed to increase our internal capacity to accommodate this "new normal". The activity in both Building and Resource Consents has increased in volume and complexity and is showing no sign of abating.

Significant progress has been made through the year in the low profile but important maintenance and replacement works. Our combined road reseal contract with Timaru and Waimate Councils has been highly beneficial. The favourable pricing achieved has allowed all overdue maintenance to be completed. Further progress has also been made on the replacement of asbestos cement water mains at Twizel.

The opening of the Tekapo Four Square supermarket signals achievement of the first part of the ultimate development of the Tekapo Village Centre land. We are aware of advanced planning work being undertaken on the Earth and Sky and YHA sites so we look forward to construction occurring on these properties soon.

One of the most satisfying aspects about being involved in Council activities is the diversity of our work. The examples noted above illustrate some of the year's highlights but there are many more areas where our staff and elected members have toiled hard to ensure that the critical day to day Council responsibilities are met. We would like to extend a very big thank you to staff and Councillors for their tireless efforts.

Photos supplied by Pla Parichart.



Graham Smith
Mayor



Wayne Barnett
Chief Executive

SUMMARY STATEMENTS OF SERVICE PROVISION

Governance

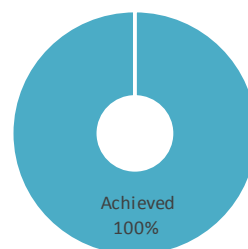
Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Prepare key accountability documents in accordance with good practice.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The Annual Report for the 2016 financial year was adopted on 31 Oct 2016. The Audit Opinion was unmodified.	Achieved The Annual Report for the 2015 financial year was adopted on 30 Oct 2015. The Audit Opinion was unmodified.
	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The Annual Plan for the 2017/18 year was adopted by Council on 27 June 2017. Annual plans are not required to be audited, therefore no Audit Opinion was issued.	Achieved The Annual Plan for the 2016/17 year was adopted by Council on 10 May 2016. Annual plans are not required to be audited, therefore no Audit Opinion was issued.
Represent and govern the district on behalf of the community	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.	60% or above	Achieved 86% were satisfied or somewhat satisfied with the performance of Councillors and the Mayor. The result is showing an upward trend.	Achieved 82% were satisfied or somewhat satisfied with the performance of Councillors and the Mayor. The result is showing an upward trend.
Build strong iwi relationships and encourage Māori to contribute to the decision-making process	Number of face-to-face meetings held each year between Council representatives and Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu.	2 or more	Achieved Council met 4 times with Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu during the year	Achieved Council met 6 times with Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu during the year
Provide opportunities for the community to engage with elected members	Number of public forums held each year with communities and groups	40 or more*	Achieved The community boards, committees and Council met 73 times during the year. The Council met 14 times with committees meeting 35 times and the community boards met 24 times.	Achieved The community boards, committees and Council met 66 times during the year. The Council met 14 times with committees meeting 29 times and the community boards met 23 times.

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

Governance
2017



Governance
2016



SUMMARY STATEMENTS OF SERVICE PROVISION

Water

Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Water supplies are available and reliable	The percentage of real water loss from the networked reticulation system.* ¹	Estimated target: <25%	Achieved 23.5% approx. Using Councils SCADA reporting telemetry we are able to identify the 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 used this information to calculate the leakage result. This result is higher than 2015/16 due to a more accurate method of calculating the water loss.	Achieved 12% approx. Bulk water meters were read at midnight and then at 6:00am. It is assumed that this flow recorded during this time is mostly leakage.
	The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system: a) Attendance for urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site,	2 hours	Achieved The median response time from the time Council received the call to when personnel arrived on site was 0.66 hour.	Not achieved The total call outs for the period was 41. Council collected data for 21. For those 21 the median response time from the time Council received the call to when personnel arrived on site was one hour.
	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,	12 hours	Achieved The median response time from the time the call was received until the time the fault was resolved was 2.83 hours.	Not achieved The Council collected data for 21 of the 41 call outs. For the 21 collected the median response time from the time the call was received until the time the fault was resolved was 7 hours.
	c) Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site, and	72 hours	Achieved The median time for attendance of non-urgent call outs from the time the call was received to attendance on site was 59.50 hours.	Not achieved The total call outs for the period was 228. Of those, Council collected data for 171. The median time for attendance of non-urgent call outs from the time the call was received to attendance on site was 116.11 hours.

¹ There are known and recorded pumped volumes supplied to each scheme. However at present the district's urban schemes are each made up of non-metered and metered supplies, and are a mix of on-demand and restricted supply. This means that there is currently no way to measure a difference between supply and consumption. The Council is able to make a coarse estimate only.

