



Mackenzie
DISTRICT COUNCIL

Mackenzie
District
Council
2022/23
Annual Report

CONTENTS

SECTION 1
2021/22 Year in Review / Te Arotake O Te Tau 2022/23 7

SECTION 2
Setting the Scene / Whakaritea Te Wāhi 13

SECTION 3
Our Activities in Depth / Ko Te Hohonutanga Ō Ā Tātou Mahi 17

SECTION 4
Finances / Pūtea 98

STATEMENT OF COMPLIANCE

Compliance

Pursuant to Section 98 of the Local Government Act 2002, the Council and management of Mackenzie District Council confirm that with the exception of section 98(7)(a) of the Local Government Act 2002, all the statutory requirements of Schedule 10 of the Local Government Act 2002 have been complied with.

The Mackenzie District Council was required under section 98(7)(a) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 October 2023. This time frame was met with Council adoption of the audited Annual Report occurring on 31 October 2023.

Responsibility

The Council and management of Mackenzie District Council accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Council and management of Mackenzie District Council 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.

In the opinion of Council and management of Mackenzie District Council, the annual Financial Statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Mackenzie District Council.



Anne Munro
Mayor
31 October 2023



Angela Oosthuizen
Chief Executive
31 October 2023

MAYOR AND CHIEF EXECUTIVE FOREWORD

We commenced the year with an election and welcomed our new elected members and community board members who have worked hard to help deliver our achievements this year. They bring a passion for the community, good leadership and a dedication to the Mackenzie.

The Local Government sector has faced unprecedented central government reform and the pace at which this has moved has been incredibly fast and challenging. This added workload and cost to our Council reduced the attractiveness of the local government sector to prospective employees, making recruitment hard right across the sector.

Our Elected members and Executive leadership have continued to be a strong voice for the Mackenzie with the Mayor and CEO delivering submissions to Three Waters reforms, Resource Management Reform, Emergency Management Reform and to report on the future for local Government. The requests for information from the National Transition Unit have been onerous but our small team has delivered what is required in a timely fashion meeting all deadlines. It is disappointing that the legislation for both the Waters Reform and Resource Management has been rushed through in August 2023 with advised transition dates to the new Water entity from central government. With the change in government, we await decisions regarding the Three Waters.

Economically tourism has rebounded for our local businesses but servicing the sudden growth has proven difficult due to a tight labour market and labour skill shortages due to lower immigration levels (COVID related). Primary industries remained the backbone of our economy and added resilience to a tenuous and uncertain economic environment.

This year has proved challenging on a number of fronts – inflationary market conditions, lower economic building activity and unanticipated severe weather events all of which have impacted our budget. Despite the budget impacts, we have continued to deliver on a number of strategic projects listed below.

It is pleasing to note our team has successfully completed and progressed some key projects:

- Met all of our statutory deadlines and delivered a pre-election report, two Annual reports, an annual plan.
- Progressed the review of our outdated District Plan which was currently 15 years old and updated it to better respond to the effects of growth, bring it into line with national and regional planning instruments. During this year we made three Plan Changes (Strategic Guidelines, Light and Implementation of the Spatial Plans) with no appeals.
- Council adopted Te Manahuna Ki Uta as our long-term destination management plan in August 2022 and secured funding for five key TMKU initiatives: Takapō /Tekapo Master Plan, Destination Branding, Development of a Rural Spatial Plan, Development of a Pou Whenua (concept and storytelling) and Alps to Ocean (A2O) project development.
- Commenced construction on Fairlie Water Treatment Plant to improve treatment so we can meet New Zealand Drinking Water Standards for protozoa levels.
- Updated the Water Safety Plans for all five Council owned water supplies and the Albury supply to comply with the new regulations introduced during 2022/23.
- Refined a total of 900 m of Wastewater Pipe reticulation in Fairlie.
- Upgraded all the Fairlie lights and bollards to the new fittings, with alternative LED fitting which are both compliant with lighting restrictions within the Mackenzie District and support our gold tier international dark sky reserve status.
- Preparation of Concept Development Plan and Reserve Management Plan for Lake Ruataniwha Recreation Reserve.
- Upgraded our District Swimming Pools in Twizel and Fairlie.
- Stage One of the Fairlie Dog Park was completed which is widely used by community members.
- During the 2022-23 year, Christchurch NZ withdrew from their District marketing and promotion contract and all activities, and associated staff, were seamlessly transferred to the Council.

Financial Result

The council's performance year to date shows favourable total comprehensive income of \$3.837m, with the operating deficit of \$4.858 million, being offset by asset and share revaluations. Expenditure variances fall into three main categories, controllable expenditure, changes caused by economic / market conditions and non-cash items from revaluations or fair value movements.

Non-cash items such as revaluations in assets and shares, vested assets and higher depreciation (non-cash) accounted for a significant portion of the overall variance. Beyond our control were also variances due to inflationary market conditions which resulted in higher interest borrowing costs and lower financial contributions from slower developer activity.

The major contributor to the controllable variance was the significant roading over-expenditure as a result of back-to-back weather events. Council had approved this over expenditure to ensure resilience was built into the roading infrastructure and additional costs were partially offset by higher Waka Kotahi subsidies for the work undertaken. In addition, the labour market was tight and difficulties in recruiting staff resulted in contractors being used to deliver and maintain services. We have now attracted talent to the district (5 of 7 contractor vacancies recruited) which will reduce the contractor spend going forwards. The contractor overspend was partially offset by savings in personnel costs.

A budget error in building control added further costs of \$341,000 and accelerated progress on the District Plan Review accounted for a further overrun of \$395,000. Due to slower progress, pandemic delays and logistical issues, Council was advised that a number of projects originally budgeted in this financial year would be re-budgeted into the 2023/24 Annual Plan for completion.

Projects that were delayed included.

- Fairlie water treatment plant (\$4.164m). The tender process has now been completed and the contract awarded. Work on site commenced in May with an expected completion date of March 2024.
- Design issues delayed the delivery of the public toilet facilities in Rautaniwha, Pukaki and Fairlie (\$1.435m).
- Delays on the Tekapo Treatment plant and inlet screens (\$2,1m). Physical works on the inlet screens will be completed in the next financial year.
- Work on flooding resulted in routine transportation projects being deferred (pavement rehabilitation, Traffic services, bridged and structures and footpaths (\$1,943m).
- Delay in installation of the Twizel Water meters. The tender for installation of smart meters closed in August 2023. The installation of meters is expected to start in the latter part of this financial year.

Financial Position

The Council's balance sheet is tracking \$3.834 million more than the net assets and equity as of 30 June 2022 and is reflective of Council's operations. Short-term deposits are lower than at the beginning of the year as a conscious treasury decision was made to utilize cash to pay for capital works programmes to minimize finance costs.

Total external borrowings are \$11.54m with \$8.42m sitting in non-current due to resetting debt maturity dates and \$3.12m in current borrowings. We are operating well within the financial prudence Debt Servicing benchmarks. Current Term Deposits total \$3m and term financial assets total \$14.21m comprising Alpine shares and borrowers notes for the LGFA borrowings.

Growing our new focus areas going forwards

Our new focus on community development has commenced and the team have supported the Mackenzie Care Community Charitable Trust with their retirement villa project, actively worked with Twizel on the need for a community hub and the Tekapo Sport Trust regarding multi-purpose sports facilities. This focus will grow with two experienced resources on board and the community led projects will continue to progress through 2023/24 for engagement in our LTP.

Residents Satisfaction Levels

I am pleased to report an improvement in our residents’ survey with satisfaction improvements noted in a number of operational areas. Overall, 92% reported that Mackenzie was a great place to live (88% 2022) and 79% felt there was a good sense of community (74%). Satisfaction levels had significantly improved across water services, roading and solid waste. A Team MACK survey also showed that engagement within the team has improved.

A busy year with high central government workload but some good achievements to recognise and celebrate.

Thank you to our collective staff team and the Elected members who have worked hard and contributed to the successes of the Mackenzie District Council.



Anne Munro
Mayor
31 October 2023



Angela Oosthuizen
Chief Executive
31 October 2023

SECTION 1

Year in Review

Te Arotake O Te Tau

SERVICE PERFORMANCE ACHIEVEMENTS

The 2022/23 financial year is the second year of our 2021/31 Long Term Plan. These are some of our key service performance achievements for the year. Council's complete service performance information is contained in Section 3 Our Activities in Depth / Ko Te Hohonutanga Ō Ā Tātou Mahi.

Governance and Corporate Services

Community Multi-use Trailer

Our multi-use trailer was completed and will be used to provide customer service to Tekapo and other remote communities where Council offices are not available, and to facilitate engagement with our communities at locations and events that are more accessible than our offices. It will also provide a mobile operating location for Civil Defence, is available to Fire and Emergency NZ and St John for major incidents, and is available to the community to use at community events.

The trailer is equipped with power and internet and can be deployed quickly when required. We are also planning to use the trailer to deliver library services to remote communities in the future.

Three Waters

Fairlie Water Treatment Plant

We finalised the design, allocated the construction contract and commenced construction work on the new Fairlie Water treatment Plant during the financial year.

The new plant will be capable of managing the current source water quality fluctuations and will improve treatment so we can meet New Zealand Drinking Water Standards for protozoa levels. The upgrade includes the construction of two new supply reservoirs to ensure reliability of the water supply. This project is scheduled for completion during the 2023/24 financial year.

Compliance with Drinking Water Standards

We were required to update the Water Safety Plans for all five Council owned water supplies and the Albury supply to comply with the new regulations introduced during 2022/23. Water Safety Plans identify areas of risk within a water system. We are implementing several key improvements identified in the Water Safety Plans: backflow prevention, catchment security, improved monitoring, better record keeping systems and onsite instrumentation.

Wastewater Pipe Replacement Programme

During 2021/22 all pre-1970 wastewater mains in Fairlie and Tekapo were inspected using CCTV technology to identify sections that were no longer functioning as designed. Most mains in Twizel and Tekapo were operating well and did not need upgrades. In Fairlie a total of 900 metres of mains were relined in 2022/23.

Transportation

Streetlighting replacement programme

All of the Council Street lights and bollards have now been upgraded to the new fittings, with alternative LED fitting which are both compliant with lighting restrictions within the Mackenzie District and support our gold tier international dark sky reserve status.

Waka Kotahi (NZTA) have elected to manage the State Highway upgrades in our townships from the 1st of July 2023 separate to the Councils upgrade. This will commence late 2023 and continue into 2024.

A new contract for the operations and renewal of our District's streetlights will be procured in 2023 which will also include updating asset data records.

Regulatory Services

District Plan Review

The Mackenzie District Plan is currently under 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 would then encompass all other outstanding issues.

In February 2022, Council considered a proposal to break the remainder of the District Plan Review into Stages to be progressed via a series of Plan Changes. The proposal was supported by the outcomes of an Investment Logic Mapping exercise which identified four key outcomes of the District Plan Review, as well as a risk assessment which considered resourcing availability and future legislative reform. Council adopted the proposed approach.

Plan Changes 20 - Strategic Direction, 21 - Spatial Plan Implementation and 22 - Lighting were all notified during the 2022/23 financial year, with hearings held and decisions issued. No appeals were received on these plan changes and provisions now have legal effect.

Initial consultation and engagement was held on the third stage of the plan review process in 2022/23. Stage 3 is scheduled to be notified at the beginning of November 2023.

Work on Stage 4 is progressing and notification is anticipated before the end of 2023/24. It is programmed to have the District Plan Review completed in the 2024/25 financial year.

Parks and Community Facilities

Lake Ruataniwha Development

During 2022 and 2023 Council has been working on the preparation of a Reserve Management Plan supported by the Concept Development Plan for Lake Ruataniwha Recreation Reserve. These plans are important documents to guide decisions about how people use the reserve, which areas need protection, what aspirations the community have for the reserve and what improvements should be undertaken in the future.

Submissions closed in January 2023, and verbal presentations were made to the Twizel Community Board and Council staff at a hearing on 3rd July 2023 by those who requested to speak. As a result of this feedback, minor changes will be made to the draft Reserve Management Plan and once finalised will be formally adopted by Council in August 2023.

District Swimming Pools

A new electric heat pump was installed at the Twizel Pool in Spring 2022 and was operational through the 2022/23 season.

Stage One of the Strathconan Pools heating and filtration upgrade was completed in Spring 2022, ready for the 2022/23 Season. These works included the installation of a new electric heat pump, new pool covers and a new circulation pump.

Fairlie Dog Park

The Fairlie Community Board planned a dog park in Fairlie on a site down Allandale Road adjacent to the Opihi River. This will be a multiyear project. Stage One has now been complete, which included levelling, grassing, fencing, adding a water supply, a drinking fountain, a dog waste bin and seating.

Tourism, Economic Development and Commercial Activities

Mackenzie District Regional Tourism Organisation

There are 31 Regional Tourism Organisations (RTOs) throughout New Zealand (in a variety of legal structures and forms). The Council is the RTO for the Mackenzie District. Previously the RTO visitor promotion and marketing services had been sub-contracted to ChristchurchNZ, a subsidiary of Christchurch City Council. During the 2022-23 year, ChristchurchNZ withdrew from this contract. As a result, the promotion and marketing activities, and associated staff, were brought into the Council, with the focus being to ensure that transfer was as seamless as possible.

Te Manahuna Ki Uta/ Mackenzie Destination Management Plan

On 23rd August 2022 Council adopted Te Manahuna Ki Uta as our long-term destination management plan

Following completion of TMKU, Phase 2 was to explore the priority projects identified, investigate funding opportunities and undertake feasibility studies where required. During the 2022-23 year Council was successful in securing external funding for the following TMKU initiatives:

- Lake Takapō Master Plan
- Destination Branding
- Rural Spatial Plan
- Pou Whenua (concept and storytelling)

as well as budgeting for further Alps to Ocean (A2O) project development.

Pukaki Airport - land administration and operations)

A new airport operations manager was appointed during the year who is making good progress with maintenance activities, and stakeholder relations as the return of visitors to the Mackenzie from early in the 2023 calendar year was also reflected in an upswing in landings at Pukaki Airport.

An airport planning exercise is being scoped. Council intends to work with key stakeholders during 2023/24 to develop a masterplan to guide future airport developments.

FINANCIAL HIGHLIGHTS

Financial Highlights

- We achieved a before tax deficit of \$4.858 million, with total revenue of \$29.287 million, and total expenditure of \$34.145 million.
- Subsidies and Grants received totalled \$5.535 million. This was received primarily from Central Government.
- Rooding received funding assistance from Waka Kotahi of \$4.656 million which we used to maintain our roading network and invest in improvements to keep our community safer on the road.
- We received \$0.879 million of other Government funding to invest locally into tourism, apprenticeships for our youth, ambassadors for our camping grounds and transitional funding for water services reforms.
- Cash and financial investments were \$13.175 million at 30 June 2023.
- We invested \$10.171 million in capital expenditure (excluding vested assets).
- At 30 June 2023 external debt was \$11.54 million, lower than what was budgeted of \$20.628 million.
- The value of the of our property, plant and equipment increased by \$10.660 million, investment property by \$0.248 million, and we received carbon credits worth \$1.056 million from our forestry plantations.

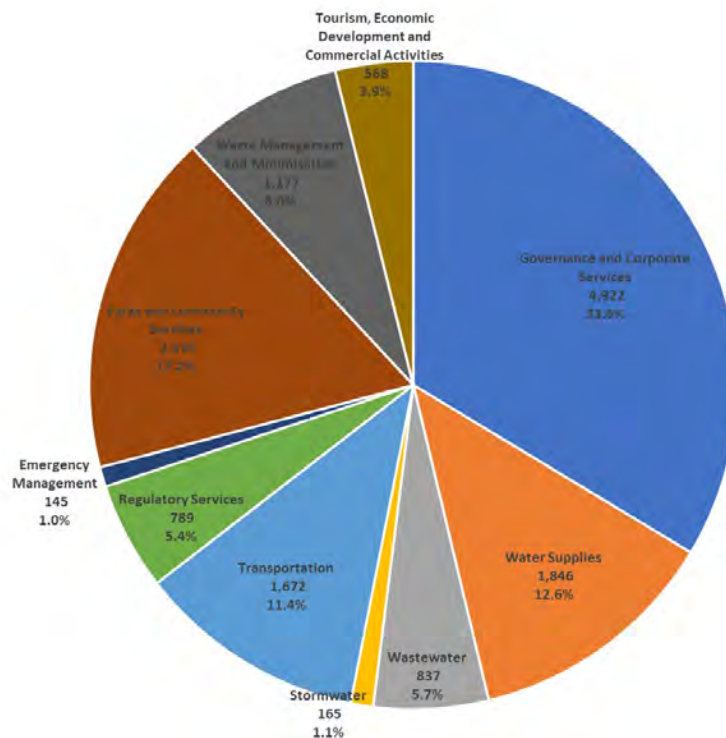
We are growing

- We have 137 new rating units.
- We processed 256 building consents.
- We processed 122 resource consents.

Council wide, we continued to provide the same levels of services that you expect and deserve

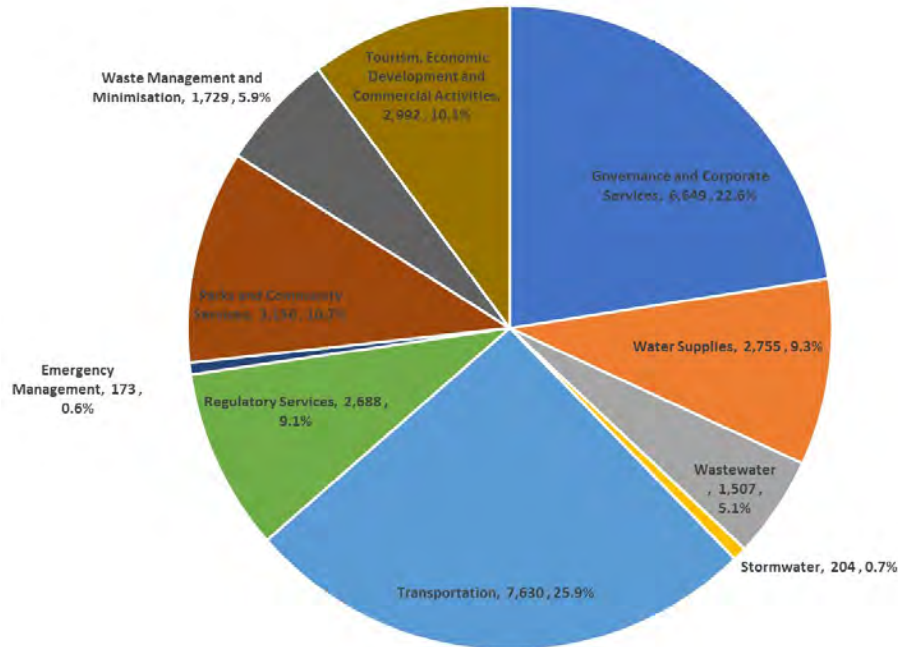
We collected \$14.631 million of rates during the year. Below illustrates how we spread your rates over our activities.

Rates Spread



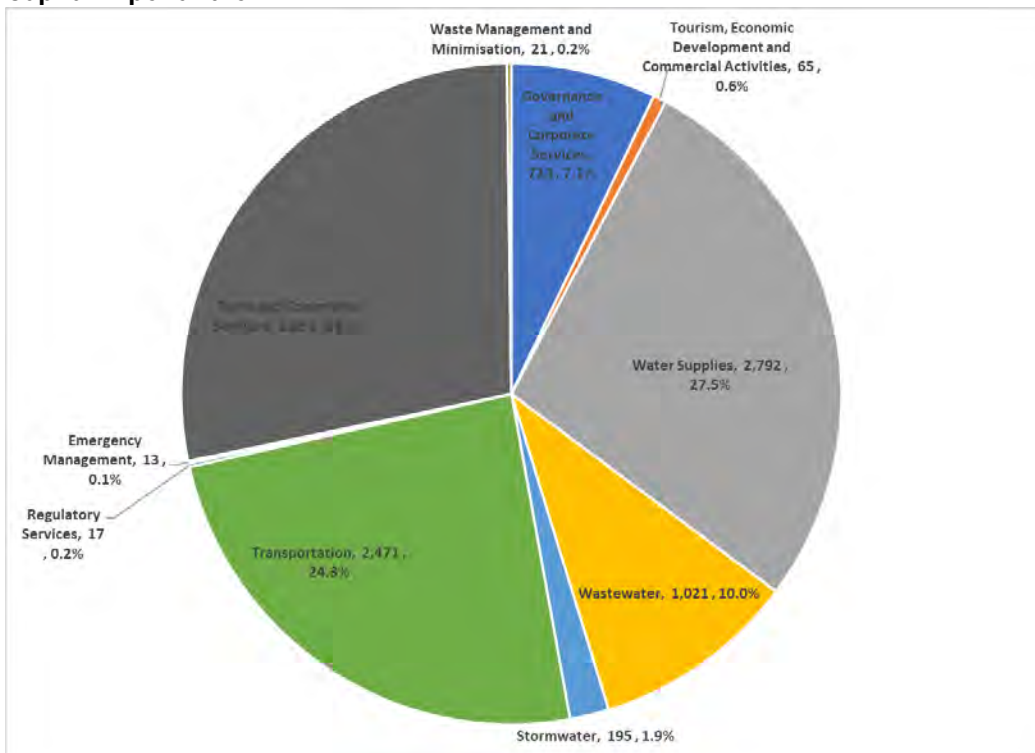
Council incurred operating expenditure, including non-cash expenditure such as depreciation, of \$34.145 million during the year. The graph below illustrates the proportion of expenditure in relation to each activity incurred.

Operating Expenditure



Council incurred capital expenditure to improve the level of service and to replace existing assets of \$10.1 million. The graph below illustrates the proportion of capital expenditure in relation to each activity incurred.

Capital Expenditure



SECTION 2

Setting the Scene

Whakaritea

Te Wāhi

Our Strategic Vision

MDC has developed the following strategic vision and outcomes to chart the course and set our direction for the future.

This vision has been developed alongside the community and will help MDC focus our efforts to ensure everything we do remains focussed on improving our communities, our environment and our way of life.

Vision

To empower our communities and treasure our environment

Mission

Strengthening our communities

Guiding Values

Be fair to everyone

Strive for a better future

Dare to be different

Act with respect and trust

Protect our peace and serenity

Our Community Outcomes

A TREASURED ENVIRONMENT

We recognise that our outstanding environment plays a vital role in sustaining our district.

We manage our environment and natural resources sustainably to ensure they can be enjoyed now and by future generations.

We have sustainable, efficient and well-planned infrastructure, services and community facilities.

RESILIENT, SUCCESSFUL COMMUNITIES

Our communities have access to facilities and networks which enable people to enjoy positive, healthy lifestyles.

Our communities are engaged, connected and are given the opportunity to influence local outcomes and decisions.

Our communities have a 'sense of place' that makes people proud to live here.

Our communities are resilient and provide for inter-generational wellbeing through networks that care for all ages.

STRONG AND INNOVATIVE ECONOMY

We value the role that our District's environmental, social and cultural assets play in supporting economic development.

We are a welcoming, enabling and business friendly district that encourages creative local economic development.

We recognise and manage the effects of economic growth and actively support our communities and environment while striving for prosperity.

EMBRACE HERITAGE AND DIVERSITY

We embrace our partnership with ngā rūnanga and support mana whenua traditions and relationships with their ancestral lands, waterways, wāhi tapu and other taonga.

We are proud of and celebrate the heritage and diversity of our District and our people.

We respect each other and what we contribute to the District through our traditions and culture.

Our communities are given the opportunity to celebrate and explore their heritage, identity and creativity.

DEVELOPMENT OF MĀORI CAPACITY

Ngā papatipu rūnanga

Three papatipu rūnanga have their rōhe situated within the Mackenzie District - Te Rūnanga o Arowhenua at Arowhenua, Temuka; Te Rūnanga o Waihao north of the Waitaki River, South Canterbury; and Te Rūnanga o Moeraki based at Moeraki, North Otago. The Mackenzie District Council is committed to strengthening and further developing our relationships with mana whenua beyond the legislative requirements. Council considers it important to increase opportunities for meaningful partnerships and more co-governance by encouraging, enabling and supporting Māori involvement in our decision-making processes.

Council will continue to provide copies of all plans, and proactively seek advice and guidance from ngā papatipu rūnanga on matters of particular interest to Māori, including Long Term Plans, Annual Plans, resource consent processes and the development of community strategies, plans and policies.