SUMMARY STATEMENTS OF SERVICE PROVISION

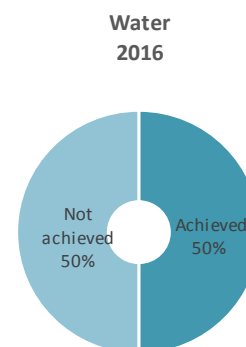
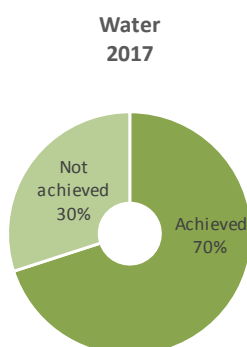
Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
	d) Resolution of non-urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.*	120 hours	Not achieved The median time for resolution of the fault from the time the call was received was 135.42 hours.	Not achieved The total call out for the period totalled 228. Of those, Council collected data for 171. The median time for resolution of the fault from the time the call was received was 289.48 hours.
	The average consumption of drinking water per day per resident within the District.*	<1.3m ³ per person per day within urban schemes.	Not Achieved 2.41m ³	Not achieved 2.27m ³
Water is safe to drink	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance.*	2 of 4 supplies comply Twizel upgrade completed in 2015/16	Not Achieved Twizel and Tekapo water supplies have been upgraded to meet drinking water standards, they do not technically comply as the Ministry of Health has not formally recognised these upgrades yet. The other two supplies do not currently comply.	Achieved 2 of 4 supplies comply
	The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance*	≥95% compliance for all 4 supplies	Achieved 95.5% – 9 transgressions from 201 samples.	Achieved 98% – 6 transgressions from 312 samples.
Residents are satisfied with the water supply provided	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 response to any of the above, Expressed per 1000 connections to the networked reticulation system. *	Less than 5 complaints per 1000 connections within urban Schemes	Achieved 1 complaint received per 1,000 properties connected. This covers 4 water supplies with 2,542 properties connected and only 1 complaint was received.	Achieved 2.8 complaints received per 1,000 properties connected. This covers 4 water supplies with 2,814 properties connected and only 10 complaints were received.
	% of ratepayers satisfied with the water supply service.	80%	Achieved 90%	Achieved 81%

* Mandatory Performance Measure

Definitions: *Urgent* – no water, major mains break or water leak with potential to effect large numbers of properties.

Non-urgent – applies to all other issues.

Complaint– Second report to Council or its contractors by the same party about the same issue.



SUMMARY STATEMENTS OF SERVICE PROVISION

Sewerage

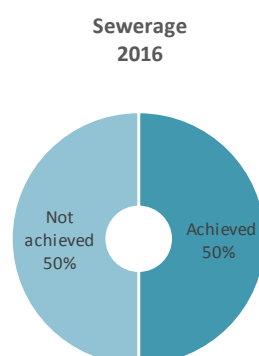
Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Sewage is managed without risk to public health	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.*	≤5	Achieved There were 0 dry weather sewerage overflows.	Not Achieved 7.2 per 1,000 properties connected. This equates to 18 overflows from the 2,489 properties connected.
Safe discharge of wastewater	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions Received by the Council in relation those resource consents.*	Nil Nil Nil Nil	Achieved Nil Nil Nil Nil	Achieved Nil Nil Nil Nil
Sewage is able to be disposed of without significant disruption	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and 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.*	≤1 hour ≤4 hours	Achieved There were no call-outs for the year. Achieved There were no call-outs for the year	Not achieved The median attendance time from notification to arriving onsite was 4.5 hours. There were 18 call-outs for the year. Not achieved The median resolution time from notification to resolution was 8.5 hrs. There were 18 call-outs for the year
Sewage is able to be disposed of without significant disruption	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) the Council's response to issues with its sewerage system. Expressed per 1000 connections to the Council's sewerage system.*	≤50	Achieved 2.7 per 1,000 properties connected. This covers 4 sewerage schemes with 2,566 properties connected and only 7 complaints were received.	Achieved 7.6 per 1,000 properties connected. This covers 4 sewerage schemes with 2,489 properties connected and only 19 complaints were received.
Sewage is managed without risk to public health	Percentage of ratepayers satisfied with the sewage treatment and disposal service.	85%	Achieved 98%	Achieved 100%

* Mandatory Performance Measure

Definitions: *Urgent* – sewerage overflow, sewerage pump failure and blocked drains.

Non-urgent – odours and all other reports.

Complaint – second report to Council or its contractors by the same party about the same issue.



SUMMARY STATEMENTS OF SERVICE PROVISION

Stormwater

Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
System adequacy – the stormwater system is adequately sized and maintained.	<p>The number of flooding events that occur in the district.*</p> <p>For each flooding event, the number of habitable floors affected (per 1000 properties connected to the Council's stormwater system)*</p>	<p>Less than or equal to 2 flooding events.</p> <p>Less than or equal to 2 per flooding event, per 1000 properties connected to the stormwater system.</p>	<p>Achieved 1 event on 16/11/16 in Fairlie</p> <p>Achieved 1 habitable floor effected per 1000 properties.</p>	<p>Achieved Nil – no flooding events occurred during 2015/16</p> <p>Achieved Nil – no reports of flood water entering houses</p>
Discharge compliance – the stormwater system is managed in accordance with consent conditions.	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders, and convictions*	<p>Nil abatement or infringement notices</p> <p>Nil enforcement orders or convictions</p>	<p>Achieved No abatement or infringement notices issued for the period</p> <p>Achieved No enforcement orders or convictions issued for the period</p>	<p>Achieved No abatement or infringement notices issued for the period</p> <p>Achieved No enforcement orders or convictions issued for the period</p>
Response times – flooding events from the stormwater system are promptly attended to.	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.*	2 hours, including travel time to remote parts of the district.	Achieved Whitestone attended the event on the 16/11/16 prior to any properties being effected	Achieved No flooding events occurred during 2015/16
Customer satisfaction – the stormwater system is managed to an appropriate quality of service.	The number of complaints received by the Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system.*	Less than 5 complaints per 1000 properties connected to the stormwater system.	Achieved 0.6 per 1,000 properties connected.	Achieved No complaints received

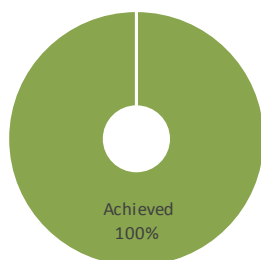
* Mandatory Performance Measure

Definitions: *Urgent* – imminent risk to property.