The Council will be working with ngā papatipu rūnanga to develop an engagement framework that increases the potential for co-design opportunities, enables better quality of advice and decisions and better outcomes, strengthens relationships, builds internal capability, gives effect to our community outcomes and supports the implementation of some of Councils key strategies. This includes exploring and pursuing opportunities for partnership and collaboration on social, cultural, environmental, and economic development related projects such as housing, climate change action, and other projects identified as part of the implementation of Council strategies.

We are committed to ensuring that employees at the Mackenzie District Council develop expertise and knowledge of Māori world views. We have created a role within Council that has responsibility for ensuring the development of the Council employees and Elected Members ability to engage with Māori. This will be achieved through the development, implementation and embedding of an internal Māori framework and methodology for cultural awareness.

To maintain collaborative and strong working relationships the Council will meet with ngā papatipu rūnanga (or their representatives), a minimum of twice a year to discuss matters of common interest, various projects and workstreams. Council's Executive Management Team will meet with rūnanga more regularly and are also available 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 ngā 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.

Te Manahuna Ki Uta / Destination Mackenzie

Mana whenua are key partners in the development and implementation of the Mackenzie Destination Management Plan.

Te Mana o Te Wai and Three Waters

The Water Reform Programme will include statutory recognition for the Treaty of Waitangi and Te Mana o Te Wai. Te Mana o Te Wai has been part of the National Policy Statement for Freshwater Management since 2014, though there have since been changes to how the concept is described and how it must be applied.

Te Mana o te Wai refers to the vital importance of water. When managing freshwater, it ensures the health and well-being of the water is protected and human health needs are provided for before enabling other uses of water. It expresses the special connection all New Zealanders have with freshwater. By protecting the health and well-being of our freshwater we protect the health and well-being of our people and environments.

Te Mana o Te Wai imposes a 3-stage hierarchy with six principles. The first is prioritising the health and well-being of water. The second is the health needs of people (such as drinking water). The third is the

ability of people and communities to provide for their social, economic and cultural well-being.

Result for the year

During the 2022/2023 year, Council continued work with and foster the relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu through a series of formal quarterly hui and informal hui held throughout the year. Our target of two formal hui was exceeded due to these quarterly meetings and the various Council projects being undertaken including Three Waters, District Plan review, Better off funding Projects (an outcome of Te Manahuna Kit Uta), the direction from Te Mana o Te Wai and the Aoraki Environmental Consultancy Limited contract renewal.

In 2021, Council renewed the Service Level Agreement (SLA) with Aoraki Environmental Consultancy Limited. This continues the capacity for Council employees to directly consult, liaise and engage with ngā papatipu rūnanga on issues that are relevant to Māori and to our district – Manahuna.

Council has formed a partnership with Aoraki Environmental Consultancy (AEC), on behalf of local rūnanga to progress the District Plan Review. This has seen representation by AEC at all project meetings and community engagement, as well as technical drafting support, and AEC taking a lead in drafting Mana Whenua specific chapters.

Council recognises the constraints on the capacity ngā papatipu rūnanga and their representatives. This includes their ability to provide resources for involvement in Council projects and activities. Therefore, Council will endeavour to ensure that the number of hui between rūnanga and Council are appropriate and offer the greatest opportunity for effective and meaningful engagement.

We recognise the importance and value of building strong, effective, enduring and open relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu. As such, our goal is to achieve that of a true partnership with mana whenua so that we can continue to work together towards shared outcomes for greater results.

Our SLA with Aoraki Environmental Consultancy Limited will continue to be key in assisting us with our work. We will continue to progress the development of a SLA with both Te Rūnanga o Waihao and Te Runanga o Moeraki.

SECTION 3

Our Activities in Depth

Ko Te Hohonutanga Ō Ā Tātou Mahi

Set out on the following pages are the activities we undertook and the associated financial forecasts and actuals for the year ended 30 June 2023.

COUNCIL ACTIVITIES AND SERVICES

The Local Government Act 2002 (LGA) states that the purpose of local government is to enable democratic local decision-making and action by, and on behalf of, communities and to promote the social, economic, environmental, and cultural well-being of communities. Councils are responsible for a wide range and variety of local services and activities and we are required under the LGA to plan for and consult with our communities about the delivery of these, over a ten year horizon, in consecutive Long Term Plans prepared on a three yearly cycle. The services and activities we deliver include water supplies, sewerage schemes, roads and footpaths, local regulations, town planning, emergency management/preparedness, refuse collection, libraries, parks and recreation services, refuse collection, and economic development.

We manage our work in activities which aggregate up to our management structure. Within this document we report on our proposed output targets under eight groups of activities, which we believe summarise the key issues we need to address and the key activities we undertake.

Each activity reporting group contains a statement which shows which of our activities delivers Council programmes, the cost of these, and the combined funding sources involved. The funding arrangements are in accordance with the Revenue and Financing Policy as set out in the 2021-2031 Long Term Plan.

Each activity reporting group also contains the service performance information relating to planned projects and achievements against performance measures; which were established and adopted in Council's 2021/31 Long Term Plan or 2023 Annual Plan. These documents are available in the Strategies, Plans and Reports section of our website: www.mackenzie.govt.nz/council/strategies-plans-and-reports.

Statement of Compliance

The service performance information of the Council and group have been prepared in accordance with the requirements of the Local Government Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP) and Public Benefit Entity Standards.

This is the first financial year Council has prepared our service performance information in compliance with Tier 2 Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48). The Statement of Service Performance is formally classified from page 18 to 95 of the 2023 Annual Report.

ACTIVITY REPORTING GROUPS	SERVICE PERFORMANCE INFORMATION	FINANCIAL PERFORMANCE INFORMATION
1. Governance and Corporate Services	Pages 23 - 29	Pages 30 - 31
2. Water Supplies	Pages 32 - 37	Pages 38 - 39
3. Wastewater	Pages 40 - 43	Pages 44 - 45
4. Stormwater	Pages 46 - 49	Pages 49 - 50
5. Transportation	Pages 51 - 58	Pages 59 - 60
6. Regulatory Services	Pages 61 - 68	Pages 68 - 69
7. Emergency Management	Pages 70 - 75	Pages 75 - 76
8. Parks and Community Facilities	Pages 77 - 84	Pages 85 - 86
9. Waste Management and Minimisation	Pages 87 - 89	Pages 89 - 90
10. Tourism, Economic Development and Commercial Activities	Pages 91 - 95	Pages 96 - 97

Effects of activities

No significant negative effects on the social, economic, cultural and environmental wellbeing of the district community have been identified for any of the activities undertaken by Council. Conversely, most of the activities are undertaken to counteract negative effects produced by factors outside the Council's control.

Performance measures

Performance measures are included in the activities which are combined into the organisation’s work plan. Management control over each activity is based on project briefs, which record outputs to be delivered and detail of budgeted costs and performance targets to be met. Performance targets and measures were established and adopted in our 2021-31 Long-term Plan with additional measures adopted in our 2023 Annual Plan. Our three waters and transportation activities include mandatory measures set by the Department of Internal Affairs – these are identified as “mandatory performance measure”. Other performance targets are selected using Council judgement to monitor critical service delivery or particular areas of focus and may be based on sector guidance or common practice.

Our performance is measured in terms of:

- **Timeliness** - completion of activities by 30 June 2023, unless otherwise stated.
- **Cost** - completion of activities within the planned costs.
- **Quantity** - completion of outputs to the quantity standards specified.
- **Quality** - completion of all activities to meet quality expectations of elected Councillors and quality control procedures in place.
- **Location** - in all cases where a location is specified, the target is to deliver the service in that location.

SERVICE PERFORMANCE RESULTS

The results against the performance measures and targets for the 2022/23 year are shown as achieved, not achieved, or no data available.

Overall, the year-end result for the 2022/23 performance targets is a 55% achievement level (44 of 80 targets). This compares with 47% (2021/22) and 75% (2020/21). This is the second financial year reporting against the performance targets set in the 2021/31 Long Term Plan and also includes additions from the 2022/23 Annual Plan.

These results also reflect the changes to our annual survey in 2021/22 as outlined on page 20.

	ACHIEVED	NOT ACHIEVED	NO DATA AVAILABLE
Governance and Corporate Services	8	4	0
Water	2	5	0
Wastewater	3	2	0
Stormwater	5	1	0
Transportation	6	3	0
Regulatory Services	8	4	0
Emergency Management	6	4	1
Parks and Community Facilities	2	5	1
Waste Management & Minimisation	3	2	0
Tourism, Economic Development and Commercial Activities	1	4	0
OVERALL RESULT	44	34	2

There were no changes made to prior period comparative results for 2020/21 or 2021/22.

RESIDENTS' OPINION SURVEY CHANGE FROM 2022

Council carries out an annual residents' opinion survey in order to assess residents' opinion about the services and facilities we provide. The results from this survey are summarized in the Group of Activity sections they relate to.

In 2022 we changed our residents' opinion survey from prior years in two respects, these being:

1. **The Residents' Opinion survey results scoring method after 2020/21 differs to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid.** The mid-point of the Likert scale used to measure many of the survey question responses was re-categorized as neutral. This means it is not included in the scores for positive/satisfied performance ratings. Previously the mid-point was added to the satisfied tally (and the targets were set using this methodology).

To provide context we have noted the neutral response percentage where relevant for the 2020/21, 2021/22 and 2022/23 financial years.

2. **The survey was primarily conducted through a web portal administered by our survey partner Research First.** This was supplemented with paper versions available. The 2023 survey was conducted via the same methodology. Previously Council had engaged Research First to conduct phone surveys.

2023 ADDITIONS TO PERFORMANCE MEASURES

The performance measures we reported against in last year's Annual Report were established, included and adopted by Council in our key strategic document, the 2021/31 Long-term Plan. During the following year, additional performance measures were developed and adopted in the 2022/23 Annual Plan in three Activity categories, these being:

- Governance and Corporate Services, and
- Regulatory Services
- Parks and Community Facilities

The new 2022/23 performance measures and their rationale are outlined below.

Governance and Corporate Services

Measure 10: Ensure collection procedures are followed to maximise prompt payments

Reason: Increasing focus on standardising debt collection processes.

Measure 11: Provide quarterly debtors reports to Council

Reason: Provide greater information to Council.

Regulatory Services

Measure 7: The percentage of Code of Compliance Certificates issued within the 20 working day statutory time frame from the date of acceptance

Reason: Align the reporting on this Building Control statutory target with the comparable measure for Building Consents.

Measure 9: The percentage of earthquake prone building assessments received prior to 28 March 2023

Reason: Provide performance information for this deadline which fell due during the current financial year.

Measure 10: The percentage of outstanding earthquake prone building assessments issued with a follow up notice by 31 May 2023

Reason: Provide performance information for this deadline which fell due during the current financial year.

Parks and Community Facilities

Measure 6: Average customer satisfaction rating for swimming pool facilities

Reason: Provide qualitative information about our customers' satisfaction with these facilities.

Measure 8: Parks and public amenities improve over time as measured by Yardstick Best Practice Score

Reason: Improve delivery over time by benchmarking our performance against the prior year.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Council Surveys

Council conducted two primary surveys to gather information to report against resident/user satisfaction performance measures. The underlying assumptions that relate to our surveys are sample size and methodology.

1. Residents' Opinion Survey

Our annual Residents' Opinion Survey was primarily conducted through a web portal administered by our survey partner Research First and supplemented with paper versions available for collection in Twizel, and Fairlie or posted out on request. Two new questions were added to the survey this year. These were related to (1) residents' perception of risks in the district, and (2) the quality of their contact with the Council.

The survey results scoring method for this year and last year differ to those in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral.

This survey was in the field from 7 June to 14 July 2023. This period was assessed as reasonable to capture responses for the financial year ended 30 June 2023 and was brought forward so the results are received earlier in the calendar year. Publicity included website, Facebook, posters and a direct postcard mailout. A draw to win 1 of 3 \$100 prizes could be entered on completion of the survey.

We received 255 survey responses to our 2023 survey compared to 314 responses in 2022.

The use of an online survey means achieving a representative sample was difficult as targeting hard-to-reach respondents was not possible. Since 2022 the responses have been weighted to achieve the desired gender, age and region quotas to mitigate the impact of the sampling method used.

Data collected is accurate to a maximum margin of error of +/- 6.1% at the 95% confidence level. This means that if 50% of respondents stated they were satisfied with a Council facility, then we can be 95% sure that between 43.9% and 56.1% of the entire Mackenzie District population also feel satisfied with that Council facility.

2. Consents Survey

Our annual Building Consents and Resource Consents survey direct targets people who have had these consents completed during the financial year. This was conducted via a web portal administered by our survey partner Research First with invitations to complete the survey directly emailed from consents data supplied by Mackenzie District Council. This survey ran from 20 June to 9 July 2023.

The response rate of 23% is relatively high for a survey of this kind which means the results are a robust indication of service performance. However the sample sizes are low, so comparisons between sample types and years should be viewed with caution.

Three Waters Performance Compulsory Measures

3. Real water loss from the networked reticulation system

The water loss from the Council's Water Supplies' reticulation systems is calculated during winter when night time irrigation is not operating. Water leaving each Water Treatment plant is recorded between midnight and 4am from the respective water meters. The volumes recorded are extrapolated to calculate an annual figure. The water loss percentage is calculated against the total annual water use recorded for all Water Treatment plant.

4. Average consumption of drinking water per day per resident within the district

The usual resident population estimate is based on the Mackenzie District Growth Projection – 2020 report prepared by Rationale Limited. The District usual resident population in 2018 was calculated as 5,010 and the projected population in 2025 was projected to be 5,948. The 2023 usual resident population was estimated at 5,400 which is approximately the mid-point between these two figures.

5. The total number of complaints received in respect to District water supplies, waste water schemes and stormwater.

The number of complaints received during the financial year is sourced from the logs recorded into our Service Request software system. Service requests relating to water, waste water and stormwater activities are analysed to determine the number of complaints received relating to these activities.

Waste Management and Minimisation

6. The amount of household kerbside waste to landfill per person

During 2022/23 a full waste audit was undertaken by Waste Not Consulting Ltd. An audit of this nature is usually commissioned on a three yearly cycle and carried out in accordance with the Solid Waste Analysis Protocol 2002.



The audit took place in December 2022 and was scheduled outside periods with school holidays or long weekends. It was conducted over three days and included the contents of 150 Council 140-litre “red wheelie bins” from residential properties. The sample selected was 45 bins from Fairlie, 5 from Kimbell and 50 each from Tekapo and Twizel.



The usual resident population of Mackenzie District used to calculate the 2022/23 per capita result in the waste audit report was estimated as 5,460, as sourced from Statistic New Zealand data as at June 2022.

Aggregation of Service Performance Information

There were no significant judgements around aggregation of service performance information.

Presentation of Service Performance Information

Service performance results are displayed in colour coded tables OR by way of a  or . N/A denotes the years preceding the introduction of new measures adopted in the 2021/31 LTP and 2023 Annual Plan.

	year	year
Achieved	result	
Not Achieved	result	
No Data Available	result	No Data

3.1 GOVERNANCE AND CORPORATE SERVICES

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.

Key Facts (as at 30 June 2023)

3 Wards – Mayor elected at large and seven councillors from three Wards Pukaki, Opuha and Tekapo

3 Community Boards – Twizel, Tekapo and Fairlie

2 committees of Council appointed for the full year – Audit & Risk and Chief Executive Performance.

Council-wide 38 full time staff and 13 part time staff.

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 includes a Mayor elected at large and seven councillors elected from the three wards of Pukaki (3), Opuha (3) and Tekapo (1). The district also has three elected Community Boards representing Twizel, Tekapo and Fairlie. Before the election in October 2022 councillors represented the two wards of Pukaki (3) and Opuha (3).

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 2022/23

As well as business as usual administration and support for Council activities, we had planned several projects for the 2022/23 year within our Governance and Corporate Services activity area.

Project 1 - Network Infrastructure – Council and Community facilities (progressing)

Work to improve the resilience of our network infrastructure is progressing well. Council offices in Fairlie & Twizel, and our community centres in Twizel, Tekapo and Fairlie all have fibre connections delivering fast internet access. The office networks extend across all these facilities enabling staff and elected members to work seamlessly wherever they are located. Free wifi is also available to the public in these locations.

Network hardware has been upgraded across these locations, including cybersecurity provision to protect the data held by council. The upgraded hardware can be accessed remotely for maintenance and troubleshooting, significantly reducing the time taken to resolve outages, and removing the need for technicians to travel to site in most cases.

Close circuit TV (CCTV) infrastructure has been upgraded and/or repaired in our Fairlie and Twizel offices, and added to public areas in the Twizel Community Centre.

Audio Visual (AV) facilities have been upgraded in Council Chambers and the community centres in Fairlie, Tekapo & Twizel. This facilitates the increasing number of meetings which are held remotely, offering an improved experience for all participants including the public. Council meetings and workshops with remote participants can now be held in our community centres in Tekapo, Twizel and Fairlie. This equipment will also enable live streaming and recording of meetings which will commence in the 2023/2024 financial year, delivering increased transparency and giving the public improved access to the decision making process.

Project 2 – Building Upgrade (commenced)

A budget of \$1,000,000 was set aside for 2021/22 for the structural improvements to the Fairlie Council office building to ensure all building and fire compliance requirements are met.

During 2022/23 the building consent documentation was completed and lodged by Beca and the building contract was awarded. The building consent was granted and building seismic compliance work commenced in July 2023. The project is programmed to finish in November 2023, subject to the delivery of the lift from Europe.

Project 3 – Multi-use Trailer (completed)

Our multi-use trailer was completed and will be used to provide customer service to Tekapo and other remote communities where Council offices are not available, to facilitate engagement with our communities at locations and events that are more accessible than our offices. It will also provide a mobile operating location for Civil Defence, is available to Fire & Emergency NZ and St John for major incidents, and is available to the community to use at community events.

The trailer is equipped with power and internet and can be deployed quickly when required. We are also planning to use the trailer to deliver library services to remote communities in the future.

Assessment of performance against measures and targets for 2022/23

We achieved 67% of our non-financial performance standards in the governance and corporate services activity. The performance indicators adopted in the 2021/31 Long Term Plan and 2022/23 Annual Plan increased the number and range of measures compared to 2020/21.

The Residents' Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

	2020/21	2021/22	2022/23
Achieved	80%	50%	67%
Not Achieved	20%	40%	33%
No Data Available	0%	10%	0%

The following tables show how our governance and corporate services activity performed as measured against the targets set for the 2022/23 year.

Measure 1: The annual report (AR) is prepared within statutory timeframes and with an unmodified audit opinion

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

2020/21	2021/22	2022/23
2019/20 AR X	2020/21 AR X	2021/22 AR X

What we did: The Council is usually required to adopt its Annual Reports by 31 October each year, however Government has extended this date to 31 December for both the 2021 and 2022 Annual Reports. For the 2021/22 Annual Report, the Council received an unmodified audit opinion, and adopted the Annual Report on 16 May 2023 which did not meet this target. However, this late adoption was due to the lack of auditor resources available to Audit New Zealand and affected a number of Councils.

Challenges/issues we experienced: A delay due the lack of auditor resources available to Audit New Zealand resulted in Council not meeting the statutory timeframes for the adoption of the Annual Report 2021/22. This timing alteration also impacted on staff resources and priorities for both business as usual and the 2023/24 Annual Plan preparation.

Looking ahead: Council will continue to ensure it prepares its annual reports in accordance with all requirements. To achieve this, it will pro-actively manage resourcing to meet project milestones and ensure that information is provided to Audit NZ in a complete and timely manner to ensure compliance with statutory timeframes.

Measure 2: The annual plan (AP) is prepared within statutory timeframes

Target: The annual plan is prepared within statutory timeframes.

2020/21	2021/22	2022/23
2021/22 AP X	2022/23 AP ✓	2023/24 AP ✓

What we did: The Council is usually required to adopt its Annual Plans by 30 June each year. The Annual Plan 2023/24 was adopted on 27 June 2023 which met the statutory deadline. An audit of this plan was not required as there were no significant changes to the Long Term Plan forecasts.

Challenges/issues we experienced: A delay due the lack of auditor resources available to Audit New Zealand resulted in Council not meeting the statutory timeframes for the adoption of the Annual Report 2021/22. This timing alteration also impacted on staff resources and priorities including the 2023/24 Annual Plan preparation. The government led transfer of the delivery of three waters services to new regional entities has meant a Department of Internal Affairs Review of these activities within the 2023/24 Annual Plan was required before Council could adopt the plan.

Looking ahead: Council continues to ensure it meets statutory timeframes by pro-actively manage resourcing to meet project milestones.

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 Residents’ Opinion Survey

Target: 60% or above.

	2020/21	2021/22	2022/23
Target	≥ 60%	≥ 60%	≥ 60%
Result	72%	32%*	34%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 37% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 39% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 40% was excluded.

What we did: In 2022/23, 34% of residents surveyed were satisfied with Councils overall performance, which did not meet our target for the year. Survey respondents who returned a neutral stance on Council’s overall performance tallied 40%, with dissatisfied respondents tallied at 26%.

Challenges/issues we experienced:

Council has experienced challenges from several external factors during the financial year, including:

- government reforms that have increased workload for the team and generated uncertainty in three waters and resource management planning,

- significant remediation undertaken to repair flood damage caused by numerous severe weather events,
- the current inflationary economy which has increased operational and capital project costs, and
- tight labour market conditions making recruitment of permanent staff difficult which has resulted in engaging contractors to maintain services and help deliver projects

Looking ahead: Council has made good progress in delivering key strategic projects like the District Plan Review. During this year Council has already commenced planning for the next ten years. Building resilience in infrastructure to mitigate impact of severe weather events, continuing to value our environment and progressing our community development focus will be key targets.

Measure 4: Number of face-to-face meetings held each year between Council representatives and Ngā Papatipu Rūnanga, or Te Rūnanga o Ngāi Tahu

Target: ≥2.

	2020/21	2021/22	2022/23
Target	≥ 2	≥ 2	≥ 2
Result	3	3	3

What we did: During the 2022/2023 year, Council continued to foster the relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu through a series of formal and informal meetings held throughout the year. We exceeded our target with three formal hui held during the year; engagement on the various Council projects being undertaken including Three Waters, District Plan review, Better off Funding Projects and general discussions around speed management within the District and how we wish to work together moving forward.

Challenges/issues we experienced: Council recognises the constraints on the capacity of ngā papatipu rūnanga and their representatives. This includes their ability to provide resources for involvement in Council projects and activities. Therefore, Council will endeavour to ensure that the number of meetings between rūnanga and Council are appropriate and offer the greatest opportunity for effective and meaningful engagement.

Looking ahead: We recognise the importance and value of building strong, effective, enduring and open relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu. As such, our goal is to achieve that of a true partnership with mana whenua so that we can continue to work together towards shared outcomes for greater results. As such we have scheduled quarterly hui with the Chairs of Te Rūnanga o Arowhenua, Te Rūnanga o Waihao and Te Rūnanga o Moeraki. Our service level agreement (SLA) with Aoraki Environmental Consultancy Ltd will continue to be key in assisting us with our work and is due for renewal on 1st July 2023.

Measure 5: Number of public forums held each year with communities and groups

Target: 40 or more.

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

	2020/21	2021/22	2022/23
Target	≥ 40	≥ 40	≥ 40
Meetings	66	83	60

What we did: During the 2022/23 year, Council met in public 15 times, Committees of Council were held 8 times, and there were 20 Community Board meetings held. A total of 17 other public forums were held, including consultation sessions for the District Plan review, public meetings on specific issues and 'Meet the Candidate' events prior to the local government election. A combined total of 60 public forums were held during the year, well exceeding our target of 40.

Challenges/issues we experienced: The number of public forums was down this year due to governance activity slowing down in the pre-election period.

Looking ahead: Public sessions will continue to be part of our consultation options with our communities. The number will continue to fluctuate depending on the number of community interest projects or statutory requirements.

Measure 6: Council provides a centralized service point (via face to face, phone and e-mail) for all customers

New measure in 2021/22.

2020/21	2021/22	2022/23
N/A	X	✓

COVID-19 lockdown

What we did: During the 2022/23 year, Council operated service centres in both Fairlie and Twizel, Monday to Friday 8.30am to 5pm. Our customer services teams answer incoming calls made to our main phone line and receive emails sent to our generic address info@mackenzie.govt.nz. In addition, our customers are supported by an afterhours telephone answer service which prioritises calls and either contacts Council staff directly by phone or by email dependent on severity and urgency of the issue.