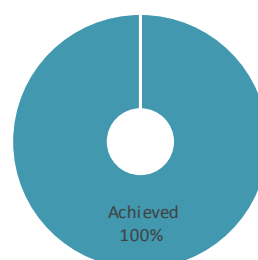
Non-urgent – all other issues.

Note: This service provision relates to the stormwater network that is independent of the road drainage system

Stormwater
2017



Stormwater
2016



SUMMARY STATEMENTS OF SERVICE PROVISION

Roading

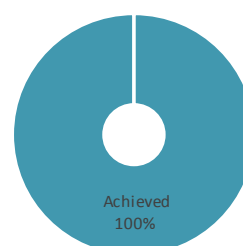
Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	<p>The average quality of ride on a sealed local road network, measured by smooth travel exposure.*</p> <p>The percentage of the sealed local road network that is resurfaced.*</p> <p>The percentage of the unsealed road network renewed using wearing course and stabilisation techniques.</p> <p>The percentage of road users satisfied with the roading network.</p>	<p>90% for rural and 75% for urban roads.</p> <p>≥4%</p> <p>≥2%</p> <p>≥80%</p>	<p>Achieved 98.7% for rural and 96.6% for urban roads.</p> <p>Achieved 10.3% (22km resurfaced)</p> <p>Achieved 8.8% (45.6km wearing course)</p> <p>Achieved 92%</p>	<p>Achieved 98% for rural and 96% for urban roads.</p> <p>Achieved 10% (21.6km resurfaced)</p> <p>Achieved 11% (57km wearing course)</p> <p>Achieved 87%</p>
Council provides a safe and efficient roading network.	<p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network caused by road conditions, expressed as a number.*</p> <p>The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the LTP.*</p>	<p>Change from previous financial year = 0 (equates to a total target of ≤2 fatality and serious injury crashes).</p> <p>≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.</p>	<p>Achieved Unchanged</p> <p>Achieved 100% – 7 service requests were received. All were responded to within the required timeframes</p>	<p>Achieved Unchanged</p> <p>Achieved 75% – 8 service requests were received and 6 were responded to within the required timeframes</p>
Footpaths are maintained in good condition and are fit for purpose	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.*	≥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.	Achieved 95%	Achieved 86%

*Mandatory Performance Measure

Roading
2017



Roding
2016



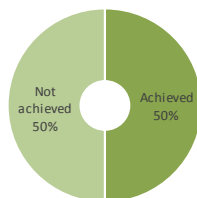
SUMMARY STATEMENTS OF SERVICE PROVISION

Planning and regulatory

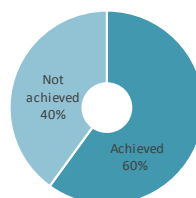
Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
To effectively manage environmental issues within the District.	The percentage of those surveyed that are satisfied by the belief that the Council are adequately managing resource management issues in the District.	≥80% positive feedback to a customer survey.	Not Achieved CINTA Survey 2017 showed 63% satisfaction.	Achieved CINTA Survey 2016 showed 82% satisfaction.
To provide a customer focused service for processing resource consents while achieving our obligations under the Resource Management Act 1991.	Non-notified consents are processed within the statutory timeframe of 20 working days. The percentage of applicants for resource consents that are satisfied with the quality of the service they receive.	≥95% compliance. 80% positive feedback to a customer survey.	Not Achieved 85% of consents were processed within the timeframe. Not Achieved Research First Survey July 2017 showed 61% satisfaction.	Not Achieved 74% of consents were processed within the timeframe. Not Achieved Research First Survey 2016 showed 62% satisfaction.
To provide a customer focussed building control service that achieves our obligations under the Building Act 2004.	Building consents are processed within the statutory timeframe of 20 working days. The percentage of applicants for building consents that are satisfied with the quality of the service they receive.	95% compliance ≥80% positive feedback to a customer survey.	Not Achieved 91% of consents were processed within the timeframe. Not Achieved Research First Survey July 2017 showed 61% satisfaction.	Not Achieved 85% of consents were processed within the timeframe. Not Achieved Research First Survey 2016 showed 62% satisfaction.
To provide a safe environment for dogs and the public to co-exist.	The percentage of those surveyed that believe the Council is adequately managing dog control issues in the District.	≥80% positive feedback to a customer survey.	Achieved CINTA Survey 2017 showed 93% satisfaction.	Achieved CINTA Survey 2016 showed 84% satisfaction.
For the Council to be prepared to respond to a civil defence emergency.	Council staff and volunteers are familiar with their roles and are adequately trained.	Training is attended as required, and the Council will participate in one training exercise per year.	Achieved Council staff participated in Emergency Operations Centre training in November 2016.	Achieved Council staff participated in Emergency Operations Centre training in April 2016.
For the public to be adequately prepared for a civil defence emergency.	The percentage of the community surveyed that believe they are adequately prepared for a civil defence emergency.	≥80% favourable response from a customer survey.	Achieved Community survey 2017 showed 82% satisfaction.	Achieved Community survey 2016 showed 89% satisfaction.
To manage fire risk and to be able to provide a ready and capable response to rural fires.**	The Council has capable rural fire response teams across the Mackenzie District. The percentage of the community surveyed that believe the Council is adequately prepared to respond to rural fires.	All volunteer rural fire teams are trained to industry standards. ≥80% favourable response from a customer survey	Achieved Volunteers were successfully trained to industry standards. Achieved CINTA Survey 2017 showed 86% satisfaction.	Achieved Volunteers were successfully trained to industry standards. Achieved CINTA survey showed 92% satisfaction.

** Fire Emergency New Zealand (FENZ) will take over the operations of Rural Fire across New Zealand from 1st July 2017, thus this is the last time this measure will be reported on.

Planning and regulatory
2017



Planning and regulatory
2016

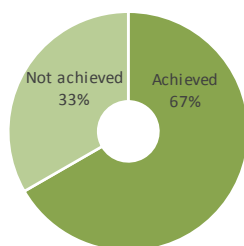


SUMMARY STATEMENTS OF SERVICE PROVISION

Community and township services

Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Township services and facilities are provided and maintained to an acceptable level	Average customer satisfaction rating for township services and facilities.	84% or above	Achieved 88.71% of those surveyed were satisfied with township services & facilities; the average was down by satisfaction with public toilets. Despite significant ongoing investment in Public toilets. The ratepayer satisfaction level continues to decline. Perhaps this reflects the ratepayer's reluctance to fund services primarily for visitors.	Achieved 90.66% of those surveyed were satisfied with township services & facilities; the averaged was pulled down by satisfaction with public toilets. In both Tekapo & Twizel Council is responding by making changes at Twizel & bought forward replacement toilets in Tekapo
Engage the community to achieve waste reduction	The percentage of solid waste from the district resource recovery diverted from landfills.	>37%	Achieved 39.6%	Achieved 38.2%
Waste is handled hygienically	Compliance with resource consent conditions.	100% compliance	Not Achieved 95% compliant A minor non-compliance was received for the Twizel Clean fill site where a fire box was disposed in the site that did not comply with resource consent conditions, this item was removed and the compliance issue was resolved.	Achieved 100% compliant

Community and township
2017



Community and township
2016



SUMMARY STATEMENTS OF SERVICE PROVISION

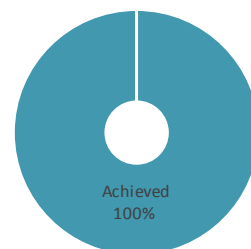
Tourism, Economic development and commercial activities

Levels of Service	Performance Measure	Targets 2016/17	Results 2016/17	Results 2015/16
Investments – The community expects the investments of the Council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter, and performance of investments against the Bancorp Ltd benchmark portfolio.	Council's cash investment portfolio independently reviewed each quarter and investments out-perform the Bancorp Ltd benchmark portfolio.	Not Achieved The Council's investment portfolio outperformed the Bancorp Ltd benchmark in three of the four quarters.	Achieved The Council's investment portfolio outperformed the Bancorp Ltd benchmark in all four quarters.
Real Estate	Council to undertake a review of its real estate and surplus land, including the Tekapo Lakefront Development. This was a new measure in 2013/14 with a review to be completed by 2017/18.	N/A	N/A	N/A
To foster the economic development of the district as a whole.	Percentage of ratepayers satisfied with the Council's tourism promotion and economic development	≥80%	Achieved 86% of respondents were either satisfied or somewhat satisfied with Council's performance. The results of the survey in relation to Economic Development seem to have driven the increase in satisfaction.	Achieved 83% of respondents were either satisfied or somewhat satisfied with Council's performance. The results of the survey in relation to Economic Development seem to have driven the decrease in satisfaction.

Tourism, economic development and commercial
2017



Tourism, economic development and commercial
2016



SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Revenue and Expense for the year ending 30 June 2017

	2016	2017	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
Total Revenue	20,796	16,926	20,849
Total Expenses	16,173	13,862	16,613
Surplus/(deficit)	4,623	3,064	4,237
Financial assets at fair value through other comprehensive income	1,058	0	536
Gain on infrastructure revaluations	0	0	13,831
NET COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	5,681	3,064	18,604

Summary Statement of Changes in Equity for the year ending 30 June 2017

	2016	2017	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
EQUITY AT START OF THE YEAR	218,909	211,781	224,590
Gains/(losses) on financial assets valuation	1,058	0	536
Gains/(losses) on property valuation	0	0	13,831
Net income/(expense) recognised directly in equity	1,058	0	14,367
Net comprehensive income	4,623	3,064	4,237
TOTAL EQUITY AT END OF THE YEAR	224,590	214,845	243,194