Challenges/issues we experienced: During 2022/23 the Twizel Customer Services team relocated to the Twizel Events Centre from March to July 2023 while construction work was occurring adjacent to the Service Centre entrance. The team continued to provide the first point of contact for our customers and Postal Agency facilities from the Events Centre during this period. All other staff working in Twizel remained in the back office at the Service Centre.

Looking ahead: Operating hours at our two existing service centres will continue at the same level until evidence of increased demand indicates the need for extended service across our district is required.

Measure 7: Council meets customer satisfaction at the first point of contact

New measure in 2021/22.

Target: At least 85% of customers are satisfied or very satisfied by the quality of the centralised customer service received at the first point of contact. Measured by annual customer satisfaction survey and quality monitoring.

	2020/21	2021/22	2022/23
Target	N/A	85%	≥ 85%
Result	N/A	No data available	61%

What we did: The results of our annual Residents' Opinion survey show 61% of our customers are satisfied or very satisfied with the first point of contact with Council staff, with 21% returning a neutral response. This result did not meet our performance target of 85%.

Half of the respondents agree that Council was easy to deal with (52%), and listened to residents' needs (47%), treated them fairly (45%), and were responsive (44%). However, Council received poorer ratings for the resolution timeframe (37%), keeping respondents informed during and after the process (31%) and operating transparently (20%).

Challenges/issues we experienced: Relocating the Twizel Customer Service and Postal Agency facilities during the construction period in Market Square moved our service delivery into temporary premises for several months.

Looking ahead: Council will continue to benchmark survey results for future tracking. We will also continue to invest in technology and appropriate staffing to improve our customer service across all our departments.

Measure 8: Provide financial reports to Council meetings to enable timely decisions to be made

New measure in 2021/22.

Target: Financial reports included in Council meeting agendas for every meeting.

2020/21	2021/22	2022/23
N/A	X	X

What we did: Finance reports were tabled at only eight of the ten ordinary Council meetings held during 2022/23 which meant we did not meet this target.

Challenges/issues we experienced: The workload associated with the preparation of the 2021/2022 Annual Report and then the delayed auditing of those financials at the same time as the 2023/24 Annual Plan preparation meant it was agreed that a financial report was not placed on the agenda in those two months – September 2022 (preparation of annual report) and April 2023 (auditing of 2021/22 financials and preparation of annual plan).

Looking ahead: We will work with Council to continue to balance the workload and priorities of staff especially the finance team, as we move to post Covid regularity of the annual reporting cycle. We will also work with our software providers to continue refining reports that can be generated automatically from our financial systems to assist in providing timely and pertinent financial reports.

Measure 9: Issue rates invoices by no later than twenty calendar days prior to invoice due date every quarter

New measure in 2021/22.

Target: Quarterly rates invoices issued at least twenty calendar days prior to each invoice due date

2020/21	2021/22	2022/23
N/A	✓	✓

What we did: Rates invoices were issued on time for each instalment.

Challenges/issues we experienced: An upgrade of the computer system to a cloud based platform provided challenges to the rating team in extracting data files.

Looking Ahead: Council has invested in staff and systems to improve the knowledge base of system processes.

Measure 10: Ensure collection procedures are followed to maximise prompt payments

New measure in 2022/23.

Target: Debt collection procedures are followed

2020/21	2021/22	2022/23
N/A	N/A	✓

What we did: Debt collection procedures per Councils Debt Recovery Policy were followed.

Challenges/issues we experienced: An upgrade of the computer system to a cloud based platform provided challenges in data entry, processing and extracting data files.

Looking Ahead: We will work with our software providers to continue refining reports that can be generated automatically from our financial systems.

Measure 11: Provide quarterly debtors reports to Council

New measure in 2022/23.

Target: Quarterly debtors reports included in Council meeting agendas on a cyclical basis

2020/21	2021/22	2022/23
N/A	N/A	✓

What we did: Quarterly debtors reports were tabled at the four Audit and Risk Committee meetings held during 2022/23 which meant we met this target (all Councillors are on the Committee, as well as an independent Chair).

Challenges/issues we experienced: The quarterly report requires staff to manually assign debtor categories to each type of sundry debtor reported on and if a debtor is in credit manually move these from the current balance field.

Looking ahead: We will work with our software providers to enhance the automation of the aged trial balance reports.

Measure 12: Ensure that staff and suppliers are paid on a timely basis to ensure continuity of Council operations

New measure in 2021/22.

Target: Process payroll fortnightly and creditors payments no later than the 20th of the following month – to ensure timely payment.

2020/21	2021/22	2022/23
N/A	✓	✓

What we did: Payroll was processed fortnightly with payments made to staff on the Tuesday of that fortnight. Creditors were processed and paid three times each month (10th, 20th, 30th).

Challenges/issues we experienced: An upgrade of the computer system to a cloud based platform provided challenges in data entry, processing and extracting data files.

Looking Ahead: Council has invested in staff and systems to improve the knowledge base of system processes and robust control systems and Information Technology solutions remain in place to support both in- house and remote processing of staff and supplier payments.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$993,000 above LTP

An additional \$120,000 was spent in regards the completion and audit of the 2020-2021 and 2021-2022 Annual Reports.

An additional \$961,000 was spent in regards contractors to fill staff vacancies and to provide additional resource to complete three water stimulus projects and statutory reporting requirements.

Increase / (decrease) in reserves \$1,068,000 above LTP

Transfers from reserves were higher due to the timing of expenditure on capital projects, and increased operating expenditure incurred.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Information and Engagement	76	11	99
IT Support	88	38	179
Fairlie Administration Building	1,000	51	126
Twizel Administration Building	2	2	9
Plant Operations	120	82	311
Total	1,286	184	723

FUNDING IMPACT STATEMENT – GOVERNANCE AND CORPORATE SERVICES

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	4,282	4,777	4,886
Targeted rates	34	34	36
Subsidies and grants for operating purposes	-	-	156
Fees and charges	167	172	209
Internal charges and overheads recovered	1,086	894	1,174
Local authorities fuel tax, fines, infringement fees and other receipts	124	383	107
Total operating funding	5,693	6,260	6,567
Applications of operating funding			
Payments to staff and suppliers	6,160	6,526	7,519
Finance costs	4	18	34
Internal charges and overheads	(758)	(612)	(727)
Other operating funding applications	-	-	-
Total applications of operating funding	5,406	5,932	6,826
SURPLUS / (DEFICIT) OF OPERATING FUNDING	287	328	(259)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,037	(15)	(54)
Gross proceeds from the sale of assets	-	-	97
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,037	(15)	44
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	116	11	210
Capital expenditure - to replace existing assets	1,170	173	513
Increase/(decrease) in reserves	39	129	(939)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	1,325	313	(216)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(287)	(328)	259
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable

3.2 WATER SUPPLIES

The provision of 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.

Key Facts (as at 30 June 2023)

5 Council operated supplies – 4 urban schemes in Twizel, Tekapo, Fairlie and Burkes Pass; and the Allandale rural scheme.

4 Council assisted supplies – 2 piped schemes in Albury and Kimbell; 2 stock water races Ashwick Opuha and School Road.

3,050 properties connected to Council water systems

387km water mains in addition to 21km of service lines and 115km water races

561 hydrants for firefighting water supply

What We Do

Water supply is a core function of the Council. We maintain and manage the treatment and distribution of water with community water supplies in the townships of Twizel (including Pukaki Airport), Tekapo, Fairlie and Burkes Pass, and the Allandale rural scheme.

Management and operation of the Albury water supply is undertaken by the Albury Rural Water Supply Society Inc. under a formal agreement with the Council.

Council also assists with the three public stock water race systems within the district being Kimbell, Ashwick Opuha and School Road. Management of a small, piped stock water scheme, Kimbell Rural, is carried out by consumers.

Key Projects for 2022/23

As well as the routine maintenance and operations required to provide our community water supplies, Council had planned to undertake some significant workstreams in 2022/23.

Project 1 – Water metering (deferred)

Commencement of the Twizel water metering project is now due in October 2023 after supply and data agreement issues. The installation of electronic water metering of properties in Twizel is expected to be completed in April 2024. Other urban water supplies are expected to follow to monitor consumption and improve water conservation

Project 2 – Water main replacements – Fairlie (complete)

In July 2022 we replaced the last 727m of asbestos cement mains in Fairlie as part of an accelerated mains renewal programme. Work on this project started in 2021 and was completed in July 2022.

Project 3 – Fairlie Water Treatment Plant (progressing)

We commenced construction on the new Fairlie Water Treatment Plant in June 2023. This facility is scheduled for completion during the 2023/24 financial year.

The new plant will be capable of managing the current source water quality fluctuations and will improve treatment so we can meet New Zealand Drinking Water Standards for protozoa levels. The upgrade includes the construction of two new supply reservoirs to ensure reliability of the water supply.

Project 4 – Compliance with Drinking Water Standards (commenced)

We were required to update the Water Safety Plans for all five Council owned water supplies and the Albury supply to comply with the new regulations introduced during 2022/23. Water Safety Plans identify areas of risk within a water system. We are implementing several key improvements identified in the Water Safety Plans: backflow prevention, catchment security, improved monitoring, better record keeping systems and onsite instrumentation.

Assessment of performance against measures and targets for 2022/23

We achieved 29% of our non-financial performance standards in the water supply activity.

	2020/21	2021/22	2022/23
Achieved:	60%	14%	29%
Not Achieved:	40%	86%	71%
No Data Available:			

The Residents' Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

Measure 1: Compliance with Drinking Water Standards (part 4) – Bacterial Compliance and Drinking Water Quality Assurance Rules (DWQAR)*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≥95%	≥95%	≥95%
Result:	25%	17%	0%

Target: ≥95% for all six supplies (per national guidelines).

What we did: An independent review of our monitoring documentation assessed that Council's water supplies did not fully comply with the Drinking Water Standards New Zealand (DWSNZ) from 1 July 2022 to 13 November 2022 and the Drinking Water Quality Assurance rules (DWQAR) from 14 November 2022 to 30 June 2023. The main reasons for non-compliance are:

- Burkes Pass: insufficient monitoring
- Albury: insufficient treatment
- Allandale: insufficient treatment
- Fairlie: insufficient treatment and insufficient monitoring
- Takapō/Tekapo: insufficient monitoring
- Twizel: insufficient monitoring

Under both the Drinking-water Standards for New Zealand (DWSNZ) and the Drinking Water Quality Assurance Rules (DWQAR), supplies that serve fewer than 500 people don't have separate criteria for bacteria and protozoal compliance. This applies to Burkes Pass, Albury and Allandale, so these have been given a combined compliance rating for these.

We are currently increasing the frequency of monitoring, so we statistically prove this based on the drinking water standards. Council is also updating its protocols and equipment to bring the sampling regimes up to compliance levels. The Burkes Pass Water safety plan has been submitted for approval.

Challenges/issues we experienced: Monitoring and frequency and sampling regimes in the Tekapo, Burkes Pass and Twizel supplies were not sufficient to demonstrate to the independent auditor that these systems were correctly meeting the minimum requirements of the Drinking Water Standards New Zealand (DWSNZ) for the part period to 13 November 2022, and the Drinking Water Quality Assurance Rules (DWQAR) which replaced these from 14 November 2022 to 30 June 2023.

Looking ahead: Council is currently constructing a new treatment plant for Fairlie and this will become operable in the 2023/24 financial year. Council has made provision in its long term plan to connect Allendale onto this new plant thus bringing Allendale up to compliance levels.

We are also working with the Albury water supply committee to access the scheme and evaluate upgrading options.

Measure 2: Compliance with Drinking Water Standards (part 5) – Protozoal Compliance and Drinking Water Quality Assurance Rules (DWQAR)*

*Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≥75%	≥40%	≥40%
Result:	0%	0%	0%

Target: 2 of 5 supplies compliant

What we did: An independent review of our monitoring documentation assessed that Council’s water supplies did not fully comply with the Drinking Water Standards New Zealand (DWSNZ) from 1 July 2022 to 13 November 2022 and the Drinking Water Quality Assurance rules (DWQAR) from 14 November 2022 to 30 June 2023. The main reasons for non-compliance are:

- Burkes Pass: insufficient monitoring
- Albury: insufficient treatment
- Allendale: insufficient treatment
- Fairlie: insufficient treatment and insufficient monitoring
- Takapō/Tekapo: insufficient monitoring
- Twizel: insufficient monitoring

Under both the Drinking-water Standards for New Zealand (DWSNZ) and the Drinking Water Quality Assurance Rules (DWQAR), supplies that serve fewer than 500 people don’t have separate criteria for bacteria and protozoal compliance. This applies to Burkes Pass, Albury and Allendale, so these have been given a combined compliance rating for these.

We are currently increasing the frequency of monitoring, so we statistically prove this based on the drinking water standards. Council is also updating its protocols and equipment to bring the sampling regimes up to compliance levels. The Burkes Pass Water safety plan has been submitted for approval.

Challenges/issues we experienced: Monitoring and frequency and sampling regimes in the Tekapo, Burkes Pass and Twizel supplies were not sufficient to demonstrate to the independent auditor that these systems were correctly meeting the minimum requirements of the Drinking Water Standards New Zealand (DWSNZ) for the part period to 13 November 2022, and the Drinking Water Quality Assurance Rules (DWQAR) which replaced these from 14 November 2022 to 30 June 2023.

Looking ahead: Council is currently constructing a new treatment plant for Fairlie and this will become operable in the 23/24 financial year. Council has made provision in its long term plan to connect Allendale onto this new plant thus bringing Allendale up to compliance levels.

We are also working with the Albury water supply committee to access the scheme and evaluate upgrading options.

Measure 3: The percentage of real water loss from the networked reticulation system*

*Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤25%	≤25%	≤25%
Result:	26%	35%	31%

What we did: It is estimated 31% of recorded treated water was lost from our networks during 2022/23.

The water loss calculated by measuring winter night time flow is likely not due to leaks in public mains as we have renewed over 60% of this public reticulation. It is more likely due to leaks in private property and overnight water use by residents leaving a tap running overnight in the winter to prevent pipes freezing

Challenges/issues we experienced: No significant challenges or issues were experienced during the 2022/23 year. We do not have meters at each connected property (universal metering) so are unable to track where water is being used and lost from the reticulation system.

Looking ahead: Pipe renewal and water metering in Twizel in 2023/24 is expected to reduce water usage. Accurate recording of water leaks in Twizel is expected to be available from July 2024.

Measure 4: The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system*

*Mandatory performance measure

(Hours)	2020/21	2021/22	2022/23
Attendance for urgent call outs ≤2hrs			
Target:	≤2	≤2	≤2
Result:	0.9	0.5	2.1
Resolution of urgent call outs ≤12 hrs			
Target:	≤12	≤12	≤12
Result:	2.0	1.9	3.6
Attendance for non-urgent call outs ≤72 hrs			
Target:	≤72	≤72	≤72
Result:	3.1	19.3	59.5
Resolution of non-urgent call outs ≤120 hrs			
Target:	≤120	≤120	≤120
Result:	25.3	28.8	59.6

What we did: During 2022/23 there were 3 urgent callouts with the longest response time of 3.8hrs and the longest resolution time of 5.8hrs. The median response time exceeded our target so we did not meet this target. Most of the 188 non urgent call outs were resolved on site at the time they were responded to, however we did not meet all the measures for this target.

Challenges/issues we experienced: We did not experience any significant challenges during the year.

Looking ahead: We will continue to look for efficiencies in our responses to call-outs so that faults and unplanned interruptions to our networked reticulated water systems are addressed in a timely manner.

Measure 5: The total number of complaints received about any of the following: *

1. drinking water clarity
2. drinking water taste
3. drinking water odour
4. drinking water pressure or flow
5. continuity of supply
6. MDC response to any of the above

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤5	≤5	≤5
Result:	2.7	8.7	0.0

Target: ≤5 complaints per 1,000 connected properties.

What we did: No complaints were received in 2022/23 related to water supply.

Challenges/issues we experienced: We did not experience any significant challenges during the year.

Although some large-scale rain events experienced in our water supply catchment areas during the year temporarily increased turbidity and discoloured the treated water supply, no complaints were received.

Looking ahead: The new Water Treatment Plant in Fairlie will improve water clarity for this supply. Council will monitor the chlorine levels in our water supplies to maintain an appropriate chemical balance

Measure 6: The percentage of ratepayers satisfied with the water supply service

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	86%	57%	66%

The Residents' Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 29% 'neutral' response was included in the 'Achieved' result. In 2021/22 a 'neutral' response of 22% was excluded from the 'Achieved' result and in 2022/23 a 'neutral' response of 21% was excluded.

What we did: Of the residents who responded to our survey, 66% stated They thought Council's water supply was good or very good during 2022/23 with 22% returning a neutral opinion. This did not meet the annual target of an 80% satisfaction level.

Challenges/issues we experienced: Flooding events near Fairlie provided a turbidity problem, but most was high turbidity water was caught and dumped at the breakwater tank.

Looking ahead: We will continue to improve our remote site data capture and completing construction of the Fairlie water treatment plant.

Measure 7: Average consumption of drinking water per day per resident within the district*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤1.2m ³	≤1.2m ³	≤1.2m ³
Result:	1.7m ³	1.3m ³	1.2m ³

Target: ≤1.2m³/resident/day.

What we did: 2,361,010m³ of water was used during the year. It is Based on an estimated the usual resident population of 5,400 people. We just met our target.

Challenges/issues we experienced: The number of residents is not well understood with many holiday makers, events visitors and tourists also using water. Residents do not have sufficient understanding of the need to reduce consumption of water for irrigation, prevention of frozen pipes and leaks on property. We need to develop educational communication strategies to raise awareness about water consumption and conservation.

Looking ahead: We will develop materials and programs to inform and educate our residents, ratepayers and visitors about efficient water usage and why this is important. Also, in the 2021/31 Long Term Plan we have signalled Council’s intention to introduce universal water metering of properties connected to urban water supplies. Volumetric charging in the future would assist to encourage water conservation measures.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Allandale / Spur Road Water Supply	55	-	25
Downlands Water Supply	488	55	85
Urban Water Supply	10,843	5,644	2,634
Water Services Reform Programme – Stimulus Projects	498	-	49
Total	11,884	5,699	2,793

Significant Financial Variances between Actual and the Long Term Plan

Development and financial contributions \$551,000 below LTP

Income from financial contributions was below that budgeted in the LTP. Financial contributions are reliant on subdivision consents.

Increase / (decrease) in debt \$3,837,000 below LTP

Due to delays with the Fairlie Water Supply upgrade the loan of \$3,774,000 budgeted in the LTP was not required to be raised. The project has been rebudgeted in the 2022-2024 financial years.

Capital expenditure – to improve the level of service \$2,793,000 below LTP

The LTP included a budget for the Fairlie Water Supply upgrade to be compliant to the New Zealand Drinking Water Standards. Work on this project has been delayed with expenditure on scoping and design being incurred. The project has been rebudgeted in the 2022-2024 financial years.

Increase / (decrease) in reserves \$1,816,000 above LTP

Transfers from reserves were higher than budgeted due to the timing of expenditure on capital projects.

FUNDING IMPACT STATEMENT – WATER SUPPLIES

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,461	1,870	1,846
Subsidies and grants for operating purposes	535	-	-
Fees and charges	120	124	90
Internal charges and overheads recovered	5	5	5
Local authorities fuel tax, fines, infringement fees and other receipts	26	32	52
Total operating funding	2,147	2,031	1,993
Applications of operating funding			
Payments to staff and suppliers	1,344	866	1,220
Finance costs	39	169	132
Internal charges and overheads	49	54	77
Other operating funding applications	-	-	-
Total applications of operating funding	1,432	1,089	1,429
SURPLUS / (DEFICIT) OF OPERATING FUNDING	715	942	563
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	498	-	44
Development and financial contributions	707	1,028	477
Increase/(decrease) in debt	8,424	3,763	(74)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	9,629	4,791	448
Applications of capital funding			
Capital expenditure - to meet additional demand	174	25	-
Capital expenditure - to improve the level of service	11,418	5,540	2,747
Capital expenditure - to replace existing assets	292	134	45
Increase/(decrease) in reserves	(1,539)	34	(1,782)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	10,345	5,733	1,011
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(715)	(942)	(563)
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.3 WASTEWATER

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.

Key Facts (as at 30 June 2023)

4 treatment facilities: each of the four schemes use oxidation ponds to treat the wastewater

114km sewer lines

1,109 manholes

6 pump stations

3,098 properties connected to Council wastewater systems

What We Do

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

We operate community wastewater systems in the townships of Twizel, Tekapo, Fairlie and Burkes Pass. In each case, effluent is collected through our wastewater reticulation and treated by way of an oxidation pond. Treated effluent is discharged to ground.

Key Projects for 2022/23

Council identified key wastewater scheme priorities within the 2022/23 Annual Plan.

Project 1 – Lake Tekapo/Takapō upgrades – Wastewater treatment plant (ongoing)

An upgrade of the wastewater treatment plant is required to cater for community growth, including the Station Bay subdivision, and improve disposal options. We have completed a feasibility study to determine the physical plant requirements, proposed plant location and disposal site. This project will be added in the long-term plan for around 2027.

Project 2 – Pipe replacement programme (progressing)

During 2021/22 all pre-1970 wastewater mains in Fairlie and Tekapo were inspected using CCTV technology to identify sections that were no longer functioning as designed. Most mains in Twizel and Tekapo were operating well and did not need upgrades. In Fairlie a total of 900 metres of mains were relined in 2022/23.

Project 3 – Compliance with Discharge Consents (progressing)

Work at all Wastewater Treatment Plants is ongoing with new inlet works programmed for Fairlie and Tekapo. This will help to removed solids and- slow down the build-up of materials in the bottom of the recently desludged sewage treatment ponds.

Environment Canterbury Regional Council (ECAN) officials conducted an annual inspection in March 2023. From these inspections:

- Twizel - Four minor issues were raised and these have been resolved.
- Tekapo – Four minor issues were raised and these have been resolved.
- Burkes Pass - Four minor issues were raised and these have been resolved.
- Fairlie – Eight minor issues were raised and these have been resolved.

Assessment of performance against measures and targets for 2022/23

We achieved 60% of our non-financial performance standards in the wastewater activity.

	2020/21	2021/22	2022/23
Achieved	78%	40%	60%
Not Achieved	22%	60%	40%
No Data Available			

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

Measure 1: The number of dry weather sewerage overflows from Council’s sewerage system, expressed per 1,000 connections to that sewerage system*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤2	≤2	≤2
Result:	1.7	1.3	0.6

What we did: During the 2022/23 year, we recorded two dry weather overflow events which meant we met our target.

Challenges/issues we experienced: In these instances the overflows resulted from blocked mains. We responded by flushing our mains which resolved the blockages.

Looking ahead: Because many of our blockages are due to the disposal of fats, greases and other items by property owners, Council will work on preparing educational material about what can and cannot be disposed of to our reticulated wastewater systems.

Measure 2: Compliance with the Council’s resource consents for discharge from its sewerage system measured by:

- a) data within the annual compliance reports (New measure in 2021/22)
- b) the number of abatement notices
- c) the number of infringement notices
- d) the number of enforcement orders
- e) the number of convictions

	Target	2020/21	2021/22	2022/23
Compliance	Compliant	N/A	X	X
Abatement notices	Nil	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil	Nil
Convictions	Nil	Nil	Nil	Nil

What we did: ECAN recorded 8 minor non-compliances across our four wastewater treatment ponds. These have since been resolved but meant we do not meet our compliance target for 2022/23. From b) to e) there were no notices, enforcement orders or convictions relating to the above.

Challenges/issues we experienced: No major changes to our operations were required by ECAN, as the quality of our discharge meets our resource consent conditions.

Looking ahead: We will continue to monitor the operation of our wastewater discharge systems and provide all relevant information to ECAN.

Measure 3: 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 **Target:** ≤1 hr
- b) Resolution time **Target:** ≤4 hrs

* Mandatory performance measure

	2020/21	2021/22	2022/23
Attendance Time			
Target:	≤1 hr	≤1 hr	≤1 hr
Attendance time met:	2.0	1.5	0.8
Resolution Time			
Target:	≤4hr	≤4hr	≤4hr
Resolution time met:	2.0	3.0	3.2

What we did: During 2022/23 Council’s median attendance time was 49 minutes which met the target time frame and the median resolution time was three hours and 11 minutes which was within the target. Council attended three overflow events during the year.

Challenges/issues we experienced: The geographic size of our district and the volume of work pose challenges in meeting these targets for a number of reported events. When specialist water jetting equipment is required to un-block a drain, this has to be sourced from Timaru. This alone can result in a delay in getting that equipment to site in excess of 1 hour.

Looking ahead: We will continue to work closely with our maintenance contractor to identify opportunities to reduce response times.

Measure 4: The total number of complaints received by the Council about any of the following*

* Mandatory performance measure

- a) sewage odour
- b) sewerage system faults
- c) sewerage system blockages
- d) the Council’s response to issues with its sewerage system

	2020/21	2021/22	2022/23
Target:*	≤50	≤50	≤50
Result:	9.3	5.3	2.9

*Target: ≤50 complaints per 1,000 connections

What we did: During 2022/23, we received nine complaints regarding the above matters in relation to our wastewater systems. With 3,098 properties connected to Council's wastewater systems, this equates to 2.9 complaints per one thousand connections which is well within this target.

Challenges/issues we experienced: In new developments and where pressure sewer systems connect to the gravity system, odour is a difficult matter to deal with. Complaints received are attended to and we endeavour to put in procedures to rectify issues.

Looking ahead: We will continue to respond to all complaints received and try to implement procedures to resolve issues.

Measure 5: Satisfaction with wastewater treatment and disposal service

	2020/21	2021/22	2022/23
Target:	≥85%	≥85%	≥85%
Result:	93%	60%	67%

The Residents' Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 28% 'neutral' response was included in the 'Achieved' result. In 2021/22 a 'neutral' response of 29% was excluded from the 'Achieved' result and in 2022/23 a 'neutral' response of 28% was excluded.

What we did: Of those residents surveyed, 67% stated that they were satisfied with Council's sewerage treatment and disposal system during 2022/23. This result did not meet our target for the year and reflects the 2021/22 change in the survey's Likert scale to include neutral respondents.

Challenges/issues we experienced: In addition to difficulties relating to odour, Council's sewer network performance can be affected by blockages when unsuitable substances or items like fats or rags enter the pipelines and water infiltration.

Looking ahead: Council will continue to reline earthenware pipes with PE or fiberglass to reduce water infiltration. Also, we will continue to CCTV older parts of the network.

Significant Financial Variances between Actual and the Long Term Plan

Capital expenditure – to improve the level of service \$466,000 above LTP

The LTP included expenditure on the upgrade of the Tekapo Wastewater treatment plant. A feasibility study was completed in regards physical plant requirements, proposed plant location and disposal site and planning and design work and will now be rebudgeted in the 2024-34 LTP.

Work was completed on the Fairlie Golf Club line, reline projects and three water stimulus programme projects which were carried over from the previous financial year.

Increase / (decrease) in reserves \$955,000 above LTP

Transfers from reserves were higher than budgeted due to the timing of expenditure on capital projects.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Urban Sewerage	900	776	1,000
Water Services Reform Programme – Stimulus Projects	1,456	-	21
Total	2,356	776	1,021

FUNDING IMPACT STATEMENT – WASTEWATER

(All in \$000s)	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	879	1,052	837
Subsidies and grants for operating purposes	1,661	-	9
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	20	21	43
Total operating funding	2,560	1,073	889
Applications of operating funding			
Payments to staff and suppliers	2,060	816	659
Finance costs	-	1	1
Internal charges and overheads	28	30	50
Other operating funding applications	-	-	-
Total applications of operating funding	2,088	847	711
SURPLUS / (DEFICIT) OF OPERATING FUNDING	472	226	179
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	1,519	-	-
Development and financial contributions	559	650	284
Increase/(decrease) in debt	(10)	290	(8)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,068	940	276
Applications of capital funding			
Capital expenditure - to meet additional demand	1,303	518	246
Capital expenditure - to improve the level of service	1,116	259	725
Capital expenditure - to replace existing assets	-	-	50
Increase/(decrease) in reserves	122	389	(566)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	2,541	1,166	455
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(473)	(226)	(179)
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.4 STORMWATER

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 more than minor detrimental impact on the environment from the disposal of stormwater in our urban areas of Twizel, Tekapo and Fairlie.

Key Facts (as at 30 June 2023)

22,851 m² treatment area

3,834 properties connected to council stormwater system 25.0km of pipelines

394 manholes

6.2km of open drains associated with roading

What We Do

Council is responsible for the management of stormwater networks in Twizel, Tekapo and Fairlie. Each of these schemes are subject to consent conditions imposed by Environment Canterbury Regional Council (ECAN).

Our networks discharge to ground or a receiving water body after flowing through some form of treatment. The stormwater reticulation is composed of gravity flow through pipes ranging from 150mm to 1,050mm in diameter.

The stormwater network does not include the Council managed drainage control assets consisting of kerb and channel, surface water channels, catch pits, soak pits, side drains, and culverts that are included in roading assets.

Key Projects for 2022/23

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 – Stormwater Management Plans (progressing)

Environment Canterbury's Land and Water Regional Plan requires our urban networks to each have a Stormwater Management Plan. We currently have approved Stormwater Management Plans in place for Twizel and Tekapo. During 2021/22 we submitted a Stormwater Management Plan for Fairlie to Environment Canterbury for approval. We are currently waiting on Environment Canterbury's response.

Project 2 – Alloway Street (flooding) Investigation and Upgrade (progressing)

In 2021/22 we investigated stormwater flooding issues in Alloway Street, Fairlie. The construction of upgraded reticulation will be completed during 2023/24.

Project 3 – Box culvert replacement – Sloane Street (deferred)

In 2021/22 we evaluated the stormwater system in Sloane Street to determine the scope of the required upgrade. The construction of upgraded reticulation for Sloan Street in Fairlie has been deferred to 2023/24.

Assessment of performance against measures and targets for 2022/23

We achieved 83% of our non-financial performance standards in the stormwater supply activity.

	2020/21	2021/22	2022/23
Achieved:	88%	83%	83%
Not Achieved:	12%	17%	17%
No Data Available:			

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

Measure 1: The number of flooding events in the Mackenzie district*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤2	≤2	≤2
Result:	2	0	0

What we did: There were no significant flooding events of the urban stormwater infrastructure in 2022/23.

Challenges/issues we experienced: No issues or challenges were experienced during 2022/23.

Looking ahead: Council 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 overflows or failures.

Measure 2: For each flooding event, the number of habitable floors affected*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤2	≤2	≤2
Result:	2	0	0

Target: ≤2 per 1,000 property connections.

What we did: There were no significant flood events during 2022/23, nor any habitable floors affected by those floods which exceeded this target.

Challenges/issues we experienced: No issues or challenges were experienced during 2022/23.

Looking ahead: Council 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 overflows or failures.

Measure 3: Compliance with the Council’s resource consents for discharge from its stormwater system measured by the number of: *

- a) abatement notices
- b) infringement notices
- c) enforcement notices
- d) convictions

* Mandatory performance measure

Target: 0.

	Target	2020/21	2021/22	2022/23
Abatement notices	Nil	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil	Nil
Convictions	Nil	Nil	Nil	Nil

What we did: Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of the resource consents which Council holds for discharge from its stormwater systems during the 2022/23 year. This result meant we met this target for the year.

Challenges/issues we experienced: No issues or challenges were experienced during 2022/23.

Looking ahead: Council will continue to monitor the operation of our stormwater systems to ensure that all stormwater assets operate as designed and are within consent conditions.

Measure 4: The median response time to attend a flooding event*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤2	≤2	≤2
Result:	4.8	N/A	N/A

What we did: We received no service requests to respond to a flooding event during 2022/23.

Challenges/issues we experienced: No issues or challenges were experienced in 2022/23.

Looking ahead: Council staff and contractors continue to review systems and processes to ensure that all incidents are responded to in a timely manner.

Measure 5: The total number of complaints received about the performance of the stormwater system*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≤5	≤5	≤5
Result:	4.4	1.1	0.0

Target: ≤ 5 complaints per 1,000 connected properties

What we did: We received no complaints for the year about our stormwater system during 2022/23. This means we met our target.

Challenges/issues we experienced: No issues or challenges were experienced in 2022/23

Looking ahead: Council 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 overflows or failures.

Measure 6: The percentage of ratepayers satisfied with the stormwater service

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	83%	41%	47%

The Residents' Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate. In 2020/21 a 36% 'neutral' response was included in the 'Achieved' result. In 2021/22 a 'neutral' response of 34% was excluded from the 'Achieved' result and in 2022/23 this 'neutral' response was 30%.

What we did: As an overall measure across all of our urban stormwater services, we received a customer satisfaction rating of 47% from our survey respondents for the 2021/22 year with 30% returning a neutral opinion. This did not meet the annual target of an 80% satisfaction level.

Challenges/issues: During 2022/23 severe rainfall events were experienced across the District, but were suffered in more rural areas.

Looking ahead: Council continues to assess risk and determine where greater resilience can be built into the systems to minimise adverse effects.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Urban stormwater	350	414	195
Water Services Reform Programme – stimulus projects	60	-	-
Total	410	414	195

FUNDING IMPACT STATEMENT - STORMWATER

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	107	172	165
Subsidies and grants for operating purposes	15	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	122	172	165
Applications of operating funding			
Payments to staff and suppliers	55	92	94
Finance costs	-	-	-
Internal charges and overheads	4	4	12
Other operating funding applications	-	-	-
Total applications of operating funding	59	96	107
SURPLUS / (DEFICIT) OF OPERATING FUNDING	63	76	58
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	60	-	-
Development and financial contributions	157	182	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	60	-	-
Total sources of capital funding	217	182	-
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	410	414	195
Capital expenditure - to replace existing assets	-	-	-
Increase/(decrease) in reserves	(129)	(156)	(137)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	281	258	58
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(64)	(76)	(58)
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.5 TRANSPORTATION

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

Key Facts (as at 30 June 2023)

- 224km of sealed local roads
- 516km unsealed local roads
- 70km footpaths
- 99 bridges
- 1,251 street lights

What We Do

We own and maintain 740 kilometres of local roads which feed off the highway network as the backbone; this being all the roads in our district except for state highways, which are managed by Waka Kotahi/ New Zealand Transport Agency (NZTA), and roading within Mt Cook Village, which is administered by the Department of Conservation (DoC). 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, environmental tourism, recreational activity and tourism, dairy farming and forestry.

The transport functions performed by Council include more than just roads. We also manage other assets associated with the physical movements of goods and people including footpaths, cycleways, bridges, streetlights and signage; and initiate work programmes and communications to improve the safety of our residents, commercial operators and visitors.

The provision of transportation services is Council's single biggest cost item. The carrying value of asset infrastructure for Council's transportation network is \$169.7 million.

Key Projects for 2022/23

Maintenance, renewals and replacements of our network to appropriate standards for our communities and visitors continued to be a focus for the 2022/23 year. Some of the key projects we undertook to maintain our levels of service are outlined below.

Project 1 – Low cost low risk improvements (ongoing)

Each year we undertake several roading improvement projects which are designed to address localised pressures from growth on our network. This includes safety focused projects like site benching, seal widening, traction seals, speed management, travel management demand measures, kerb and channel improvements and intersection improvements.

In 2022/23 we had a budget of \$461,927 and within this we completed seal widening on Gall St and Road Safety Education projects. Work around the speed limit changes has continued in 2023/24 and recommendations will be presented to Council before the end of the calendar year.

Project 2 – Streetlighting replacement programme (complete)

All of the Council Street lights and bollards have now been upgraded to the new fittings, with alternative LED fitting which are both compliant with lighting restrictions within the Mackenzie District and support our gold tier international dark sky reserve status.

Waka Kotahi (NZTA) have elected to manage the State Highway upgrades in our townships from the 1st of July 2023 separate to the Councils upgrade. This will commence late 2023 and continue into 2024.

A new contract for the operations and renewal of our District's streetlights will be procured in 2023 which will also include updating asset data records.

Project 3 – Urban footpaths upgrade (ongoing)

Following the completion of the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we have undertaken our footpath renewals programme for 2022/2023. This will continue into 2023/2024 due to the deferral for the water main work.

During 2021/22 we have performed footpath inspection and condition rating to assess all existing footpaths in the district. From this inspection repairs and renewals have been prioritised and will be programmed based on available budgets. Additional footpath works will also be carried out during 2023/24 under the Waka Kotahi Transport Choices programme.

Project 4 – Urban Transportation Study (progressing)

Further to the 2016 Transportation Study planning work was further developed for Tekapo with consultation with the Tekapo community. These incorporated wider needs including the lakefront development, upon which the transport study impinged.

Also, over this period other work has been completed including completion of the Mackenzie Spatial Plans, district plan changes reflecting the spatial plan outcomes and the Mackenzie's Destination Management Plan, Te Manahuna Ki Uta.

The findings of all this work will form the basis of future network improvements however, it is critical that the outcomes from these other council foundation documents are integrated to produce a cohesive solution meeting the needs of all.

We have successfully secured funding through Better Off Funding to proceed to the next stages which is to integrate the foundation documents into an agreed and aligned programme of works through consultation with our Communities, preparation of costings and secure funding via workstreams in the future Long Term Plan.

Project 5 – Unsealed Road Metalling (ongoing)

Every year we lose gravel off our unsealed roads from the impact of vehicle movements and our climate. This is amplified compared to other regions by our inconsistent rainfall patterns and the extreme variances in our local climatic conditions. Road metalling (gravel application/ renewal) is programmed each year to restore the running course (gravel), maintain the road surface, and to cover and protect the base; with particular attention to high risk and high trafficked roads like Lilybank and Braemar Road.

Flood damage sustained during 2022/23 greatly affected our unsealed roads, many of these have since had metalling but there will be some ongoing effects from these events. Looking forward there is more focus on creating and building resilience into our network. Focusing maintenance and renewal work programmes on roadside drainage adjacent to unsealed pavements will assist to minimise level of service loss as a result of ongoing weather events

Gravel loss surveys will be completed in the 2023/2024 this will assist us with programming of metalling, sourcing of raw product, the type of product required and if a combination of products is better for certain locations.

In 2021/22 we commenced an investigation to assess the viability of sealing some of our higher use roads. This analysis continued during 2022/23 and the resulting business case will form the basis for recommending seal extensions and their timing for inclusion in the 2024/34 Long Term Plan programme of works.

Project 6 – Ongoing sealed road resurfacing upgrades

The two year 2021/2022 re seal program was completed in one year (2022), with the two year spend being \$838,000. The lower areas of the network were completed in the 21/22 year with upper part of the network (Twizel) to be completed 23/24. The reseal program was developed to respond to the need to improve the condition of sealed roads across the district in response to current and changing traffic movements, and to maintain the waterproofing of our pavements in an environment of extreme climate events including variable rainfall and seasons.

Project 7 – Alps 2 Ocean (A2O) upgrades (deferred)

The Council provision allocated to upgrade the Alps to Ocean cycle trail was not spent in 2022/23 as additional external funding sought was not secured. During 2023/24 the remaining provision of \$457,000 combined with the government funding received of \$300,000 will be allocated to the East Pukaki Stage 1 off-roading project.

Assessment of performance against measures and targets for 2022/23

We achieved 67% of our non-financial performance standards in the transportation activity. An additional performance indicator adopted in the 2021/31 Long Term Plan increased the number of measures compared to 2020/21.

	2020/21	2021/22	2022/23
Achieved:	63%	56%	67%
Not Achieved:	37%	44%	33%
No Data Available:			

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

Measure 1: The average quality of ride on a sealed local road network, measured by smooth travel exposure (STE)*

* Mandatory performance measure

Rural Roads	2020/21	2021/22	2022/23
Target:	≥90%	≥90%	≥90%
Result:	98%	99%	99%

Urban Roads	2020/21	2021/22	2022/23
Target:	≥75%	≥75%	≥75%
Result:	97%*	97%	97%

*The 2020/21 urban roads result has been updated to reflect subsequent traffic count data entered into our RAMM database.

What we did: We continually aim to maintain our network to a high standard, ensuring preventative maintenance is executed at the right times, driving resilience while reducing the need for costly repairs. We also balance value for money to ensure we do not overinvest. We have controlled 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. These processes ensure the quality of ride on our rural and urban roads, as measured by smooth travel exposure, is maintained.

Council’s most recent results were 99% for rural roads and 97% for urban road when the last smooth travel assessment was completed in March 2023. This exceeded our target for 2022/23

Challenges/issues we experienced: With the level of development occurring within our district, and the resulting need to install underground services across roads, the roughness and in turn smooth travel exposure on our roads can be affected. To manage this, we work with developers and service providers to minimise the number of trenches and ensure roads are reinstated to our requirement standards. The biggest effects on our STE measures in recent years have been the upgrade of watermains, installation of ultra-fast broadband and power cabling and the capacity of contractors in relation to urban development.

STE is minimal as in the recent roughness survey the latest historic traffic data has been used for the calculation on the result but given traffic volumes had reduced (less traffic) this is likely to improve the result.

Council purchased two additional counters at the end of the 2021- 22 financial year and have restarting the counting programme using the road maintenance contractors for physical works and collection. They will manage the data and Road Asset Maintenance Management System (RAMM) inputs internally going forward.

Looking ahead: We will continue to monitor the condition of our roads and identify areas for improvements when required.

Measure 2: The percentage of the sealed local road network that is resurfaced*

* Mandatory performance measure

	2020/21	2021/22	2022/23
Target:	≥4%	≥4%	≥4%
Result:	6%	0%	5%

What we did: During the 2021/22 year, we entered a new maintenance contract and chose to focus on completing two years’ worth of pre-seal repairs. We also decided to carry forward reseal expenditure into the 2022/23 financial year to ensure sufficient preparation works could be completed prior to reseal programme delivery. This also enabled cost and resource efficiency by delivering a larger programme in that year.

Due to this approach we have exceeded our target of ≥4% local road network resealing. The reseal programme during 2022/23 was delivered using 100% emulsion product reducing the reliance on bitumen, where supply is now sourced offshore.

Challenges/issues we experienced: Ongoing weather events during 2022 reduced suitable conditions for surfacing and compressed the programme delivery. High-cost escalations continue to affect budgets, including resurfacing, reducing the amount of work that could be achieved.

Looking ahead: We will continue to maintain our sealed roads to an appropriate standard within our budget allocations and continue to look at innovations and cost efficiency gains. Acknowledgement has been made of future resurfacing requirements from developments and allowance has been made in long term plans.

Measure 3: The percentage of the unsealed road network renewed using wearing course and stabilisation techniques

	2020/21	2021/22	2022/23
Target:	≥2%	≥2%	≥2%
Result:	8%	30%	18%

What we did: During the 2022/23 year Council applied 16,142 m3 of granular material on our unsealed roads; 64.03 km of maintenance metalling at about 30mm average depth. This exceeded our target for 2022/23.

The total area covered has decreased from previous years due to a new operations contract, with a step change in contract rates driving a higher standard of work and product supplied compared to previous contracts. The 2022/23

programme focused on wearing courses using blended materials applied to sensitive sections across the network.

We also applied additional patch maintenance gravel to specific areas of our lower volume roads to aid in grader maintenance. Due to damage sustained in weather events during 2022 a large number of unsealed roads were metalled and repaired outside of our usual schedule of works.

Challenges/issues we experienced: The loss of gravel from our unsealed roads can be caused by a number of factors including changes to the use of the road and environmental conditions (e.g. weather conditions and events). Sourcing maintenance materials is also challenging. 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.

To help minimise gravel loss, we add clay to our maintenance gravel to bind the surface. This extends the longevity and reduces the frequency of maintenance. Whilst this wearing course treatment increases longevity of our unsealed roading assets, the cost is slightly higher than maintenance metal treatments. We prioritise the use of this on our higher volume roads, which in some cases is a considerable distance from the suitable material source. Balancing our maintenance methods and costs is a continual challenge for us as well as local gravel supply, where gaining consent continues to get more challenging for our suppliers.

Looking ahead: We continue to monitor and maintain our unsealed road network. When needed, we will plan renewals and/or improvements. We are continually reviewing our roads and innovating ways to maintain our current levels of service while minimising the cost of maintenance. We have a number of weathered rock sites in raw source which we have successfully blended with our crushed river aggregate source to improve its performance and achieve longer life. We continue to investigate alternative sources of raw materials to create cost savings and efficiencies such as the reduction in material cartage providing a more sustainable outcome.

Measure 4: The percentage of road users satisfied with the roading network

	2020/21	2021/22	2022/23
Target:	≥85%	≥85%	≥85%
Result:	76%	43%	46%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 37% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 26% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 24% was excluded.

What we did: Of those surveyed, 59% stated that they were satisfied with our urban roading network, 30% were satisfied with our rural road network and 48% stated they were satisfied with our footpaths. This is an average satisfaction of 46%. This did not meet our target for 2022/23.

Challenges/issues we experienced: In June 2022, we experienced a significant district wide flooding event that affected large sections of the rural network. With approximately \$4 million worth of damage remediation work was prioritised to make safe and allow property owners access. A flood recovery program was created with assistance from Fulton Hogan overseen by GHD. This package of work was completed alongside our BAU works program and several other emergency repairs that occurred due to isolated weather events. We have been able to bring our roads back to an appropriate level of service and build resilience to the network.

Looking ahead: We will continue to focus on improving the experience for our road users and building resilience into our network. We remain committed to ensuring we undertake effective maintenance and improvements to our roading network in a timely manner with minimum disruption. We will also continue to look for new innovative ways of undertaking works and maintenance.

Council sees the need to improve the capacity of our infrastructure through future renewal and

improvement programmes to build resilience into the roading network, to mitigate the effect of the increased frequency of larger scale weather events, support local growth and development. This is especially important given the reliance on our network by local families and businesses, rural sector seasonal peaks and visitors to our District; and the modern prevalence of a just-in-time supply chain sector.

Measure 5: The change from the previous year in the number of fatalities and serious injury crashes on the local road network, expressed as a number*

*Mandatory performance measure

	2020/21	2021/22	2022/23
Change from previous year	1	-1	1

Target: 0 change from 2021/22 equates to < 1 fatality and serious injury crash.

What we did: There were no fatal crashes on our local roading network during 2022/23 but one crash occurred that resulted in a serious injury. In total there were ten separate crashes on Council controlled roads.

Challenges/issues we experienced: Increased traffic volume growth increases the potential for crashes. Care is especially required on our unsealed roads where the majority of crashes have occurred. Given the makeup of our network and its varied use it is hard to predict any trends, and with likely near misses or accidents that are not recorded it is difficult to obtain sufficient funding to target the root causes of problems. For these reasons, we work to ensure that our entire roading network is maintained to a high standard to improve safety. Council is look for a way to record ‘no injury’ or accidents that may not require police and therefore are not counted in the Crash Analysis System (CAS) maintained by Waka Kotahi NZTA.

Looking ahead: Council is reviewing speed limits across the district to ensure these are safe and appropriate for all users given the different experience of drivers and our changing travel conditions.

Measure 6: The number of death and serious injuries recorded for the financial year on local roads under control of the Mackenzie District Council (in line with Waka Kotahi (NZTA) Road to Zero vision)

New measure in 2021/22.

Target: <1

	2020/21	2021/22	2022/23
Target:	N/A	<1	<1
Result:	N/A	NIL	1

What we did: There were no deaths on our local roading network during 2022/23 but one serious injury. This did not meet our target for 2022/23 year.

Challenges/issues we experienced: The growth of traffic volumes, the diversity of our road users and the number of rural unsealed roads all contribute to the potential for death and serious injury crashes in our District. Predicting trends and obtaining sufficient funding to target causes is also difficult, especially as various near misses or accidents are not recorded. For these reasons, we work to ensure that our entire roading network is maintained to a high standard to improve safety.

Looking ahead: We are committed to the Waka Kotahi (NZTA) Road to Zero vision and aim to reduce all road trauma on our roading network. Current and future programmes to improve the safety of our Districts roads are a priority.

Measure 7: The number of reported crashes on local roads under control of the Mackenzie District Council

New measure in 2021/22.

Target: ≤ 10

	2020/21	2021/22	2022/23
Target:	N/A	≤ 10	≤ 10
Result:	N/A	11	10

What we did: There were ten reported crashes on Council controlled roads (2021/22: eleven reported crashes). This met our target for 2022/23.

Challenges/issues we experienced: As traffic volumes grow and diversify it is very easy for road users to make mistakes or have an incident when travelling. Our transport network needs to allow for people to make mistakes and still get home safely. Road design, safety improvements, signage and appropriate speed limits all contribute reducing incidents and crashes but we need to ensure these initiatives are suitable for all users.