Summary Statement of Financial Position as at 30 June 2017

	2016	2017	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
Total Current Assets	12,310	12,895	16,207
Total Non Current Assets	215,153	205,177	230,823
Total Assets	227,463	218,071	247,030
Total Current Liabilities	2,796	2,085	3,757
Total Non Current Liabilities	77	1,142	79
Total Liabilities	2,873	3,227	3,836
NET ASSETS	224,590	214,845	243,194
Components of equity			
Accumulated funds	104,743	107,885	112,206
Reserves	119,847	106,960	130,988
TOTAL EQUITY	224,590	214,845	243,194

Summary Statement of Cash Flows for the year ending 30 June 2017

	2016	2017	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
Net increase (decrease) in cash and cash equivalents	(4,016)	(384)	3,574
Add cash at start of the year	7,286	7,169	3,270
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,270	6,785	6,844
THE CHANGE IN THE CASH BALANCE IS DUE TO:			
Net cash flows from operating activities	2,059	3,639	4,635
Net cash flows from investing activities	(6,075)	(5,102)	(1,061)
Net cash flows from financing activities	0	1,079	0
NET INCREASE (DECREASE) IN CASH HELD	(4,016)	(384)	3,574

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

Summary Notes

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 (PBEs) for financial reporting purposes. The financial statements of the Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 12 December 2017.

The financial statements are for the Council, which is an individual entity.

Basis of preparation

The financial statements of Mackenzie District Council on which this summary is based, have been prepared in accordance with the requirements of the Local Government Act 2002: which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE standards with Reduced Disclosure Requirements ("PBE RDR"). The Council qualifies for Tier 2 because it does not have public accountability and is not large under the PBE Standards. These financial statements comply with PBE Standards.

Council confirms that all other statutory requirements relating to the Annual Report have been complied with. This Summary Annual Report has been prepared in accordance with the Public Benefit Entity Financial Reporting Standard 43 (PBE FRS43) Summary Financial Statements.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land, buildings and certain infrastructural assets, properties identified for disposal and biological assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

Changes in accounting policies

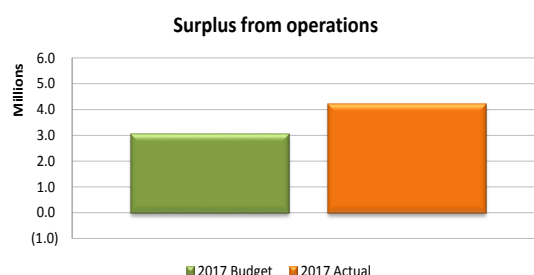
There has been no changes in accounting policy except for a change in the application of the accounting policy for vested assets.

Explanations of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures for the 2016/2017 year in the Annual Plan 2016-2017 are as follows:

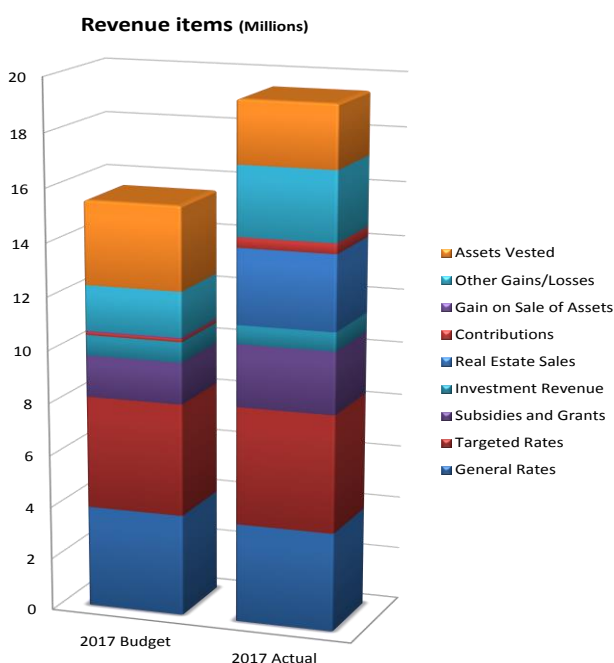
Statement of Comprehensive Revenue and Expense

Surplus from operations



Council's net comprehensive revenue and expense of \$18,604,000 was \$15,540,000 more than the budgeted profit of \$3,064,000. Revenue was \$20,849,000, compared to the budgeted revenue of \$16,926,000. This is due to the net effect of the following variances in revenue and in expenditure as detailed below.

Revenue



Subsidies and grants

Subsidies and grants were \$2,349,000 being \$778,000 above the budget of \$1,571,000.

This is partly due to an extra \$292,000 of NZTA monies received. Subsidies are directly related to the amount of money the Council spends on the Roding activity, whether capital expenditure or operating expenditure. \$79,000 of petrol tax was also received this year and was not budgeted for. Funding was received from the Ministry of Business, Innovation and Employment of \$405,000 for the construction of two public toilets in Tekapo. The grant was not forecast in the annual plan.

Real estate sales

Revenue from real estate sales was \$2,825,000. This resulted from two Tekapo lakefront lots sold and a further sale in Fairlie. Final settlement was received for four Pukaki Airport properties totalling \$657,000. However, one property sold in a prior year was purchased back.