Looking ahead: We are committed to the Waka Kotahi (NZTA) Road to Zero vision and aim to reduce all road trauma on our roading network. Current and future programmes to improve the safety of our Districts roads are a priority.

We are working with the South Canterbury Road safety team to promote, educate and work with the community and schools to introduce initiatives to support the Road to Zero vision, to reduce accidents on our network especially our unsealed roads, and encourage reporting of all near misses and crashes so we can make informed improvements to our roading network.

Measure 8: The percentage of customer service requests relating to roads and footpaths to which Council responded to within ten working days*

* Mandatory performance measure

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

	2020/21	2021/22	2022/23
Target:	≥75%	≥75%	≥75%
Result:	72%	66%	87%

What we did: In 2022/23, 87% of customer service requests relating to roads and footpaths were resolved within 10 working days, meeting our target for the year.

Challenges/issues we experienced: Our increased contract team has allowed for quicker more efficient response times resulting in the improved performance during 2022/23.

Looking ahead: We will continue to seek improvement to our customer service. We will also continue to work with all our contractors to ensure that all customer service requests are responded to in an appropriate and timely manner.

Measure 9: The percentage of footpaths that are at or above the ‘average condition rating’ *

* Mandatory performance measure

Condition rating will be undertaken at not less than 5 yearly intervals.

	2020/21	2021/22	2022/23
Target:	≥75%	≥75%	≥75%
Result:	99%	97%	97%

What we did: Following the completion of the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we have begun our footpath renewals programme for 2022/2023.

During 2021/22 we performed footpath inspection and condition rating to assess all existing footpaths in the district. From this inspection repairs and renewals have been prioritised and will be programmed based on available budgets. In 2022/2023 we undertook footpath upgrades in the Fairlie Township. Additional footpath work will also be carried out during 2023/24 under the Waka Kotahi Transport Choices programme.

Challenges/issues we experienced: Programmed renewals in 2021/2022 were put on hold to accommodate the various infrastructure installations within the shoulders, berms or footpaths of our road reserves over recent years. In 2022/2023 footpath upgrades have recommenced, The water upgrades are still proving an issue in some locations but we are programming work in other locations.

Looking ahead: In 2023/2024 we have funding from Waka Kotahi through Transport Choices to install new footpaths and crossing in Fairlie and Twizel, on top of this we also have a footpath upgrade program that has come from the inspections undertaken in 2021/2022.

Significant Financial Variances between Actual and the Long Term Plan

Subsidies and grants for operating purposes \$2,549,000 above LTP

Additional subsidies at a higher rate were received from NZTA as a result of emergency reinstatement and emergency works from three major weather events (flooding) that occurred during the year.

Payments to staff and suppliers \$3,935,000 above LTP

Unbudgeted expenditure for emergency reinstatement and emergency works as a result of three flood events during the year resulted in this over spend. Also additional expenditure arose employing contractors to fill staff vacancies.

Increase / (decrease) in debt \$619,000 above LTP

Loans were raised to fund the Council share (local share) for expenditure incurred as a result of emergency reinstatement works from the three flood events.

Increase / (decrease) in reserves \$638,000 above LTP

Transfers from reserves were higher than budgeted due to the timing of expenditure on capital projects and the additional expenditure incurred due to three flood events.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Roading Professional Services	20	12	-
District Roading	4,082	2,357	2,471
Total	4,102	2,370	2,471

FUNDING IMPACT STATEMENT – TRANSPORTATION

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,105	1,426	1,672
Subsidies and grants for operating purposes	943	970	3,519
Fees and charges	-	-	7
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	95	98	165
Total Operating Funding	2,143	2,494	5,363
Applications of operating funding			
Payments to staff and suppliers	1,854	1,896	5,831
Finance costs	9	37	147
Internal charges and overheads	35	36	179
Other operating funding applications	-	-	-
Total applications of operating funding	1,898	1,969	6,157
SURPLUS / (DEFICIT) OF OPERATING FUNDING	245	525	(794)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	1,826	1,188	1,352
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,030	656	1,275
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,856	1,844	2,627
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	1,792	476	399
Capital expenditure - to replace existing assets	2,310	1,893	2,071
Increase/(decrease) in reserves	-	-	(638)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	4,102	2,369	1,833
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(246)	(525)	794
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.6 REGULATORY SERVICES

The Council undertakes a range of regulatory activities to enhance the safety of our community members and visitors. We also aim to protect and enhance the natural environment by regulating development in a manner that is environmentally sensitive, well planned and 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 that promotes the health, safety and wellbeing of the community, and complies with all the relevant statutes and codes.

Key Facts (as at 30 June 2023)

122 resource consents processed/122 within statutory timeframes

256 building consents processed

1,767 dogs registered in the District

61 liquor licences including off and on licences 76 food premises registered in the District

What We Do

Council's regulatory service group of activities includes resource management (the planning department), building control, animal control, 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. The 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 of the rules established under the Building Act 2004, auditing pools and small heated pools, issuing land information memorandums and undertaking building warrant of fitness checks.

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.

Animal Control

Council aims to promote animal welfare and community safety by ensuring animals are kept in an appropriate manner.

Key Projects for 2022/23

As well as processing significant numbers of building and resource consents and liaising with stakeholders in relation to environmental management, Council has also increased monitoring and compliance capability during the financial year.

Project 1 – District Plan review (ongoing)

The Mackenzie District Plan is currently under 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 would then encompass all other outstanding issues.

In February 2022, Council considered a proposal to break the remainder of the District Plan Review into Stages to be progressed via a series of Plan Changes. The proposal was supported by the outcomes of an Investment Logic Mapping exercise which identified four key outcomes of the District Plan Review, as well as a risk assessment which considered resourcing availability and future legislative reform. Council adopted the proposed approach.

Plan Changes 20 – Strategic Direction, 21 – Spatial Plan Implementation and 22 – Lighting were all notified during the 2022/23 financial year, with hearings held and decisions issued. No appeals were received on these plan changes and provisions now have legal effect.

Initial consultation and engagement was held on the third stage of the plan review process in 2022/23. Stage 3 is scheduled to be notified at the beginning of November 2023.

Work on Stage 4 is progressing and notification is anticipated before the end of 2023/24. It is programmed to have the District Plan Review completed in the 2024/25 financial year.

Assessment of performance against measures and targets for 2022/23

We achieved 67% of our non-financial performance standards in the regulatory services activity. Additional performance indicated adopted in the 2022/23 Annual Plan increased the number and range of measures compared to 2020/21 and 2021/22.

	2020/21	2021/22	2022/23
Achieved:	60%	63%	67%
Not Achieved:	40%	37%	33%
No Data Available:			

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

RESOURCE MANAGEMENT

Measure 1: The percentage of those surveyed satisfied that the Council are adequately managing resource management issues in the District

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	68%	32%	29%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 44% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 38% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 36% was excluded.

What we did: This year 29% of those surveyed were satisfied with how we are managing resource management issues within the district. This did not meet our target for 2022/23.

Challenges/issues we experienced: As growth and development continues within our district, we need to ensure we have sufficient resources in our planning and regulatory teams to successfully manage the impacts on our iconic environment.

Looking ahead: We will continue our resource management functions. We note this measure is considered to be ambiguous with 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 the upcoming 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: The percentage of non-notified resource consents which are processed within the 20 working day statutory time frame

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥98%
Result:	98%	99%	100%

Target: ≥98%.

What we did: This year achieved 100% (2021/22 99%) which meant we met our target of non-notified consents being processed within statutory timeframes.

Challenges/issues we experienced: Our focus has been on improving processes, training staff and creating more capacity and experience within our team. There has also been success in attracting new staff, and the team is currently fully resourced.

Looking ahead: We will continue to work towards improving our processing times not just to meet timeframes but, to reduce processing times for our customers.

Measure 3: The percentage of resource consent applicants who are satisfied with the quality of services they receive

	2020/21	2021/22	2022/23
Target:	≥80%	≥40%	≥50%
Result:	50%	79%	50%

What we did: During 2022/23, we achieved 50% satisfaction rating from our annual survey which meant we just met this target for the year. The survey results also included a tally of 25% for neutral responses (2021/22 7%, 2020/21 13%).

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 consider sending out surveys closer to the time of decisions being made which will provide us with more current feedback. 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.

BUILDING CONTROL

Measure 4: The percentage of building consents which are processed within the 20 working day statutory time frame

	2020/21	2021/22	2022/23
Target:	100%	100%	100%
Result:	100%	100%	100%

What we did: With 100% of building consents processed within statutory timeframes, with an average of 9 days processing time, we met our target for 2022/23. One technical in-house resource was engaged to deliver 30% of our onsite inspections, building consent application processing, code of compliance services and Territorial Authority functions.

Challenges/issues we experienced: Difficulty in filling in-house technical positions has created challenges however we have managed our workstreams by contracting out processing of building consent applications, inspections and code compliance services. The new technical in-house appointment has improved our internal capability.

Looking ahead: We are committed to complying with our statutory requirements by delivering our Building Control Authority and Territorial Authority functions within prescribed timeframes.

Measure 5: The percentage of applicants for building consents who are satisfied with the quality of the service they receive

	2020/21	2021/22	2022/23
Target:	≥80%	≥60%	≥70%
Result:	43%	42%	49%

What we did: During 2022/23, we achieved 49% satisfaction rating from our annual survey which meant we did not meet this target for the year. The survey results also included a tally of 11% for neutral responses (2021/22 20%, 2020/21 16%).

The Building Consent Authority has held forums with builders, architects, and designers to engage with the sector to provide education in relation to building control functions and gather feedback on delivery of the building control functions.

Challenges/issues we experienced: Recruitment of key positions in the Building Department has been challenging in recent years resulting in processing of building consent applications, inspections, code compliance services and Territorial Authority functions being performed by contractors. The new technical in-house appointment was engaged to deliver 30% onsite inspections, code compliance services and Territorial Authority functions.

Looking ahead: Council will consider the key themes received from this customer feedback as input into future system and resourcing improvements for the building department. In the 2022/23 financial year, we allocated another part-time administration role within the team and have engaged a technical in-house resource to deliver 30% onsite inspections, code compliance services and Territorial Authority functions. We will continue to adopt appropriate software upgrades as they become available for both back office and on-site inspection systems.

During 2022/23 Council has focused on upskilling our building administration staff member to perform more advanced territorial authority functions including LIMs and PIMs and building warrant of fitness audits (BWOFs) in the later part of 2023.

Measure 6: Retains IANZ accreditation

Target: Accreditation is retained (our next accreditation assessment is due in July 2023).

2020/21	2021/22	2022/23
✓	✓	✓

What we did: We continued to process building consent applications and code compliance certificates in accordance with our accreditation requirements and ensured our documentation and processes remained relevant and current.

Challenges/issues we experienced: A full assessment of Council's Building Consents Authority (BCA) policies, processes and procedures was performed by IANZ during July 2021 to ensure the requirements of our BCA accreditation were met. The final assessment report issued by IANZ dated 21 September 2021 categorised Council's BCA as low risk. The assessment only identified six non-compliances in total of which none were serious, two were cleared during the assessment process and the remaining four non-compliances cleared in September 2021.

Looking ahead: Council's next accreditation assessment is due in July 2023. We will continue to monitor the requirements in relation to the Building (Accreditation of Building Consent Authorities) Regulations 2006 to ensure accreditation is retained at all times and prepare for our next audit.

Measure 7: The percentage of Code of Compliance Certificates issued within the 20 working day statutory time frame from the date of acceptance

New measure in 2022/23.

	2020/21	2021/22	2022/23
Target:	N/A	N/A	100%
Result:	N/A	N/A	100%

What we did: With 100% of Code of Compliance Certificates issued within statutory timeframes, with an average of 5 days processing time, we met our target for 2022/23. The new technical in-house appointment was engaged to deliver 30% code compliance services along with other duties.

Challenges/issues we experienced: Difficulty in filling in-house technical positions has created challenges however we have managed our workstreams by contracting out processing of building consent applications, inspections and code compliance services.

Looking ahead: We are committed to complying with our statutory requirements by delivering our Building Control Authority and Territorial Authority functions within prescribed timeframes.

Measure 8: The percentage of Building Warrant of Fitness Certificates audited on an annual basis

New measure in 2022/23.

	2020/21	2021/22	2022/23
Target:	N/A	N/A	20%
Result:	N/A	N/A	30%

What we did: We audited 30% of the District’s Building Warrant of Fitness Certificates which meant we met our target for 2022/23.

Challenges/issues we experienced: Difficulty in filling technical positions has created challenges however we have managed our workstreams by contracting out the Territorial Authority functions. The new technical house appointment and administrative role have improved our internal capability to perform this work.

Looking ahead: We are committed to complying with our statutory requirements by delivering our Territorial Authority functions within prescribed timeframes.

Measure 9: The percentage of earthquake prone building assessments received prior to 28 March 2023

New measure in 2022/23.

	2020/21	2021/22	2022/23
Target:	N/A	N/A	92.5%
Result:	N/A	N/A	12.5%

What we did: We received 12.5% of the earthquake prone building assessments prior to 28 March 2023 which meant we did not meet our target for 2022/23.

Challenges/issues we experienced: We are unable to force people to provide their earthquake prone building assessments within the specified timeframe therefore the specified target is and would be unachievable.

Looking ahead: We are committed to complying with our statutory requirements by delivering our Territorial Authority functions within prescribed timeframes and will continue to review assessments as they are received and issue notices where required.

Measure 10: The percentage of outstanding earthquake prone building assessments issued with a follow up notice by 31 May 2023

New measure in 2022/23.

	2020/21	2021/22	2022/23
Target:	N/A	N/A	100%
Result:	N/A	N/A	100%

What we did: We issued follow up notices to 100% of the outstanding earthquake prone building assessments prior to 31 May 2023 which meant we met our target for 2022/23.

Challenges/issues we experienced: Difficulty in filling in- house technical positions has created challenges however we have managed our workstreams by contracting out the Territorial Authority functions.

Looking ahead: We are committed to complying with our statutory requirements by delivering our Territorial Authority functions within prescribed timeframes and will continue to review assessments as they are received and issue notices where required.

LAND INFORMATION MEMORANDUMS (LIMS)

Measure 11: The percentage of LIMs which are processed within the 10 working day statutory time frame

	2020/21	2021/22	2022/23
Target:	≥85%	≥85%	≥85%
Result:	100%	100%	98%

What we did: During 2022/23, we issued 185 LIMs, with 181 processed within the 10-day statutory timeframe

Challenges/issues we experienced: We were unable to provide all LIMS within statutory timeframes as achieved in previous years.

Looking ahead: We will continue to work towards providing all LIMs within the statutory requirements.

ANIMAL CONTROL

Measure 12: The percentage of those surveyed who believe the Council is adequately managing dog control issues in the District

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	75%	36%	37%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 31% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 28% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 28% was excluded.

What we did: During 2022/23 we achieved 37% satisfaction rating from our annual survey for good management of our dog control activities which meant we did not meet our target. The survey results also included a 28% for neutral responses.

Challenges/issues we experienced: The newly established compliance and monitoring function within Council has spent the last financial year establishing standard operating procedures in the dog control area. The establishment of these procedures has resulted in an increase in incidents being responded to. Now that the dog control function has increased visibility in the community it is envisaged that future surveys will have more positive results. Council also recognises the need to continue to develop a proactive presence in this space and will continue our work towards this.

Looking ahead: We will continue to provide education and engage directly with owners of non-compliant dogs. We will also provide public education to remind dog owners of their responsibilities. The establishment of an infringement framework will assist staff to actively address dog and public safety; and make our work in dog control more visible within the community.

OTHER COMMUNITY FEEDBACK

Resource Management

69% of resource consent applicants surveyed were satisfied with the helpfulness of our planning staff.

25% of resource consent applicants surveyed considered that the cost and time commitments associated with obtaining a resource consent are reasonable.

	2020/21	2021/22	2022/23
Helpfulness of staff	54%	79%	69%
Cost and time reasonable	33%	50%	25%

Building Consents

54% of building consent applicants surveyed were satisfied with the helpfulness of our building staff.

24% of building consent applicants surveyed considered that the cost and time commitments associated with obtaining a building consent are reasonable.

	2020/21	2021/22	2022/23
Helpfulness of staff	50%	47%	54%
Cost and time reasonable	27%	34%	24%

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$846,000 above LTP

Costs in regards the District Plan Review were higher than anticipated for the year. External resources used for operating the Building Control activity in relation to processing, management and monitoring were higher than budgeted.

Capital expenditure – to improve the level of service \$410,000 below LTP

The LTP budgeted for a dog pound and building upgrade. Council made the decision that this was not required.

Increase / (decrease) in debt \$725,000 above LTP

Transfers from reserves were higher than budgeted due to the timing of expenditure and increased costs incurred in operating the building control activity.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Animal Control	50	410	3
Responsible Camping	-	-	15
Total	50	410	17

FUNDING IMPACT STATEMENT - REGULATORY SERVICES

\$000	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	834	1,114	789
Targeted rates	-	-	-
Subsidies and grants for operating purposes	300	308	45
Fees and charges	1,328	1,405	1,265
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	(20)	(21)	1
Total operating funding	2,442	2,806	2,101
Applications of operating funding			
Payments to staff and suppliers	3,827	3,419	4,265
Finance costs	6	28	113
Internal charges and overheads	(10)	(17)	9
Other operating funding applications	-	-	-
Total applications of operating funding	3,823	3,430	4,387
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(1,381)	(624)	(2,286)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	250	256	435
Increase/(decrease) in debt	1,406	1,034	1,401
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,656	1,290	1,835
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	50	410	-
Capital expenditure - to replace existing assets	-	-	17
Increase/(decrease) in reserves	226	256	(469)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	276	666	(451)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	1,380	624	2,286
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.7 EMERGENCY MANAGEMENT

Key Facts (as at 30 June 2023)

The Mackenzie District Council has 14 Civil Defence VHF base radios strategically placed throughout the District.

There are 4 Civil Defence Community Response volunteer teams based in Fairlie, Tekapo, Twizel and Aoraki Mt Cook.

The Fairlie Community Hall, Tekapo Community Centre and Twizel Event Centre have external generator capability.

What we do

This activity is delivered by the recognised process of comprehensive emergency management which utilises the 4 R's: Reduction, Readiness, Response and Recovery. While all these activities are equally important, our communities and governance often measure success by our response activities. Our vision for Civil Defence and Emergency Management (CDEM) is "that individuals, whanau and businesses understand our hazards and can identify opportunities to respond to and recover from the impacts of that hazard".

Our strategic direction is primarily set by the Civil Defence and Emergency Management Act 2002, Civil Defence and Emergency Management Regulations 2003, and National Civil Defence and Emergency Management Plan 2015. The recently released National Disaster Resilience Strategy from the National Emergency Management Agency (NEMA) has given us clear direction setting a vision of "New Zealand as a disaster resilient nation that acts proactively to manage risks and build resilience in a way that contributes to the wellbeing and prosperity of all New Zealanders".

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 during civil defence events.

Key Projects for 2022/23

Equipping an alternative Emergency Operations Centre (EOC) (ongoing)

A prior review of Council EOC facilities has established none meet the IL4 building regulation for EOCs. During 2022/23 we have continued to evaluate options for alternative locations and intend to include provisions for this in 2024/34 long term plan.

The new Community multi-use trailer is available and equipped for responding to any localised events in the interim.

Upgrade of key emergency equipment (completed)

We completed the upgrade of software and IT equipment last year. During 2022/23 new EOC function whiteboards, signage and additional IT systems have been installed to improve efficiency and capabilities during response.

Upgrading and maintenance checks of district base radio sets (progressing)

Council has conducted an annual check of the 14 Base radio sets and aerials placed throughout the Mackenzie Basin. 2024 we will engage a telecommunications technician to complete a bi annual service.

Assessment of Performance against Measures and Targets for 2022/23

We achieved 55% of our non-financial performance standards in the emergency management activity. The performance indicators adopted in the 2021/31 Long Term Plan significantly increased the number and range of measures compared to 2020/21 when this function was incorporated into the regulatory activity.

	2020/21	2021/22	2022/23
Achieved:	N/A	27%	55%
Not Achieved:	N/A	46%	36%
No Data Available:	N/A	27%	9%

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

Measure 1: That the community understands the risks within the district*

* New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≥80%	≥80%
Result:	N/A	Not measured	67%

What we did: What we did: Council has developed a Mackenzie District community emergency and preparedness plan for distribution to all households and publication on our website. This will be printed and delivered in July 2023. The plan includes:

- key hazards and risks
- Warnings and messaging
- How to prepare
- Emergency response and evacuation information

This year we added a new question to our Residents’ Opinion Survey to gauge our residents’ awareness of the primary hazards that the Mackenzie is most at risk of. The percentage of respondents that correctly identified the five primary hazards was fires 85%, earthquakes 84%, flood 71%, storms 69% and pandemic 28%. Droughts were identified as a primary hazard by 69%. The average of the correct responses is 67% which did not meet our target.

Challenges/issues we experienced: Ongoing weather events have identified new areas of risk for our district so additional evaluation, planning and communication is required to keep abreast of the changing environment. Council attempts to keep the community well informed but it is more difficult to assess how well this translates to understanding, especially in respect to properties that have domestic or international holiday makers as the occupiers.

Looking ahead: We will distribute the Mackenzie District community emergency and preparedness plan and continued engagement with our community using direct communication, and interaction with community groups, partner agencies and key stakeholders.

Measure 2: Community resilience plans/ or response plans are created and reviewed in collaboration with the target community

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	2*	2*
Result:	N/A	6	6

*1 new plan developed, and 1 existing plan reviewed.

What we did: During the year we have exceeded our target. We developed the Mackenzie District community emergency and preparedness plan We have reviewed the Mackenzie District- wide response plan, a specific Aoraki/Mt Cook Village & Glentanner Area Emergency Response Plan, EOC activation plan, Civil Defence plan and procedure document and a Civil Defence Welfare Plan.

Challenges/issues we experienced: No specific challenges.

Looking ahead: Maintain and review plans annually in consultation with key community stakeholders and partner agencies.

Measure 3: Presentations to community groups or interested parties on CDEM (topics include resilience, response, lessons learnt, community preparedness)

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target: (presentations)	N/A	5	5
Result:	N/A	2	18

What we did: Council was involved in one AF8 roadshow presentation within the district covering the science and risks associated with the Alpine Fault rupturing and the subsequent effects expected for our communities. An Additional five local AF8 presentations and 12 Civil Defence presentations and hazard workshop were also delivered during the year. This met our target for the year.

Challenges/issues we experienced: These events were well supported by the community and no issues were experienced.

Looking ahead: Council will continue with community engagement across the district, including an updated AF8 roadshow and presentations to community groups about community risks and resilience.

Measure 4: That individuals or whanau feel they are prepared for an emergency

As determined by our annual Resident's Opinion Survey

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	89%	32%	34%

In 2020/21 a 21% 'somewhat' response which was included in the 'Achieved' result. In 2021/22 a 'somewhat' response of 52% was excluded from the 'Achieved' result and in 2022/23 a 'somewhat' response of 43% was excluded.

What we did: The results of our annual Community Opinion Survey show that 34% of the respondents believe they are well prepared for a civil defence emergency. This result did not meet the target for the year.

Challenges/issues we experienced: Council attempts to keep the community well informed but it is more difficult to assess how well this translates to action, especially in respect to properties that have domestic or international holiday makers as the occupiers.

Looking ahead: Council will continue to engage with our community and provide guidance about how to prepare for an emergency event.

Measure 5: Continue to recruit and train volunteer CDEM Community Response Team members

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target: (training sessions)	N/A	15	15
Result:	N/A	16	6

What we did: The Emergency Management Officer has facilitated 6 Civil Defence Centre training sessions with the Fairlie, Tekapo Twizel and Aoraki Mt Cook Community Response Teams during the year so we have not met this target for the year. However, the Twizel and Fairlie Teams have also organised their own additional training in 2022/23.

Community Response Team equipment has been purchased and rolled out to all teams. This has included a 3.3KW generator, CD sign, table, water container and a 3-box trolley that includes all required documentation, stationary, mobile lighting, power equipment.

Developed and published a volunteer quick reference guide for all CDEM welfare members.

Challenges/issues we experienced: Maintaining engagement across the volunteers.

Looking ahead: We will maintain our community teams' capabilities across the district.

Measure 6: That council has 24/7 CDEM duty officer to monitor warning systems and be available to partner agencies

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target: (duty officer availability)	N/A	100%	100%
Result:	N/A	No 24/7 capability	71%

What we did: We introduced a regional solution in November 2022 to cover 24/7 duty officer and controller availability for South Canterbury in collaboration with Timaru and Waimate District Councils. This arrangement means all three Districts have 24/7 duty officer capability in the future.