Contributions

These contributions are generated as a result of developers giving effect to subdivision plans and have contributed \$386,000 (budget \$120,000) in revenue for the year. Contributions are \$266,000

Other revenue

higher than expected due to increased development in the District.

Other revenue is \$4,004,000; \$808,000 more than the budget of \$3,196,000. This is largely due to:

- the gain realised on 5 residential sections sold in Twizel,
- carbon credits worth \$275,000 issued to Council during the year, and
- the forestry revaluation gain of \$527,000, which is \$27,000 higher than anticipated.

Offset against these gains is the loss on disposal value of \$221,000 of the fire response assets. Council transferred ownership of its fire response assets on 30 June 2017 for the formation of Fire and Emergency New Zealand (FENZ).

Vested assets

Revenue from vested assets totalled \$2,334,000, which is \$811,000 less than the estimated budget of \$3,145,000.

The Lake Tekapo footbridge was vested to Council during the year \$2,333,540. Vested asset revenue is largely dependent on the infrastructural assets that are expected to be vested in Council from developers. They are a non cash item and subject to the number of subdivisions that are completed. Infrastructural assets vested to Council this year from Tekapo developers for \$1,545,000, including water assets \$261,000, sewer assets \$263,000, stormwater assets \$288,000 and roading assets \$733,000 has been restated.

The change in the timing of recognition of vested assets has meant that no revenue has been recognised in this financial year for these infrastructural vested assets and has reallocated the revenue into prior financial years.

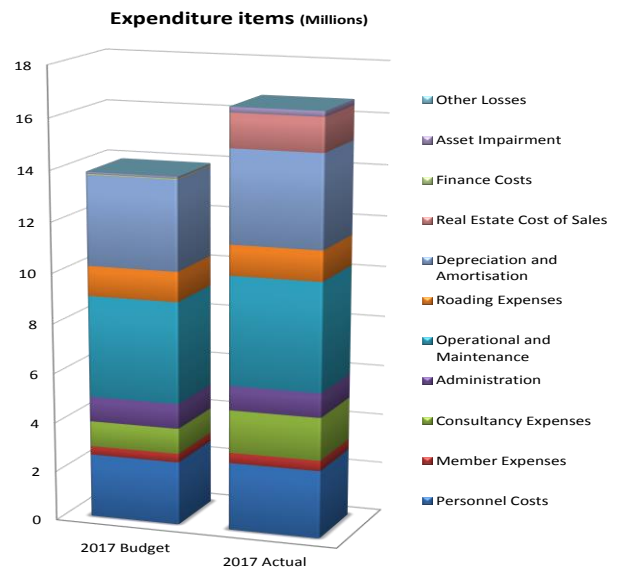
The movement for the year was a gain of \$536,000. \$597,000 of this gain relates to the revaluation of the Alpine Energy shares. This gain in value is not a cash transaction. The unrealised gain represents the change in the market value of the shares for the year for accounting purposes only. This gain has been offset by a small decrease in the value of investment stock held totalling \$61,000.

Financial assets at fair value through other comprehensive revenue and expense

Property, plant and equipment revaluations

Council undertook the revaluation of its land and buildings and infrastructural assets. The resulting unrealised gain on property, plant and equipment revaluations was \$13,831,000. The revaluation was not budgeted due to the inherent difficulties in forecasting market conditions and changes in technology which affect fair value.

Expenditure



Personnel costs

Personnel costs were \$2,734,000; being \$176,000 more than the budget of \$2,558,000 due to recruitment costs being higher than expected by \$70,000.

Depreciation and amortisation

Depreciation of \$3,669,000, being \$118,000 higher than the budget of \$3,551,000. This is due to a higher depreciation charge over the last financial year as a result of the revaluation of Councils infrastructure assets.

Real estate cost of sales

Real Estate cost of sales was \$1,339,000 was unbudgeted. This relates to the land costs and realisation of revaluation reserves associated with the sections sold.

Loss on sale and asset impairment

Carbon credits were sold and realised at a value lower than the fair value assessed at the end of the last financial year. This resulted in a loss on sale of the carbon credits for \$215,000.

Other expenses

Costs for the year are \$8,236,000; \$954,000 more than the budgeted cost of \$7,282,000. The main reasons for this are:

- The operational and maintenance costs for the Twizel water supply and Tekapo reservoir were higher than budget by \$154,000. 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,
- Unbudgeted outsourcing of Information technology services \$178,000,
- Consultancy costs in the planning activity are \$90,000 above budget relating to Plan Change 13 and District Plan review, and
- Outsourcing the processing of resource consent applications \$265,000 and building consent applications \$116,000.

Events after Balance Date

Pukaki Airport Board Land Sales

During the year, Pukaki Airport Board entered into five new Sale and Purchase Agreements with a third parties for the disposal of parcels of land held for a total cash consideration of \$1,147,740 (\$2016:\$1,050,390). The initial deposits received for three of the properties totalled \$69,680, which are included in Note 20: Payables and deferred revenue as deposits on land sales as at the end of the financial year. The disposal is 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:

	2016 Actual \$000's	2017 Actual \$000's
Not later than one year	329,281	251,464
Later than one year, not later than two years	274,771	251,464
Later than two years, not later than five years	274,771	624,080
Total receivable	878,823	1,127,008

Mackenzie District Council Land Sales

During the year, Council entered into one Sale and Purchase Agreement with a third party for the disposal of a parcel of its land on Lakeside Drive, Tekapo for a cash consideration of \$2,695,000 (2016: \$892,000). The deposit received of \$206,500 is held in escrow until settlement. Settlement is to be within 20 days of the title being issued, which is expected to be completed during the 2017/2018 financial year. The balance of \$1,630,000 for Lot 2 is payable within 25 months of the settlement date of Lot 1. The land sold is currently classified within land in property, plant and equipment with a book value totalling \$409,956. (2016: \$1,350,000).

There have not been any further Twizel properties sold during the financial year with a settlement after the balance sheet date. (2016: \$892,000)

Plan Change 13

On 7 September 2017, the Environment Court released the 12th decision relating to Plan Change 13, which has clarified matters that had been challenged relating to grassland boundaries, pastoral intensification, sub-divisional fencing and ecological aspects of the landscape. There are two matters outstanding matters before the Court that are likely to be finalised by the Environment Court before the end of the year.

New Contract Agreements

On 31 July 2017, Council entered into a contract with Timaru District Council and Waimate District Council for road resurfacing work over the next two years. Mackenzie District Councils share totals \$500,000 for the first year with a similar spend expected in the second year however is subject to change.

The change in accounting policy adjusted the 2017 financial results as depicted below.

Statement of comprehensive revenue and expense	
2017 vested assets before adjustments	3,879
Realllocation of vested assets from income to 2016 vested assets revenue	-989
Transfer vested assets from 2017 vested assets revenue to 2016 opening equity	-556
Net adjustments	-1,545
2017 adjusted vested asset revenue	2,334

	2017 Actual		
	Before adjustments \$000's	Adjustments \$000's	After adjustments \$000's
Revenue			
Vested assets	3,879	(1,545)	2,334
Non-current Assets			
Property, plant and equipment	203,855	0	203,855
Equity			
Equity	243,194	0	243,194
Breakdown shown below:			
Statement of changes in equity			
Equity at start of the year	223,045	1,545	224,590
Net comprehensive revenue and expense	20,149	(1,545)	18,604
Total equity at end of the year	243,194	0	243,194
NOTE 18: Property, plant and equipment			
Total property, plant and equipment 1 July 2016	184,071	1,545	185,616
2017 additions	7,431	(1,545)	8,976
Total property, plant and equipment 30 June 2017	184,071	0	184,071

Detail of 2016 adjustments

Statement of comprehensive revenue and expense	
2016 vested assets before adjustments	231
Realllocation of vested assets from revenue to 2016 opening equity	-231
Recognition of 2016 Vested assets reallocated from 2017 year	989
Net adjustments	758
2016 adjusted vested asset revenue	989
Statement of changes in equity	
Equity at start of the year	218,122
Realllocation of vested assets from 2016 income to 2016 opening equity	231
Realllocation of vested assets from 2017 income to 2016 opening equity	556
Net adjustments	787
2016 Equity at start of the year	218,909

	2016 Actual		
	Before adjustments \$000's	Adjustments \$000's	After adjustments \$000's
Statement of changes in equity			
Equity at start of the year	218,122	787	218,909
Net income recognised directly in equity	1,058	0	1,058
Net comprehensive revenue and expense	3,865	758	4,623
Total equity at end of the year	223,045	1,545	224,590
NOTE 18: Property, plant and equipment			
Total property, plant and equipment 1 July 2015	182,711	787	183,498
2016 additions	7,585	758	8,343
Total property, plant and equipment 30 June 2016	184,071	1,545	185,616

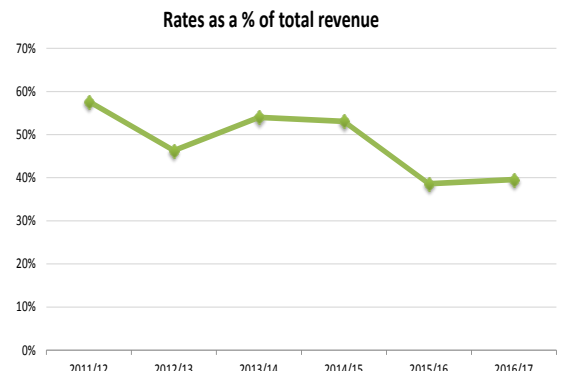
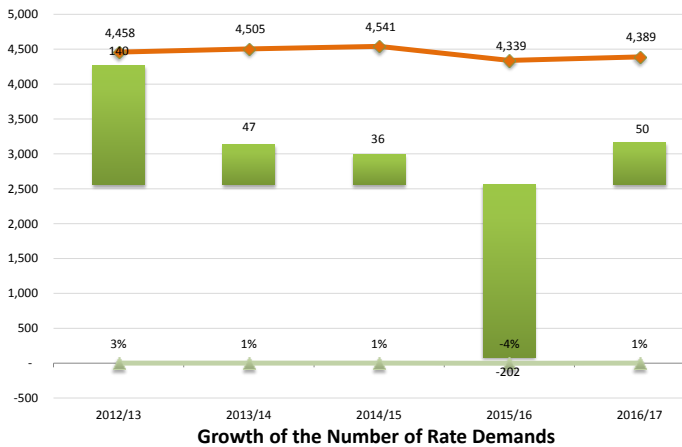
Statutory deadline

Section 98 of the Local Government Act 2002 requires that Council adopts its annual report within four months after the end of the financial year. Council was not able to comply with this requirement for the year ended 30 June 2017 and the annual report was not adopted until 12 December 2017.