Challenges/issues we experienced: Previously there has not been enough suitable qualified personnel in the Mackenzie District to provide required availability. This has been remedied by using a roster system to meet this target with the support of our neighbouring districts.

Looking ahead: We will continue to support this regional collaboration so all districts have adequate resources.

Measure 7: That council staff are trained to a minimum of "EOC 2"

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target: % of staff	N/A	70%	75%
Result:	N/A	52%	77%

What we did: At the end of the year 77% of Council staff were trained to a minimum of EOC 2 which met this target.

Challenges/issues we experienced: Staff engagement has been very successful throughout, however BAU pressures limit availability for additional training.

Looking ahead: Additional staff training has been scheduled for July and August 2023. This will increase the capabilities and professionalism of staff performing their functional roles in the EOC.

Measure 8: An EOC exercise is conducted annually

New measure in 2021/22. Results for prior years sourced from the 2019/20 and 2020/21 Annual Reports.

	2020/21	2021/22	2022/23
Target:	1	1	1
Result:	1	0	1

What we did: An EOC exercise was conducted in April 2023, in addition the EOC has been activated several times during the year which has provided real event experience and learnings.

Challenges/issues we experienced: There has been difficulty obtaining full staff availability for participation in an EOC exercise.

Looking ahead: We will continue holding hazard workshops with local emergency responders and key community stakeholders across the district. This information will assist in planning real life training scenarios.

Measure 9: That an alternative communication system is maintained and tested

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	48	48
Result:	N/A	No data	No data

What we did: All our CD base radios, handheld radios and aerials have been reprogrammed and serviced to include the additional Rollesby radio repeater. All hardware has been recorded and a two-yearly maintenance plan has been adopted. A weekly radio check call is conducted (and logged) by Timaru District Council each Thursday. A process to record these calls at the Mackenzie end is yet to be established.

Challenges/issues we experienced: There were several base radios that were not working due the age. These have been decommissioned. There is limited radio coverage for the Aoraki Mt Cook Area due to the topography. As Timaru test multiple radio systems across the wider South Canterbury region, records of our system tests were not easily extracted at the time of preparing the Annual Report.

Looking ahead: Council will continue to maintain and upgrade the Civil Defence radio network and hardware. We will also establish an internal register to log the weekly radio system checks.

Measure 10: The organisation participates in risk reduction planning, modelling, or engaging scientific research

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	2	3
Result:	N/A	Not measured	3

What we did: We are a member of the Canterbury CDEM Group who have been actively working on a regional basis on hazard identification and risk reduction. The emergency management officer has attended three Emergency Managers Forums facilitated by the Canterbury Group Controller. These meetings cover localised risks and impacts including presentations from the national scientific community.

Challenges/issues we experienced: Sharing resources with the wider Canterbury Group means we can overcome limitations we would face on our own.

Looking ahead: We will continue working in collaboration with our partner agencies, local and external stakeholders across the region to achieve this target.

Measure 11: Specific risk/ hazard presentations or Public education campaign, new learnings or studies undertaken

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target: (presentations)	N/A	1	1
Result:	N/A	2	1

What we did: Council was involved in one AF8 roadshow presentations within the district covering the science and risks associated with the Alpine Fault rupturing and the subsequent effects expected for our communities, which meant we have met our target for the year.

Challenges/issues we experienced: No significant challenges experienced.

Looking ahead: Council will continue with providing information and delivering presentations to community groups about local risks, current trends, and ways we can adapt and improve our resilience.

Capital Expenditure by activity

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
Emergency Management	30	24	13
TOTAL	30	24	13

FUNDING IMPACT STATEMENT - EMERGENCY MANAGEMENT

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	59	69	145
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	59	69	145
Applications of operating funding			
Payments to staff and suppliers	46	53	152
Finance costs	-	-	1
Internal charges and overheads	6	8	(2)
Other operating funding applications	-	-	-
Total applications of operating funding	52	61	152
SURPLUS / (DEFICIT) OF OPERATING FUNDING	7	8	(7)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	22	16	(2)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	22	16	(2)
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	30	24	13
Increase/(decrease) in reserves	-	-	(21)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	30	40	(9)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(8)	(8)	7
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

PARKS AND COMMUNITY FACILITIES

Council aims to meet the current and future needs 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.

Key Facts (as at 30 June 2023)

10 pensioner housing units – 3 in Twizel and 7 in Fairlie

5 cemeteries – Twizel, Lake Tekapo, Burkes Pass, Fairlie and Albury

2 swimming pools – Twizel and Fairlie

378 ha of recreational land - including domains, parks and walkways

What We Do

The Parks and Community Facilities Activity covers the following assets and services:

ASSETS MANAGED BY MACKENZIE DISTRICT COUNCIL INCLUDE	
Recreational Park Land	
Urban (actively maintained parks)	179.4 ha
Natural Parks	18.4 ha
Total Park Land	197.8 ha
Other Assets	
Playgrounds	10
Skate Parks	2
Community Centres and Halls	5
Community Housing Units (Fairlie 7, Twizel 3)	10
Council Administration Offices	2
Peace Trees – Fairlie (approx.)	490
Swimming Pools	2
Public Toilets (parks and other public places)	19
Alps to Ocean Trail (off-road sections)	40km
Twizel Town Trail	14km
Cemeteries (5)	4.9ha

Parks and Community Facilities provides the township amenity areas and recreational facilities, including the district's pools, parks, reserves, libraries, community centres and halls. The benefits of these facilities are specifically or generally believed to enhance the community's health and wellbeing.

We provide a range of community facilities including pensioner housing, cemeteries, public toilets. We also provide grants to the Resource Centres in Fairlie and Twizel and support for the medical centre in Fairlie. In addition to this, Council administers and distributes grants from Sport New Zealand and Creative New Zealand as well as making one-off grants from time to time for specific projects. The administration of the grants will transfer to the Community Development team within Corporate Services Activity next year.

Key Projects for 2022/23

Project 1 – Twizel Events Centre upgrade (progressing)

Council's priority for this year was to continue to address the essential works required to ensure the facility's Certificate of Public Use (CPU) could be maintained. After a large amount of work was completed in 2021/22 and 2022/23 the code of compliance has now been achieved.

During the year Council has engaged BECA Consulting to perform a seismic review of the facility and is awaiting the outcome of this work.

The evaluation of options leading to a decision about the scale of the kitchen upgrade will occur during 2023/24. Investigation and decisions regarding the scale of the gymnasium recladding will also occur during 2023/24.

Project 2 – Mackenzie Community Centre upgrade (complete)

A kind donation by the Jack and Enid Hutt Trust, assisted with modernising the lounge, kitchenette and make aesthetic improvements to the Jack and Enid Hutt Lounge. This work was completed by the end of 2022, and signage recognising the donation was installed during 2023.

A seismic report commissioned in 2023/24 will lead into a feasibility investigation and report to identify demand and investment options for consideration in the 2024/34 Long-term Plan project.

Project 3 – Lakeside Domain, Lake Tekapo (progressing)

During 2021/22 we finalised the plans to create a continuous trail around the lakefront from Tekapo Springs to the Maclaren Footbridge over the Tekapo River. Work on this project was completed in December 2022.

Planning work for the Domain area has been deferred until overall town centre master planning is completed.

Project 4 – Twizel Market Place landscaping and upgrade (commenced)

Council planned to improve accessibility from the Market Place carpark, near the Council office, through to the centre of Market Place and the post boxes. This work was intended to be completed in 2020/21 however this was delayed due to COVID-19. The project commenced in March 2023 and was substantially complete by July 2023 with some final concrete etching work to be completed in the Spring of 2023.

Project 5 – Lake Ruataniwha Development - Reserve Management Plan (progressing)

During 2022 and 2023 Council has been working on the preparation of a Reserve Management Plan supported by the Concept Development Plan for Lake Ruataniwha Recreation Reserve. These plans are important documents to guide decisions about how people use the reserve, which areas need protection, what aspirations the community have for the reserve and what improvements should be undertaken in the future.

Submissions closed in January 2023, and verbal presentations were made to the Twizel Community Board and Council staff at a hearing on 3rd July 2023 by those who requested to speak. As a result of this feedback, minor changes will be made to the draft Reserve Management Plan and once finalised will be formally adopted by Council in August 2023.

Project 6 – Fairlie Dog Park (Stage 1 complete)

The Fairlie Community Board planned a dog park in Fairlie on a site down Allandale Road adjacent to the Opihi River. This will be a multiyear project. Stage One has now been complete, which included levelling, grassing, fencing, adding a water supply, a drinking fountain, a dog waste bin and seating.

The Community Board is currently trying to identify further funding to progress the development over coming years, which may include "furniture" for the park, and the separation of a small dog area.

Project 7 – Twizel Swimming Pool Upgrades (progressing)

A new electric heat pump was installed at the Twizel Pool in Spring 2022 and was operational through the 2022/23 season. Teething issues were experienced due to failure of the pool covers winch, but these have now been resolved in preparation for the 2023/24 season. New inflatables, and an accessibility friendly staircase and minor access upgrades are expected to be ready coming into the start of the 2023/24 season.

Project 8 – Strathconan Swimming Pool Upgrade (progressing)

Stage One of the Strathconan Pools heating and filtration upgrade was completed in Spring 2022, ready for the 2022/23 Season. These works included the installation of a new electric heat pump, new pool covers, a new circulation pump, an accessibility friendly staircase, and new pool inflatables.

Stage Two of the filtration upgrade is now well underway and is expected to be ready before the season start in Spring 2023. These works involve a new transformer and cabling, new sand filters and pipework which will increase water quality to meet New Zealand standards.

Project 9 – Public Toilets (commenced)

This project includes the replacement of the Fairlie Public Toilets, the expansion of the Lake Pukaki Public Toilets, installation of 2 new toilet blocks at Lake Ruataniwha Reserve.

The majority of this funding is provided by a grant from the Government Tourism Infrastructure Fund (TIF). A contract has been awarded for the design and construction of these facilities. The new toilets at Lake Ruataniwha are substantially complete and will be operational for the 2023/24 summer season. Fairlie and Pukaki toilets are expected to be completed in early 2024.

The TIF funding also included funding for improvement to parking and landscaping associated with the new toilets at Lake Ruataniwha. This work is expected to commence in late 2023.

A new toilet on the Alps to Ocean trail at Jollies carpark was completed in May 2023 together with relocation of a toilet from the Pattersons Ponds camping area (that was closed due to flood risk) to the trail between Tekapo and Pukaki.

Project 10 – Fairlie Dump Station (deferred)

A grant was provided from the Government Tourism Infrastructure Fund for the development of a public camper effluent dump station in Fairlie. The commencement of this project was delayed while a suitable location was confirmed and now work is expected to get underway late 2024

Project 11 – Signage Installations (Commenced)

In 2022 a signage supplier was procured for the Councils Parks, Facilities and Public Places. Signage budget has since been allocated to the three townships and rural areas to refresh existing stock. Orders are progressing well, and the first installations took place in early 2023, with more due over the next three years.

Project 12 – Man Made Hill Trails & Plantings (Commenced)

The Twizel Community Board initiated the Man Made Hill planting project and approved plans for a mountain bike flow trail on the northern face. Stage one of this planting and the mountain bike trail has been substantially completed as at June 2023.

Project 13 – Lake Tekapo Firebreak, Stage 1 & 2 (Progressing)

In 2022 Fire and Emergency New Zealand (FENZ) completed a report identifying high risk areas within the Tekapo Township which required significant works to make safe. As a result of this report, contractors completed Stage One, the cutting of a new Firebreak and selective tree removals stretching from Hamilton Drive through to Hall Lane.

Stage Two is expected to take place over the 2023/24 budget year and will include further forestry and wilding pine removals around the Tekapo River.

Project 14 – Fairlie Cemetery Memorial Wall and Ashes Circle Upgrade (Commenced)

During the year Council responded to a request from members of the Community to build a memorial wall at the cemetery. In addition to the installation of the memorial wall, a partnership involving Veterans Affairs, the RSA, the Memorial Wall Group, and Council contractors has seen new plantings, seating, and a new flagpole erected in the area. The final part of this project is the installation of paving which scheduled in Spring 2023.

Project 15 – Peace Avenue Tree Works (Commenced)

The Peace Avenue from Kimbel through to Albury has required extensive tree works for a number of years. In 2022, Stage One was completed pruning around 60-70% of the trees. The remaining trees will be completed through the 2023/24 year.

Other critical arbour works will also take place in Strathconan Park, Mclean Park and the Fairlie Domain over the 2023/24 year.

Assessment of performance against measures and targets for 2022/23

We achieved 25% of our non-financial performance standards in the parks and community facilities activity. The key performance indicators adopted in the 2021/31 Long Term Plan and 2022/23 Annual Plan increased the number and range of measures compared to 2020/21.

	2020/21	2021/22	2022/23
Achieved:	100%	33%	25%
Not Achieved:		67%	63%
No Data Available:			13%

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

The following tables show how our community and township services activity performed as measured against the targets set for the 2022/23 year.

Measure 1: Average customer satisfaction rating for township services and facilities

	2020/21	2021/22	2022/23
Target:	84%	84%	84%
Result:	90%	65%	67%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 28% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 21% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 23% was excluded.

What we did: As an overall measure across all of our township services and facilities, we received an average customer satisfaction rating of 67% from those surveyed in the 2022/23 year. This result did not meet our target for the year.

Challenges/issues we experienced: Recruitment for the position of Manager: Public Facilities, Parks and Places took longer than expected but was achieved in at the end of the year. The delivery of the TIF funded public toilets at Lake Pukaki and Fairlie, and the Fairlie effluent dump station have not progressed as quickly expected.

Looking ahead: We will continue to manage our township services and facilities for the benefit of our communities and visitors to the District. We plan to complete a number of capital development and

improvement projects in 2023/24 including new public toilets at Fairlie, Pukaki and Lake Ruataniwha, and a public camper effluent dump station in Fairlie.

Measure 2: Average customer satisfaction rating for parks and community facilities

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≥90%	≥90%
Result:	N/A	59%	66%

What we did: As an overall measure across all of our parks and community facilities, including playgrounds and swimming pools, we received an average customer satisfaction rating of 66% from those surveyed in the 2022/23 year, with neutral responses of 23% (2021/22 22%). This result did not meet our target for the year.

Challenges/issues we experienced: Recruitment for the position of Manager: Public Facilities, Parks and Places took longer than expected but was achieved in at the end of the year. Difficulties recruiting local people for lifeguard roles at the pools resulted in the contractor bringing in staff from the North Island.

Looking ahead: We plan to complete a number of capital development and improvement projects in 2023/24 including:

- Fairlie office seismic strengthening
- Lake Ruataniwha carparking and landscaping improvements
- Twizel Man Made Hill Stage 2 planting and development
- Commencement of A2O East Pukaki off-roading
- Twizel trail developments and tree planting
- Shelter and public toilet at Hamilton Drive, Tekapo
- Renewal of Lakeside Drive Playground, Tekapo
- Fairlie Village Green playground shelter
- Complete remaining signage upgrade

We will continue to progress other planning and improvement projects including:

- Lake Alexandrina Reserves governance and management plan
- Planning for Tekapo Domain playground development
- Planning for Twizel Public toilet expansion
- Reserves and Facilities bylaw
- Cemetery sanitary services assessment (SSA) and standard operating procedures (SOP)

Measure 3: Benchmarking of parks and open spaces operation and maintenance costs as measured by Yardstick

New measure in 2021/22.

	2021/22	2022/23
.	✓	No Data

Target: Within 15% of peer group median cost per hectare

What we did: The peer group results for this benchmark will not be available until November 2023 so we are unable to measure our performance before the date this Annual Report is published.

Challenges/issues we experienced: Due to Mackenzie’s isolated location we experienced limited contractor availability for the parks and landscape development projects and specialised work we had planned during the year.

Looking ahead: Council will continue to support and develop a pool of quality contractors to deliver our operations and projects.

Measure 4: Monthly performance assessment of parks and public toilets operations and maintenance standards

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≥90%	≥90%
Result:	N/A	89%	93%

What we did: During the 2022/23 year we averaged 93% compliance which exceeded our target for the year.

Challenges/issues we experienced: The level of service (frequency of cleans and in capacity in some locations) is not meeting the demand generated by a return to high visitor numbers.

Looking ahead: We will continue to maintain and operate our parks and public toilets in line with the established target.

Measure 5: Recreation Aotearoa Pool Safe Accreditation

New measure in 2021/22.

	2020/21	2021/22	2022/23
Accreditation	✓	✓	✓

Target: Maintain Pool Safe accreditation

What we did: During 2022/23 Pool Safe accreditation was achieved and maintained for our facilities in Twizel and Fairlie. Our specialist recreation facility managers (Belgravia) continued to provide robust management of our safety plans and operating systems.

Challenges/issues we experienced: Recruitment of local staff to meet national lifeguard number standards was difficult at times during the season. This was overcome by the secondment of Belgravia staff from North Island operations.

Looking ahead: We will aim to recruit for staff locally or provide additional support to Belgravia to recruit more widely to ensure the pools can be operated as scheduled.

Measure 6: Average customer satisfaction rating for swimming pool facilities

New measure in 2022/23.

	2020/21	2021/22	2022/23
Target:	N/A	N/A	≥85%
Result:	N/A	N/A	59%

What we did: Since 2020/21 we have conducted customer intercept surveys of people who use our swimming pool venues. The results from these surveys are generated through the Yardstick software program.

In 2022/23 the customer survey satisfaction result was 59%, which did not meet our target for the year. Our annual Residents' Opinion Survey also seeks feedback on swimming pool facilities. The satisfaction rating received in this annual survey was 53%, with neutral responses of 28%.

Challenges/issues we experienced: We experienced some heating issues in Twizel towards the end of the season, which related to the pool covers, these have since been resolved.

Measure 7: No serious harm accidents on our playgrounds, parks, or facilities

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	0	0
Result:	N/A	2	1

What we did: During 2022/23 there was a serious incident with an A2O cyclist on Haymans Rd due to collision with cattle being herded along the road.

Challenges/issues we experienced: Plans to improve specific sections of the A2O trail are dependent on securing external funding to supplement Council's budgeted contribution.

Looking ahead: Council will continue with improvements to the Rotten Tommy to Jollies carpark section to reduce hazardous areas and trail difficulty. We are seeking MBIE Great Rides funding to develop an off-road trail on East Lake Pukaki to move cyclists off Haymen Road and away from motorised traffic. However as this funding is considered unlikely in the short term, Council will proceed with as much of this work as possible in 2023/24 with the funding it currently has budgeted plus Better Off funding already allocated.

Measure 8: Parks and public amenities management as measured by Yardstick Best Practice Score

New measure in 2022/23.

	2020/21	2021/22	2022/23
Prior year result	N/A	N/A	53%
Annual increase	N/A	N/A	10%
Target	N/A	N/A	63%
Result:	N/A	N/A	59%

What we did: The benchmark rating of 53% was achieved in 2022. In 2022/23, our target was increased to 63% or above and we achieved 59%.

Challenges/issues we experienced: Continuing to improve management towards best practice is an ongoing process limited by available staff resources and the need to effectively manage operations and customer service requirements together with delivery of capital improvements.

Recruitment of a manager proved challenging and was successfully achieved in May 2023. This limited our ability to develop management systems, policy and planning work as quickly as would be desirable.

Looking ahead: Resources and plans are in place to continue with progressing improvements in systems, policy and management practices.

OTHER COMMUNITY FEEDBACK

Cemeteries

	2020/21	2021/22	2022/23
Satisfied	99%*	73%	73%

*This figure includes a 34% 'neutral' response which was included in the 'Achieved' result in 2020/21.

Community Halls & Buildings

	2020/21	2021/22	2022/23
Satisfied	85%*	56%	66%

*This figure includes a 30% 'neutral' response which was included in the 'Achieved' result in 2020/21.

Playgrounds

	2020/21	2021/22	2022/23
Satisfied	94%*	68%	75%

*This figure includes a 19% 'neutral' response which was included in the 'Achieved' result in 2020/21.

Public Libraries

	2020/21	2021/22	2022/23
Satisfied	97%*	69%	67%

*This figure includes a 25% 'neutral' response which was included in the 'Achieved' result in 2020/21.

Public Toilets

	2020/21	2021/22	2022/23
Satisfied	84%*	63%	61%

*This figure includes a 23% 'neutral' response which was included in the 'Achieved' result in 2020/21.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$520,000 above LTP

Unbudgeted expenditure of \$226,000 was incurred on maintenance of the Peace Avenue trees in Fairlie. This project was carried over from the previous financial year and is offset by a contribution from NZTA.

An additional \$112,000 was incurred for wilding pine tree removal in Twizel. An additional \$189,000 was incurred on external contractors and specialist consultancy.

Subsidies and grants for capital expenditure \$573,000 below LTP

The LTP included government grants from the Tourism Infrastructure Funding (TIF) for new district toilet facilities and effluent disposal dumping stations. Due to delays in the projects only a small amount of funding was received.

Capital expenditure – to replace existing assets \$1,523,000 above LTP

A number of projects that were not completed in year 1 of the LTP were carried forward and rebudgeted into this financial year. Projects included work on the implementation of development plans in Twizel and Tekapo townships, upgrades to the heating and filtration systems at Fairlie and Twizel swimming pools and upgrades to the Twizel Community Centre.

Increase / (decrease) in reserves \$2,647,000 above LTP

Transfers from reserves were higher than budgeted due to the timing of expenditure on capital projects.

Capital Expenditure by activity

	LTP 2021-22	LTP 2022-23	Actual 2022-23
District General	1	1	44
Fairlie Township	95	-	82
Tekapo Township	524	205	814
Twizel Township	653	743	658
Other Reserves – Lake Alexandrina	-	-	13
Albury Hall	-	-	2
Mackenzie Community Centre	112	21	85
Tekapo Community Hall	25	5	5
Twizel Community Centre	344	267	279
Strathconan Swimming Pool	226	7	217
Twizel Swimming Pool	255	5	194
Public Toilets	1,914	154	387
Fairlie Medical Centre	-	-	1
Cemeteries	16	16	63
Pensioner Housing – Fairlie	7	8	-
Pensioner Housing – Twizel	-	-	9
	4,172	1,431	2,853

FUNDING IMPACT STATEMENT – PARKS & COMMUNITY FACILITIES

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	662	636	771
Targeted rates	1,554	1,759	1,739
Subsidies and grants for operating purposes	104	27	1
Fees and charges	110	118	129
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	274	281	343
Total operating funding	2,704	2,821	2,982
Applications of operating funding			
Payments to staff and suppliers	2,501	2,540	3,060
Finance costs	8	35	46
Internal charges and overheads	(104)	(57)	27
Other operating funding applications	-	-	-
Total applications of operating funding	2,405	2,518	3,133
SURPLUS / (DEFICIT) OF OPERATING FUNDING	299	303	(151)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	1,595	586	13
Development and financial contributions	12	12	-
Increase/(decrease) in debt	1,892	652	464
Gross proceeds from the sale of assets	-	-	3
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,499	1,250	480
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	1,247	948	847
Capital expenditure - to replace existing assets	2,925	483	2,006
Increase/(decrease) in reserves	(373)	122	(2,525)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	3,799	1,553	329
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(300)	(303)	151
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.8 WASTE MANAGEMENT AND MINIMISATION

Council plays an active role in managing and minimising rubbish and enabling recycling in the Mackenzie District. The Waste Minimisation Act 2008 states that all territorial authorities (councils) must promote effective and efficient forms of waste management and minimisation. Waste minimisation includes all the actions we can take to divert waste from landfills. This includes reducing the waste we generate and also reusing, recycling and recovering the value of our waste.

Key Facts (as at 30 June 2023)

3 resource recovery parks and hard fill sites.

Urban household waste, organic waste, recycling and glass collection

What we do

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 a four bin kerbside rubbish, organic, recycling and glass collection service and has three Resource Recovery Parks which are operated by our contractors, EnviroWaste.

Key Projects for 2022/23

2022/23 was a busy year for this Council activity as we continue efforts to minimise the waste to landfill.

Project 1 – Resource Consents (ongoing)

The resource consents for the district’s three clean fill sites, located in Tekapo, Fairlie and Twizel expired in November 2019. New applications were lodged with Environment Canterbury in early 2019. During 2022/23 we have been collating additional monitoring data and expect to progress the applications in the 2023/24 year. The sites are able to continue operating while the application is being processed.