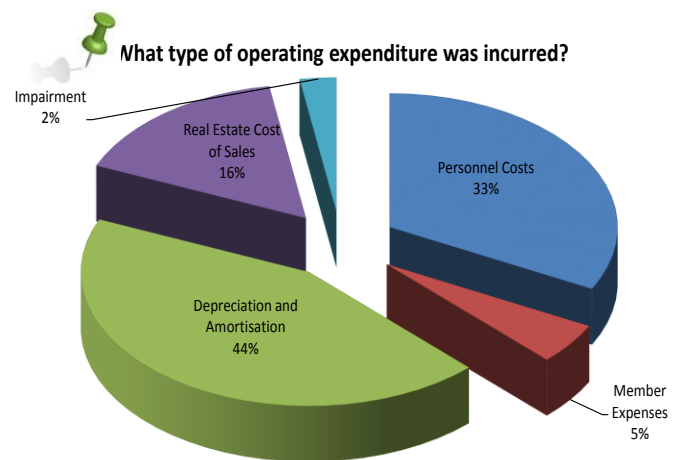
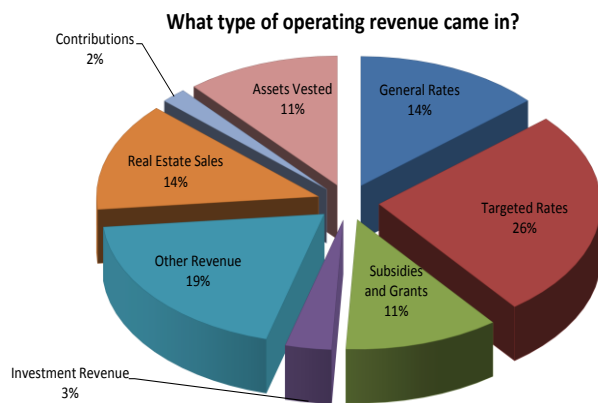
Changes in accounting policies

During 2017, Council changed its accounting policy in relation to the timing of recognition of vested assets, therefore vested assets are now recognised in the year that the relevant s224 certificate is issued so the application is more consistent with the sector and better reflects when control of the asset is obtained by Council.

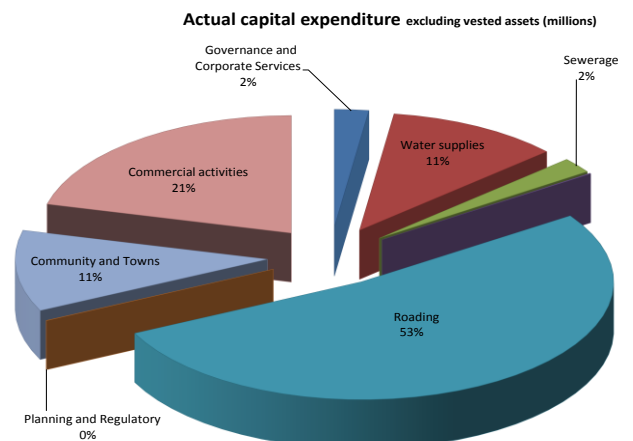
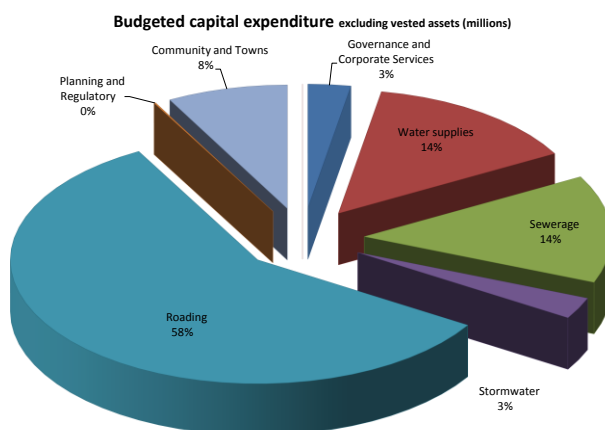
FINANCIAL OVERVIEW



Operational



Capital



Disclaimer

1. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 12 December 2017. This summary has been prepared in accordance with PBE FRS 43: Summary Financial Statements.
2. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. A copy of the annual report may be obtained from the Council's offices or on the Council's website (www.mackenzie.govt.nz).
3. The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an unqualified audit opinion on 12 December 2017.
4. The specific disclosures included in this Summary Annual Report have been extracted from the full Annual Report that was authorised for issue by Council's Chief Financial Officer on 12 December 2017.

Independent Auditor's Report

**To the readers of Mackenzie District Council's summary of the annual report
for the year ended 30 June 2017**

The summary of the annual report was derived from the annual report of the Mackenzie District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 2 to 15:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

Opinion

- In our opinion:
- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 12 December 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
14 December 2017