Project 2 – Twizel Resource Recovery Park landscaping (commenced)

A staged landscaping and planting project is underway for the Twizel Resource Recovery Park. The initial preparation stages commenced in 2022/23 with the physical works expected to be completed in 2025. This project is intended to improve the appearance of the site and provide additional screening and wind protection.

Assessment of performance against measures and targets for 2022/23

We achieved 60% of our non-financial performance standards in the waste management and minimisation activity. The performance indicators adopted in the 2021/31 Long Term Plan increased the number and range of measures compared to 2020/21.

	2020/21	2021/22	2022/23
Achieved:	N/A	80%	60%
Not Achieved:	N/A	20%	40%
No Data Available:			

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

The following tables show how our waste management and minimisation activities performed as measured against the targets set for the 2022/23 year.

Measure 1: The percentage of solid waste from the district resource recovery diverted from landfills

	2020/21	2021/22	2022/23
Target:	>37%	≥45%	≥55%
Result:	49%	51%	49%

What we did: In 2022/23 we diverted 48.5% of solid waste from a Class 1 landfill. This did not meet our increased target for solid waste.

Challenges/issues we experienced: Our waste volumes have increased from the end of March 2021 due to a new process where rubbish and recycling from Commercial Waste Operators is now accepted through the Twizel Resource Recovery Park and included in the data we collect. The inclusion of this commercial waste has increased our total waste volumes and skewed the percentage of waste diverted over time. The targets for this measure will be reassessed during our 2024/34 Long-term Plan process.

Looking ahead: The organic kerbside service that commenced in 2021 has made a significant contribution to waste diversion from landfill and this is expected to increase as residents become more familiar with using this service.

Measure 2: The amount of household kerbside waste to landfill

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≤152kg	≤110kg
Result:	N/A	135kg	108kg

Target: ≤110kg per person per annum

What we did: For 2022/23 we recorded 108kg per person per annum of household kerbside waste to landfill which meant we achieved this target. This was calculated from an audit of red wheelie bins across the district.

Challenges/issues we experienced: There were no significant issues experienced for kerbside collections during the 2022/23 year.

Looking ahead: An audit of red wheelie bins has highlighted that a significant volume of food waste is still being placed in red wheelie bins, rather than green organic bins and therefore being sent to landfill. Further education of the organics green bin service is required to enable improved diversion of food waste.

Measure 3: Average customer satisfaction rating for kerbside waste collections

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≥ 80%	≥ 80%
Result:	N/A	88%	92%

What we did: Our annual community opinion survey results reported 92% of participants were satisfied with our kerbside waste collections. This meant we met our target for 2022/23.

Challenges/issues we experienced: No significant challenges experienced during the year.

Looking ahead: Continue to provide kerbside waste collections at current service levels. However, the Ministry for the Environment (MfE) are introducing standardised materials for recycling and organics collections across the country in February 2024. This change will determine what we can accept in our local kerbside recycling bins from 1 February 2024.

Measure 4: Average customer satisfaction rating for Resource Recovery Parks

New measure in 2021/22.

	2020/21	2021/22	2022/23
Target:	N/A	≥80%	≥80%
Result:	N/A	66%	70%

What we did: Our annual community opinion survey results reported 70% of participants were satisfied with our resource recovery parks, with neutral responses 24%. This meant we did not meet our target for 2022/23.

Challenges/issues we experienced: No significant challenges experienced during the year. The opening hours for the Twizel Resource Recovery Park have been extended, previously the facility has been open from 12-4pm 7 days a week and this has changed to 10am-4pm.

Looking ahead: Continue to operate the three Resource Recovery Parks at current service levels.

Measure 5: Compliance with resource consent conditions

	2020/21	2021/22	2022/23
Target:	100%	100%	100%
Result:	100%	100%	100%

What we did: Council has a number of resource consents issued by Environment Canterbury (ECAN) associated with our Resource Recovery Parks, closed landfills and hard fill sites. During 2022/23 our target of 100% compliance was met.

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 achieve full compliance with all of our resource consents.

Significant Financial Variances between Actual and the Long Term Plan

Payments to staff and suppliers \$414,000 above LTP

Expenditure on disposal of waste to landfill was netted off in the LTP against fees and charges received. With the change in contractor costs and revenue have been grossed up.

Capital Expenditure by activity

\$000	LTP 2021-22	LTP 2022-23	Actual 2022-23
Waste Management	129	7	21
Total	129	7	21

FUNDING IMPACT STATEMENT – WASTE MANAGEMENT & MINIMISATION

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	196	244	249
Targeted rates	744	887	928
Subsidies and grants for operating purposes	-	-	-
Fees and charges	182	195	449
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	29	35	54
Total operating funding	1,151	1,361	1,680
Applications of operating funding			
Payments to staff and suppliers	1,147	1,351	1,765
Finance costs	-	1	-
Internal charges and overheads	(18)	(14)	3
Other operating funding applications	-	-	-
Total applications of operating funding	1,129	1,338	1,768
SURPLUS / (DEFICIT) OF OPERATING FUNDING	22	23	(88)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	78	(4)	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	78	(4)	-
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	129	7	21
Increase/(decrease) in reserves	(28)	12	(109)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	101	19	(88)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(23)	(23)	88
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

3.10 TOURISM, ECONOMIC DEVELOPMENT AND COMMERCIAL ACTIVITIES

Council works 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. Council also manages a number of commercial activities and investments, seeking to secure the best economic returns for our community.

Key Facts (as at 30 June 2023)

Mackenzie District Council owns, manages and operates;

1,000 hectares of forestry estate in the District;

Pukaki Airport, an uncontrolled public airport;

The Mackenzie Regional Tourism Organisation (RTO) which focuses on the promotion and positioning of the Mackenzie District both to the domestic and international tourism market;

Commercial and Community good property (land and buildings) and administers leases for these

What We Do

Tourism promotion

Tourism is a significant contributor to the District's economy. As the sector rebounds following the Covid-19 related travel restrictions experienced over the last two years, it is important to continue to promote Mackenzie to ensure these economic benefits are maintained.

There are 31 Regional Tourism Organisations (RTOs) throughout New Zealand (in a variety of legal structures and forms). The Council is the RTO for the Mackenzie District. Previously the RTO visitor promotion and marketing services had been sub-contracted to ChristchurchNZ, a subsidiary of Christchurch City Council. During the 2022-23 year, ChristchurchNZ withdrew from this contract. As a result, the promotion and marketing activities, and associated staff, were brought into the Council, with the focus being to ensure that transfer was as seamless as possible.

Developing a vision and long-term direction for district tourism in partnership with our community stakeholders was a key focus for Council in the last two years. Our Destination Management Plan, Te Manahuna Ki Uta, was adopted by Council in August 2022. This plan provides a pathway forward for managing both visitor experiences and the effect of tourism on our communities and local environment, now and into the future. Council also supports tourism within the Mackenzie District through the maintenance and promotion of the Alps 2 Ocean Cycle Trail (A2O). The A2O extends from Mount Cook to Lake Ohau locally, and then continues to Oamaru within the Waitaki District. 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 and community outcomes. Council's most significant financial contributors to economic development are its investments in district wide infrastructure and the District Plan. In addition, both staff and external resources deliver economic development activities, in addition to tourism.

Council wants existing and developing businesses to have access to the information, advice and support they need to thrive and grow.

The South Canterbury Chamber of Commerce is contracted by Council to deliver general business support services. This support was delivered by partnering with South Canterbury Chamber of Commerce to connect directly with our business community and collaborate with Mackenzie Tourism. A highlight was being the recipient of an Economic Development NZ award for best practice in delivery of the Mackenzie Business Support package.

We also manage the Mayoral Taskforce for Jobs programme for the district. In 2023-24 this will transfer to a newly formed Community Development team.

Commercial activities

Council is also involved in a range of commercial activities, to contribute to a thriving district economy. Our commercial activities are financial investments, commercial forestry ownership, real estate holdings and rentals, and ownership and operation of 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 2022/23

As well as the planned and ongoing programmes of work we have made good progress on some key projects during the year.

As well as the planned and ongoing programmes of work we have made good progress on some key projects during the year.

Project 1 – Te Manahuna Ki Uta/ Mackenzie Destination Management Plan

Te Manahuna Ki Uta (TMKU)/Destination Mackenzie has been a multiagency strategic planning process for the Mackenzie District led by Mackenzie District Council. In March 2021 we partnered with Mana Whenua and since then have run community and industry engagement, developed and analysed alternative scenarios of the future, and sought further input from the community.

TMKU provides a pathway to adapt to changing consumer and community expectations and build a new tourism future. It proposes a range of short, medium and longer-term projects that are required to support the sector's recovery and to achieved sustainable growth for tourism going forward.

On 23rd August 2022 Council adopted Te Manahuna Ki Uta as our long-term destination management plan

Following completion of TMKU, Phase 2 was to explore the priority projects identified, investigate funding opportunities and undertake feasibility studies where required. During the 2022-23 year Council was successful in securing external funding for the following TMKU initiatives:

- Lake Takapō Master Plan
- Destination Branding
- Rural Spatial Plan
- Pou Whenua (concept and storytelling)

as well as budgeting for further Alps to Ocean (A2O) project development.

Project 2 – Alps 2 Ocean (A2O) (ongoing)

During the year we continued to co-fund the maintenance and management of the A2O cycleway with Waitaki District Council. Council has also worked on consents and applications for funding the off-road sections of the cycleway on East Pukaki Stage 1 off roading to address significant safety concerns and improve the experience for riders. Council has previously allocated funds for the first stage, and now has Better Off funding allocated to the project and a \$100,000 donation from Cycle Journeys. Unfortunately we have been unsuccessful with our application for funding from MBIE Great Rides funding, which is the major source of funding for the A2O development.

In 2023/24 we will proceed with the first stage of East Pukaki off-roading with currently available funding of approximately \$1,000,000.

During 2022/23 we spent \$60,184 on the manager's position and \$49,294 on maintenance and repairs.

Project 3 – Economic Development Support (ongoing)

During the year Council agreed to review its Economic Development Strategy. This review is being scoped.

Project 4 – Promotion of the Mackenzie District as a tourist destination (ongoing)

In 2022-23 we continued our visitor promotion activities. International visitors returned to New Zealand and the Mackenzie district post Covid-19 travel and border restrictions. Early calendar year 2023 (peak period) spend and visitor numbers for the Mackenzie District exceeded 80% of 2019 pre-Covid levels. This included higher levels of domestic visitors – who were the target of much of the promotional activities undertaken in 2020 – 2022, offsetting the still increasing return of overseas markets. The increases in the Mackenzie reflect a faster return of tourists than national forecasts.

Project 5 – Pukaki Airport - land administration and operations (ongoing)

The return of visitors to the Mackenzie was also reflected in an upswing in landings at Pukaki Airport from early calendar year 2023, focussed on the tourism activities based there.

A new airport operations manager was appointed during the year who is making good progress with maintenance activities, and stakeholder relations.

An airport planning exercise is being scoped. Council intends to work with key stakeholders during 2023/24 to develop a masterplan to guide future airport developments.

Assessment of performance against measures and targets for 2022/23

We achieved 20% of our non-financial performance standards in the Tourism, Economic Development and Commercial activity. The key performance indicators adopted in the 2021/31 Long Term Plan have increased the number and range of measures this year compared to previous reporting.

	2020/21	2021/22	2022/23
Achieved:	100%	40%	20%
Not Achieved:	0%	40%	80%
No Data Available:	0%	20%	0%

The Residents’ Opinion survey results scoring method for this year and last year differ to those in prior years. However, the performance targets were not altered to compensate for the change to the reporting scale. This means many of the performance results are not likely to meet the previously set targets, and comparisons with the 2020/21 results and years prior to that are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. This means it is not included in the scores for positive/satisfied performance ratings (and the targets were set using the previous methodology).

The following tables show how our tourism, economic development and commercial activities performed as measured against the targets set for the 2022/23 year.

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

2020/21	2021/22	2022/23
✓	✓	✓

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

What we did: We undertook the quarterly reviews of our investment portfolio throughout the year. As at 30 June 2023 the weighted average yield from \$6,000,000 of investments was 5.81%, this exceeds Council’s benchmark of between 1.5% and 2.0%.

Challenges/issues we experienced: Our investment portfolio has been reducing as capital expenditure on projects utilises reserves. We have shifted to investments in term deposits to enable us to take advantage of upward movements in interest rates and at the end of the financial year we had two term deposit investments in our portfolio. We still monitored bond market movement and as at 30 June 2023 rates were

becoming more favourable.

Looking ahead: Council will continue to work with our advisor, Bancorp Ltd, to maximise our investment returns within the parameters of our Investment Management Policy.

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

	2020/21	2021/22	2022/23
Target:	≥80%	≥80%	≥80%
Result:	80%	59%	53%

The Residents’ Opinion survey comparisons with 2020/21 and years prior to that are not valid, and the results are not likely to meet the previously set targets. The survey results after 2020/21 differ to those scored in prior years. Previously the mid-point response was added to the satisfied tally but since 2021/22 it is considered separately as neutral. However, the performance target was not altered to compensate.

In 2020/21 a 34% ‘neutral’ response was included in the ‘Achieved’ result. In 2021/22 a ‘neutral’ response of 26% was excluded from the ‘Achieved’ result and in 2022/23 a ‘neutral’ response of 30% was excluded.

What we did: We received a customer satisfaction rating of 53% from the respondents to our 2022/23 Residents’ Opinion survey. This result met/did not meet our target for the year.

Challenges/issues we experienced: Previously the RTO visitor promotion and marketing services had been sub-contracted to ChristchurchNZ. During the 2022-23 year, ChristchurchNZ withdrew from this contract. As a result, the promotion and marketing activities, and associated staff, were brought into the Council in February 2023, with the focus being to ensure the transfer was as seamless as possible. We believe this was successful.

During the year our district’s tourism sector has seen a significant rebound. Labour shortages constrained operators functioning at full capacity in this and many other sectors of our local economy. This pressure eased somewhat through the relaxing of immigration policies, but still continues at year end. Diversified, affordable housing options in the district continues to be a concern for our operators, exacerbating the skills shortage.

The current Economic Development Strategy was agreed to be reviewed.

Looking ahead: We will continue with our tourism promotion activities building on the efforts so far – working with our local operators and collaborating with outside organisations wherever we see benefit to the district. We will work with the local industry and other Council areas to incorporate destination management in our activities – moving TMKU forward. In the short term the destination branding project will also be a focus.

We will continue to support our local businesses and encourage new ventures through advocacy, connections to resources and funding, destination marketing and business advice. Business support services, advice and advocacy will continue to be delivered through a service delivery contract with the South Canterbury Chamber of Commerce.

We will work with Council and stakeholders to review our Economic Development Strategy.

Measure 3: At least one project per financial year, as identified in the Economic Strategy 2021/25, initiated by Council

New measure in 2021/22.

	2020/21	2021/22	2022/23
	N/A	✓	X

What we did: Council agreed during the year to review its Economic Development Strategy. The scoping of this review has commenced.

Challenges/issues we experienced: The Strategy was seen as needing review in its entirety. The Economic Development Officer left the Council in the latter part of the year.

Looking ahead: The Strategy will be reviewed with key input from District stakeholders, including especially businesses. A new Economic Development Officer is being recruited.

Measure 4: Pukaki Airport - user satisfaction with airport facility

New measure in 2021/22

	2020/21	2021/22	2022/23
Target:		≥75%	≥80%
Result:	N/A	No data	71%

What we did: A part-time operations manager was engaged to assist with maintenance and other airport issues, as well as liaison with users. We believe this has been a very positive move. A user satisfaction survey was developed to capture user satisfaction for the 2022/23 period. The user satisfaction with airport facilities was 71% which did not meet our target. This result will provide a benchmark for future reference.

Challenges/issues we experienced: The usage of the airport had been significantly reduced during the Covid affected period – with tourism related numbers returning gradually from early 2023.

Looking ahead: Council will develop a Pukaki Airport Masterplan with a view to future plans, as well as seeking financial sustainability.

Measure 5: Forestry - financial gross surplus per predicted cashflows from Long Term Plan or Annual Report

New measure in 2021/22

This measure was described as the net surplus in the 2021/2031 Long Term Plan. However, this was an error as the financial target value is the gross surplus amount.

	2020/21	2021/22	2022/23
Target: (LTP)	N/A	\$1,058,000	\$604,000
Result: (Annual Report)	N/A	\$754,000	\$201,000

What we did: Our Forestry Plantation operations are delivered through a management contract with external providers. Our primary cash income is generated from timber sales and key operating costs incorporate replanting, weed species control, thinning, earthworks and tree measuring.

During 2022/23 log prices declined internationally so we chose to hold back on timber sales and as a result revenue was lower than forecast meaning we did not meet the gross cashflow target for the year.

During the year we tendered our forestry management services. As a result these were awarded to PFOlsen, effective 1 April 2023 We acknowledge and thank the Ashburton District Council for their service delivery over the many years they have managed our forestry holdings.

Challenges/issues we experienced: . Revenue was reduced due to the decline of international log prices and the choice to defer timber sales.

Looking ahead: With PF Olsen to assist with a Forestry strategy and estate modelling, we plan to finalise and implement a new Forestry Management contract during 2023/24 and complete an overarching forestry strategy.

Significant Financial Variances between Actual and the Long Term Plan

Local authorities fuel tax, fines, infringement fees and other receipts \$1,658,000 above LTP

Unbudgeted income of \$1,056,000 was received for the annual allocation of carbon credits. Timber sales were budgeted at \$599,000 but actual income received was \$201,000.

Unbudgeted income of \$785,000 from the settlement of a piece of land in the property portfolio that was budgeted to be sold in a prior year.

Unbudgeted grant income of \$156,000 was received in relation to Mayors Taskforce for Jobs, this is offset by expenditure incurred in relation to the funding.

Payments to staff and suppliers \$827,000 above LTP

Unbudgeted expenditure was incurred in relation to the Mayors Taskforce for Jobs scheme. The expenditure was fully offset by government funding.

Expenditure of \$169,000 was incurred in relation to Destination Mackenzie. The project was originally budgeted to be completed in the previous financial year.

Increased expenditure from the LTP was incurred in regards forestry operations as a result of additional grounds maintenance and the change in forestry advisor from Ashburton District Council to PF Olsen.

Increase / (decrease) in reserves \$1,516,000 above LTP

Transfers to reserves were higher than budget due to the timing of receipt of revenue and expenditure incurred from commercial activities as well as proceeds from sale of assets and increased investments.

Capital Expenditure by activity

\$000	LTP 2021-22	LTP 2022-23	Actual 2022-23
Pukaki Airport	25	26	5
Real Estate	-	-	41
Tourism and Economic Development	17	17	17
Tourism Marketing	-	-	2
TOTAL	42	42	65

FUNDING IMPACT STATEMENT – TOURISM, ECONOMIC DEVELOPMENT & COMMERCIAL ACTIVITIES

\$000s	LTP 2021-22	LTP 2022-23	Actual 2022-23
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	46	46	119
Targeted rates	401	413	449
Subsidies and grants for operating purposes	461	-	395
Fees and charges	-	-	192
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,132	1,102	2,760
Total operating funding	3,040	1,561	3,914
Applications of operating funding			
Payments to staff and suppliers	1,329	713	1,540
Finance costs	9	37	173
Internal charges and overheads	1,608	1,468	1,408
Other operating funding applications	-	-	-
Total applications of operating funding	2,946	2,218	3,121
SURPLUS / (DEFICIT) OF OPERATING FUNDING	94	(657)	793
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	2,200	(92)	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,200	(92)	-
Applications of capital funding			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	137	46	65
Increase/(decrease) in reserves	1,512	(787)	729
Increase/(decrease) of investments	646	(8)	-
Total applications of capital funding	2,295	(749)	793
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(95)	657	(793)
FUNDING BALANCE	0	0	0

Note: Figures in the LTP columns agree in total, but for presentation purposes, some sources and applications of funding have been reallocated to ensure information is comparable.

SECTION 4

Finances

Pūtea

A GUIDE TO THE FINANCIALS

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, reporting against both financial and non-financial measures.

The financial information includes:

Statement of comprehensive revenue and expenditure

This can also be referred to as the profit and loss statement, income statement or the operating statement.

The statement of comprehensive revenue and expense shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2023. The statement does not include asset (capital expenditure) purchases or disposals.

Statement of changes in equity

The statement of changes in equity provides information about the nature of changes in the Council's ratepayers' equity during the year. Equity is the residual interest in the assets of the Council after the deduction of its liabilities.

Statement of financial position

The statement of financial position shows all the assets and liabilities of the Council as at 30 June 2023. It can also be referred to as the balance sheet.

Statement of cash flows

The statement of cash flows covers all inflows and outflows of cash during the year covered by the statement of comprehensive revenue and expense.

The statement of cash flows identifies the sources and applications of cash in respect to the Council's operating, investing and financing activities.

Funding impact statement

The funding impact statement sets out the sources of operating and capital funding the Council has used to fund its activities.

Notes to the financial statements

The notes contain additional information to give greater understanding of the financial statements outlined above, and includes the accounting policies Council has used to prepare the financial statement for 2022/2023.

Disclosure statement

The disclosure statement discloses 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 the disclosure statement in the annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the Year Ended 30 June 2023

§000	Note	Actual 2023	Budget 2023	Actual 2022
REVENUE				
Rates	3	14,631	14,464	12,430
Subsidies and grants	4	5,535	3,036	7,083
Fees and charges	5	2,498	1,847	2,051
Interest revenue	6	543	321	179
Other revenue	7	3,150	2,085	3,826
Development and financial contributions		1,196	2,122	1,972
Vested assets		1,469	2,979	3,873
Other gains	8	265	11	410
Total revenue		29,287	26,865	31,824
EXPENSES				
Personnel costs	10	5,119	5,685	4,342
Finance costs	11	451	215	8
Other expenses	12	21,146	13,661	17,891
Depreciation and amortization expense	20	6,319	4,946	4,658
Other losses	8	1,110	-	2,915
Total expenses		34,145	24,507	29,814
SURPLUS / (DEFICIT) BEFORE TAX		(4,858)	2,358	2,010
Income tax expense	13	-	-	-
Surplus / (deficit) after tax		(4,858)	2,358	2,010
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that could be reclassified to surplus / (deficit)</i>				
Fair value movement of listed bonds	30	2	434	(35)
<i>Items that will not be reclassified to surplus/ (deficit)</i>				
Fair value movement of listed and unlisted shares	30	2,800	-	500
Property, plant, and equipment revaluations	30	5,893	233	77,642
Total other comprehensive revenue and expense		8,695	667	78,107
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		3,837	3,025	80,117

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY**For The Year Ended 30 June 2023**

\$000	Notes	Actual 2023	Budget 2023	Actual 2022
Equity at the beginning of year		374,501	313,338	294,383
Total comprehensive revenue and expense		3,837	3,025	80,117
Equity at end of year	30	378,335	316,363	374,501

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

\$000	Note	Actual 2023	Budget 2023	Actual 2022
ASSETS				
Current assets				
Cash and cash equivalents	14	10,166	4,168	9,006
Receivables	15	6,155	3,839	4,403
Inventories	16	21	28	74
Prepayments	17	456	84	117
Other financial assets	18	3,009	11,226	14,426
Total current assets		19,807	19,345	28,026
Non-current assets				
Property, plant and equipment	19	349,155	298,782	338,495
Inventories	16	342	558	342
Intangible Assets	21	3,217	946	2,365
Forestry Assets	22	4,841	7,863	5,212
Investment property	23	5,334	4,319	5,086
Other financial assets	18	14,210	11,352	11,284
Total non-current assets		377,099	323,820	362,784
TOTAL ASSETS		396,906	343,165	390,810
LIABILITIES				
Current liabilities				
Payables and deferred revenue	25	6,595	5,783	5,545
Employee entitlements	26	360	328	278
Provisions	27	3	63	2
Borrowings	28	3,120	2,709	10,006
Total current liabilities		10,078	8,883	15,831
Non-current liabilities				
Employee entitlements	26	35	-	32
Provisions	27	38	-	26
Borrowings	28	8,420	17,919	420
Total non-current liabilities		8,493	17,919	478
Total liabilities		18,571	26,802	16,309
NET ASSETS		378,335	316,363	374,501
EQUITY				
Accumulated Funds	30	115,961	131,048	124,858
Reserves	30	23,477	19,781	19,087
Revaluation Reserves	30	238,897	165,535	230,556
TOTAL EQUITY		378,335	316,364	374,501

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASHFLOWS

For The Year Ended 30 June 2023

\$000	Notes	Actual 2023	Budget 2023	Actual 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		14,308	14,464	12,378
Subsidies and grants received		6,305	3,036	5,539
Receipts from other revenue		2,194	4,171	3,715
Interest and dividends from investments		695	321	303
Financial and development contributions		1,038	2,122	1,989
Payments to suppliers and employees		(25,123)	(19,346)	(21,769)
Finance costs		(451)	(215)	(8)
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES		(1,034)	4,553	2,147
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		170	523	117
Proceeds sale of investments		24,351	10,000	11,419
Purchase of Fixed Assets and intangibles		(10,308)	(13,953)	(11,066)
Purchase of Investments		(13,133)	(10,000)	(15,644)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		1,080	(13,430)	(15,174)
CASHFLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowing		1,114	10,628	10,426
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		1,114	10,628	10,426
NET INCREASE/(DECREASE) IN CASH HELD		1,160	1,751	(2,601)
Opening Cash Balance 1 July		9,006	2,416	11,607
Cash and cash equivalents at the end of the year		10,166	4,167	9,006
REPRESENTED BY				
Cash and cash equivalents	14	10,166	4,167	9,006

The accompanying notes form an integral part of these financial statements.

FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

For The Year Ended 30 June 2023

\$000	Annual Plan 2021-22	Actual 2021-22	Annual Plan 2022-23	Actual 2022-23
OPERATING FUNDING				
<i>Sources of operating funding</i>				
General Rates, Uniform annual general charges, rates penalties	6,080	6,140	6,860	6,959
Targeted Rates (other than metered water supply rates)	6,285	6,291	7,605	7,673
Subsidies and grants for operating purposes	4,019	3,975	1,221	4,125
Fees and charges	1,907	2,056	1,827	2,570
Interest and dividends from investments	247	303	321	617
Local authorities fuel tax, fines, infringement fees and other receipts	2,683	3,698	1,576	3,004
Total Operating Funding	21,221	22,462	19,410	24,948
<i>Applications of operating funding</i>				
Payments to staff and suppliers	20,313	22,233	19,347	26,292
Finance costs	76	8	215	451
Other operating funding applications	-	-	-	-
Total applications of operating funding	20,389	22,241	19,562	26,743
SURPLUS / (DEFICIT) OF OPERATING FUNDING	832	221	(152)	(1,795)
CAPITAL FUNDING				
<i>Sources of capital funding</i>				
Subsidies and grants for capital expenditure	5,497	3,108	1,815	1,409
Development and financial contributions	1,684	1,999	2,122	1,196
Increase/(decrease) in debt	17,080	10,426	6,318	1,114
Gross proceeds from the sale of assets	-	117	523	100
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	24,261	15,650	10,778	3,819
<i>Applications of capital funding</i>				
Capital expenditure - to meet additional demand	1,477	-	1,282	246
Capital expenditure - to improve the level of service	16,148	3,737	9,233	5,124
Capital expenditure - to replace existing assets	6,992	6,987	3,437	4,803
Increase/(decrease) in reserves	(169)	922	(3325)	5,264
Increase/(decrease) of investments	645	4,225	-	(13,413)
Total applications of capital funding	25,093	15,871	10,627	2,024
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(832)	(221)	151	1,795
FUNDING BALANCE	0	0	0	0

Note: The Funding Impact Statement is required under the Local Government Act 2002 Schedule 10 and conforms to the Local Government (Financial Reporting) Regulations 2014. Generally accepted accounting practice does not apply to the preparation of the Funding Impact Statement as stated in S111 (2) of the Local Government Act.

Figures in the LTP columns agree in total, but for presentation purposes some sources and applications of funding have been reallocated to be comparable with the actual columns.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Mackenzie District Council (Council) and group 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 group consists of Mackenzie District Council and its wholly-owned subsidiaries (100% owned), Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust.

Council's interest in Downlands Water Scheme has been assessed as a Joint Arrangement and accounts for its share of assets, liabilities, revenue and expenses relating to Council's 4% interest in the scheme. Figures presented in the financial statements are the same for the parent reporting entity and the group.

The Council has designated itself and the group as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and the group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023 in line with the statutory timeframes for adoption.

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.

Statement of Compliance

The financial statements of the Council and group 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 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.

Measurement base

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

The following changes in accounting policies were applied during the financial year:

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023. There have been no material effects from the adoption of the new standard from 1 July 2022.

Standards issued and not yet effective that have been early adopted Changes in accounting policies

Amendments to PBE IPSAS 1 (Disclosure of Fees for Audit Firm's Services)

The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. Council will be required to disclose the fees incurred for services received from its audit or review firm, and a description of each service, using the following specified categories:

- Audit or review of the financial report
- Other non-audit and non-review services:
 - Audit or Review Related Services

- Other Assurance Services and other Agreed-Upon Procedures Engagements
- Taxation Services
- Other Services

Application of these amendments is required for accounting periods beginning on or after 1 January 2024. Application is permitted for accounting periods that begin before 1 January 2024. The Council will not early adopt this amendment.

There have been no other changes in accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses and cash flows of entities in the group on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions.

Joint operation

A joint operation is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists when there is a binding agreement between the parties involved in the arrangement and this agreement requires the relevant activities of the arrangement to be decided by unanimous consent from all parties involved in the arrangement.

For joint arrangements, the Council recognises in its financial statements its share of assets, liabilities, revenue and expenses relating to the arrangement.

The Council has a joint arrangement with the Timaru District Council and Waimate District Council for the Downlands Rural Water Scheme. The Downlands Rural Water Scheme is a joint operation rather than a joint venture because the three Council's jointly own their specified share of the whole scheme and have rights to the assets and obligations for the liabilities relating to the arrangement, due to the structure of the arrangement not being through a separate vehicle. Council's share in this joint arrangement equates to 4%, with Timaru District Council's share being 82% and Waimate District Council's 14%.

Revenue recognition

Revenue is measured at the fair value. The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates 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 the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- 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 Environment Canterbury Regional Council (ECan) are not recognised in the financial statements, as the Council is acting as an agent for ECan.

Rates Remissions

The objective 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.

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 remissions policy.

Waka Kotahi (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 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

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 (for example, land must be used as a recreational 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.

Landfill fees

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

Sale 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 for 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.

EXPENDITURE RECOGNITION

The specific accounting policies for significant expenditure items are explained below.

Superannuation 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.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

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 incentive received are recognised in the surplus/(deficit) as a reduction of rental expense over the lease term.

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have non-cancellable terms of 36 months.

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

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus/(deficit) for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

STATEMENT OF FINANCIAL POSITION ITEMS

The specific accounting policies for significant balance sheet items are explained as follows.

Cash and cash equivalents

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.

Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council and group apply the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

No rates were written off during the year, (2022: \$Nil)

Other receivables are written-off when there is no reasonable expectation of recovery.

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Council, as the Council has a large number of customers.

Impairment

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court’s judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

Financial assets/financial liabilities

The Council shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Council becomes party to the contractual provisions of the instrument.

At initial recognition, the Council shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus/(deficit), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets are classified as either:

1. Amortised Cost
2. Fair value through surplus or deficit FVTSD, or
3. Fair value through other comprehensive revenue and expenses, FVTOCRE.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTSD unless it is measured at amortised cost or at FVTOCRE. However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured FVTSD to present subsequent changes in FVTOCRE.

Subsequent measurement of financial assets at amortised cost*Term Deposits and Eversley Sewage Loan*

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE*Listed and Unlisted Shares and Bonds*

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, there is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds with equity. The Council and group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measure at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expect to receive.

ECLs are discounted at the effective interest rate of the financial asset.

ECL's are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and included forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Financial Liabilities are classified as either:

1. Amortised Cost, or
2. Fair value through profit or loss.

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at fair value through profit or loss.

A financial liability is classified as a financial liability at fair value through profit or loss if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as at fair value through profit or loss (note that such a designation is only permitted if specified conditions are met).

A financial liability is held for trading if it meets one of the following conditions:

- It is incurred principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Inventories

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/(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.

Property, plant and equipment

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 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 include parks and reserves owned by Council which provide a benefit or service to the community, and endowments and other property held in trust for specific purposes.

Land 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).

- 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 is 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.

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.

Asset classes that are revalued, are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. The valuation cycle for revalued asset classes is normally three years.

The measurement basis 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
Restricted Assets		
Land	Yes	Fair Value
Flood Protection and Control Works	No	Not Applicable

Village Projects	No	Depreciated Historical Cost
Alps2Ocean Cycleway	No	Deemed Cost
Infrastructure Assets		
Land Under Roads	No	Not Applicable
Litter Bins and Landfills	No	Depreciated Historical Cost
Roads and Footpaths	Yes	Optimised Depreciated Replacement Cost
Resource Consents	No	Depreciated Historical Cost
Resource Recovery Parks	Yes	Optimised Depreciated Replacement Cost
Stormwater	Yes	Optimised Depreciated Replacement Cost
Wastewater	Yes	Optimised Depreciated Replacement Cost
Water Supplies	Yes	Optimised Depreciated Replacement Cost

The net revaluation results are credited or debited to other comprehensive revenue and expense 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 expense but in the surplus/(deficit).

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus/(deficit) will be recognised first in the surplus/(deficit) up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, or 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 the Council and group 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 after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the 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/(deficit) as they are incurred.

Certain infrastructure assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been 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 disposals are determined by comparing the disposal 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

Operational Assets	Depreciation Method	Life (Years)
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
Infrastructural Assets	Depreciation Method	Value Basis
Solid Waste		
• Resource Recovery Parks	Straight Line	80
• Landfills	Stright Line	30 – 50
• Litter Bins	Straight Line	10
Village Projects	Straight Line	5 – 80
Alps2Ocean Cycleway	Straight Line	50
• Formation	Not Depreciated	-
Land Under Roads	Not Depreciated	-
Roads		
• Formation	Not Depreciated	-
• Sub-base – sealed rural	Not Depreciated	-
• Sub-base – sealed	Straight Line	100
• Base Course	Straight Line	75 – 125
• Surfacing	Straight Line	3 – 40
• Kerb and Channelling	Straight Line	40 – 80
• Street Signs	Straight Line	20
• Streetlighting	Straight Line	20 – 40
• Bridges	Straight Line	80 – 100
• Shoulders	Straight Line	100
Footpaths		
• Surface	Straight Line	25 - 75
• Base	Straight Line	30 - 75
• Formation	Not Depreciated	-
• Sub base	Not Depreciated	-
Resource Consents	Straight Line	10 - 33
Stormwater		
• Lines	Straight Line	60 – 150
• Manholes	Straight Line	150
• Open Drains	Not Depreciated	-
Wastewater		
• Mains	Straight Line	10 – 100
• Pumps	Straight Line	15 – 20
• Oxidation Ponds	Not Depreciated	-
• Box Culverts	Straight Line	100
• Manholes	Straight Line	100
Water Supplies		
• Piping Mains	Straight Line	10 – 80
• Pumps	Straight Line	15 – 20
• Service Lines	Straight Line	60 – 80
• Hydrants	Straight Line	80
• Valves and Air Valves	Straight Line	25 – 80
• Meters	Straight Line	20 – 25
• Reservoirs	Straight Line	40 – 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/ (deficit).

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/(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/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus/(deficit).

Estimating the fair value of land, buildings and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Valuation Partners. The valuation is effective as at 30 June 2023. Future revaluations will be carried out on a three yearly basis or as required by the standard. The valuation report has indicated that a greater degree of uncertainty is attached to the valuation of its lands and buildings due to severe market disruption and lack of transactional data as a result of COVID-19.

Plant and machinery comprises the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2022 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.

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 value 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)

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

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 2023 valuation include:

- The replacement costs of significant assets are adjusted where appropriate for optimization due to over-design or surplus capacity. There have been no optimization adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and QV cost builder information. Construction costs based on a model rate of \$3,250 per square metre (includes architectural and engineers fees component of 12.5%) plus a multiple range between 0.1 to 5.2, depending on the nature of the specific asset being valued, compared to last year construction costs of \$3,110 per square metre.
- 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 2023 valuation do not include market rents and capitalisation rates.

Infrastructural assets include wastewater, stormwater, water supply, bridges and roading systems, and solid waste. Council's infrastructural assets, except rural water races, village projects, resource consents, litter bins, and Alps2Ocean Cycleway, have been included at their most recent valuation, plus additions at cost, less accumulated depreciation.

The most recent valuation of infrastructural assets was performed by an independent registered valuer. Mark Gordon (BE (Hons), MBA, SMEngNZ, CPEng) of AECOM, performed the roading revaluation with an effective date of 30 June 2022. Miles Wyatt (DipBus (InfoSys), CMEngNZ, MIAM, REAcap) of AECOM performed the three waters and solid waste revaluations with an effective date of 30 June 2022. Subsequent additions have been valued at cost and depreciated.

Rural water races, landfills, village projects and Alps2Ocean 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.

Infrastructural Assets

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 optimized 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 to Statistics New Zealand and NZTA indices 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 expense. 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.

The measurement basis for Downlands Water Scheme was changed from historical cost to the revaluation model for the 2019/20 financial year, in agreement with the joint arrangement parties being Waimate, Timaru and Mackenzie District Council's. Downlands water scheme assets were valued by Timaru District Council officers and peer reviewed by Brian Smith (CA), of Brian Smith Advisory Services Limited using a replacement cost basis and the valuation is effective at 30 June 2022.

Land under roads, includes under formed roads and subsequent additions vested to Council. The value is based on the average value of the land in the associated ward deemed by Quotable Value. These values have been adopted as deemed cost.

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 held with the primary objective of generating a commercial return.

The value in use for cash generating assets is the present value of expected future cash flows.

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.

Forestry

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/(deficit).

Forestry maintenance costs are recognised in the surplus/(deficit) when incurred.

Intangibles**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/(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. Carbon Credits are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Impairment

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/(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

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

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

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant and equipment.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, investment property is measured at fair value as determined annually by an independent valuer.

The valuation report for 30 June 2023 prepared by Patric Choda (B.Bus (Property), Registered Valuer) of Valuation Partners Limited has indicated that a greater degree of uncertainty is attached to the valuation as a result of COVID-19.

Gains or losses arising from a change in the fair value of investment property is recognised in the surplus/(deficit).

Employee Entitlements*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.

Provisions

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".

Payables and deferred revenue

Short-term payables are recorded at the amortised cost.

Equity and Reserves

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:

- Special funds reserves;
- Separate reserves;
- Asset revaluation reserves; and
- Accumulated general funds.

Special funds reserves

Special reserves have been set up for specific purposes. Their use is restricted to the purpose for which they were set up. They retain their surplus or deficit but are used to meet the costs that comply with their purpose.

- 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.
- 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.

Separate reserves

These are reserve balances where activities are funded either by targeted rates or a combination of targeted rates and general rates. They hold a surplus or deficit balance from year to year, and the fund is only held for that specific activity. For example, each water supply activity has its own reserve balance.

Asset revaluation reserves

These reserves relate to:

- The revaluation of property, plant and equipment to fair value including operational and infrastructure 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 expense, FVTOCRE.

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.

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.

Cost allocation

The cost of service for Council groups of activities has been derived using the cost allocation system.

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 Council's costs are "direct costs" – 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.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan or 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 for the preparation of the 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 19: Property, plant and equipment.
- Estimating the fair value of forestry assets – see Note 22: Forestry assets.
- Estimating the landfill aftercare provision – see Note 27 Provisions.

Critical judgements in applying accounting policies

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

- Classification of property – see Note 19: Property, plant and equipment.
- Accounting for suspensory loan from Housing New Zealand - see Note 4: Subsidies and Grants.

Council's view is the suspensory loan from HNZ 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 29: Contingencies.

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

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.

Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognize revenue immediately for such transfers. A liability is not recognised until such time as it is expected that the condition will be breached.

2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

	Actual 2023	Budget 2023	Actual 2022
REVENUE			
Governance and corporate services	6,649	6,648	5,700
Water supplies	2,755	3,729	4,238
Wastewater	1,507	2,608	5,243
Stormwater	204	761	963
Transportation	7,630	4,857	3,645
Regulatory services	2,688	2,749	3,265
Emergency management	173	173	74
Parks and community facilities	3,156	3,533	4,105
Waste management and minimisation	1,729	1,441	1,450
Tourism, economic development and commercial activities	2,992	366	3,393
Total revenue	29,483	26,865	32,076
EXPENDITURE			
Governance and corporate services	7,286	6,667	6,152
Water supplies	3,095	2,012	2,547
Wastewater	1,350	1,139	3,043
Stormwater	198	163	550
Transportation	9,595	4,990	4,860
Regulatory services	4,541	3,327	3,428
Emergency management	201	173	180
Parks and community facilities	3,822	3,196	3,154
Waste management and minimisation	1,890	1,442	1,174
Tourism, economic development and commercial activities	2,364	1,396	4,979
Total Expenditure	34,342	24,505	30,067

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities. The above includes internal interest income and expenditure which has been eliminated from the Statement of Comprehensive Revenue and Expense.

The above includes internal interest and expenditure of \$198,000 (2022: \$252,000), this was eliminated from the Statement of Revenue and Expense.

3. RATES

\$000	Actual 2023	Actual 2022
General rates	6,891	6,115
Targeted rates attributed to activities:	-	-
• Governance and corporate services	36	34
• Water supplies	1,846	1,479
• Wastewater	837	886
• Stormwater	165	108
• Transportation	1,672	1,111
• Parks and community facilities	1,739	1,568
• Waste management and minimisation	928	750
• Tourism, economic development and commercial activities	449	355
Rates penalties	94	45
Rates remissions	(25)	(21)
Total rates	14,631	12,430
Rates charged on Council owned properties (not eliminated from Revenue and Expenditure)	297	204
Ratings base		
Revenue from rates for Mackenzie District Council was billed on the number of rating units at end of the preceding year	5,414	5,277
Total capital value of rating units at end of preceding year	\$5,307,980,120	\$5,233,360,120
Total land value of rating units at end of preceding year	\$3,045,416,200	\$3,003,025,200

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. The Multi-Issuer Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

\$000	Actual 2023	Actual 2022
Rates	14,631	12,430
Total rates	14,631	12,430

4. SUBSIDIES AND GRANTS

\$000	Actual 2023	Actual 2022
Waka Kotahi (New Zealand Transport Agency) roading subsidies	4,656	1,629
Water Services Reform Programme grants	9	4,313
Other subsidies and grants	870	1,141
Total subsidies and grants	5,535	7,083

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

5. FEES AND CHARGES

\$000	Actual 2023	Actual 2022
Water by meter	89	124
Regulatory	1,265	1,454
Other fees and charges	1,144	473
Total fees and charges	2,498	2,051

6. INTEREST REVENUE

\$000	Actual 2023	Actual 2022
Finance revenue	544	179
Total Finance Revenue	544	179

7. OTHER REVENUE

\$000	Actual 2023	Actual 2022
Petrol tax	114	102
Dividend Revenue	173	124
Rental Revenue	399	420
Sales Forestry	201	736
Carbon Credits Received	1,056	1,549
Sales Inventory	570	613
Other Revenue	637	282
Total Other Revenue	3,150	3,826

7A. OPERATING LEASES AS LESSOR

\$000	Actual 2023	Actual 2022
Revenue from exchange transactions		
Not later than one year	217	168
Later than one year and not later than five years	645	494
Later than five years	1,577	1,500
Total non-cancellable operating leases	2,439	2,162

Investment property and property used for social housing are leased under operating leases. The investment property leases have a non-cancellable term of 36 months. Social housing leases are generally for terms of one year, with some leases for shorter durations. The future aggregate minimum lease payment to be collected under non-cancellable leases are presented in the table above.

8. OTHER GAINS/(LOSSES)

\$000	Actual 2023	Actual 2022
Gain / (Loss) changes fair value Forestry Assets	(299)	(2,208)
Gain / (Loss) changes fair value Investment Property	265	410
Gain / (Loss) disposal Carbon Credits	-	-
Gain / (Loss) disposal property, plant and equipment	(811)	(707)
Total gains/(losses)	(845)	(2,505)

9. REVENUE EXCHANGE / NON-EXCHANGE)

\$000	Actual 2023	Actual 2022
Revenue from non-exchange transactions		
Rates	14,631	12,430
Subsidies and Grants	5,535	7,083
Fees and Charges	1,196	1,927
Development Contributions	2,409	1,972
Vested Assets	1,469	3,873
Other Revenue	2,071	2,345
Total revenue non-exchange	27,312	29,630
Revenue from exchange transactions		
Sales of goods	771	1,349
Fees and Charges	89	124
Finance Revenue	544	179
Other Revenue	572	544
Total revenue exchange	1,976	2,195

10. PERSONNEL COSTS

\$000	Actual 2023	Actual 2022
Salaries and wages	4,991	4,228
Defined contribution plan employer contributions	128	114
Total personnel costs	5,119	4,342

Employer contributions to defined contributions plans include contributions to Kiwisaver.

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

Elected representatives remuneration.

\$000	Actual 2023	Actual 2022
Mayor Anne Munro (new)	63	-
Mayor Graham Smith (previous)	25	84
Councillor Matt Murphy	26	19
Councillor Murray Coz	31	35
Councillor Karen Morgan (new)	26	-
Councillor Phillipa Guerin (new)	20	-
Councillor Rit Fisher (new)	20	-
Councillor Scott Aronsen (new)	22	-
Councillor Kerry Bellringer (new)	22	-
Councillor Stuart Barwood (previous)	10	35
Councillor James Leslie (previous)	11	35
Councillor Emily Bradbury (previous)	6	19
Councillor Anne Munro (previous)	11	35
Fairlie Community Board Members	9	9
Tekapo Community Board Members	10	10
Twizel Community Board Members	13	13
	325	294

Chief Executive total remuneration paid or payable for the year (including any non financial benefits).

\$000	Actual 2023	Actual 2022
Chief Executive – to November 2021	-	388
Chief Executive – from December 2021	249	118

Remuneration for employees by band as at 30 June 2023

\$000	Actual 2023	Actual 2022
\$160,000 and \$259,999	5	2
\$120,000 - \$159,999	6	10
\$100,000 - \$119,999	10	7
\$80,000 - \$99,999	6	12
\$60,000 - \$79,999	13	11
\$59,999 and less	11	42
	51	

At balance date, the Council employed 45.15 (2022: 39.2) full-time equivalent employees, where 40.0 hours a week is considered full time (in prior years 37.5 hours was considered full time). Of these 38 (2022: 33) were full time equivalents with the remaining 7.15 (2022: 6.2), consisting of employees on part time contracts.

Severance payments

For the year ended 30 June 2023, the Council made no severance payment (2022: 1) to a chief executive totalling \$nil (2022: \$187,869).

For the year ended 30 June 2023, the Council made 1 severance payment (2022: 1) to an employee totalling \$17,280 (2022:\$56,785).

11. FINANCE COSTS

\$000	Actual 2023	Actual 2022
Finance expenses	451	8
Total Finance costs	451	8

12. OTHER EXPENSES

\$000	Actual 2023	Actual 2022
Fees to auditors		
Fees to Audit NZ for audit of the financial statements and performance information	167	112
Agreed recoveries for 2020 audit	-	50
Fees to Audit NZ for audit of the Long-term plan for 2021-2031	-	18
Agreed recoveries for 2021 LTP audit	-	100
Agreed recoveries for 2021 audit	20	
Agreed recoveries for 2022 audit	22	
Fees for assurance review of the debenture trust deed this year	5	5
Fees for assurance review of the debenture trust deed previous year	-	5
Other assurance services	-	17
Other employee costs	229	158
Cost of goods sold	181	871
Insurance	245	232
Operating leases	122	168
Administration expenses	772	1,182
Impairment of receivables	4	82
Operating and maintenance	3,628	5,622
Contractors and professional services	8,379	6,193
Maintenance	6,254	2,374
Utilities	521	478
Other operating expenses	597	224
Total other expenses	21,146	17,891

Additional audit fees recorded for 2023: \$20,000 for recoveries for the audit of the financial statements for 2021, and \$20,000 for recoveries for the audit of the financial statements for 2022.

OPERATING LEASES AS LEASEE

\$000	Actual 2023	Actual 2022
Not later than one year	19	7
Later than one year and not later than five years	40	31
Later than five years	-	-
Total non-cancellable operating leases	59	39

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 presented in the table above.

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.

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2021: \$nil).

13. TAX

\$000	Actual 2023	Actual 2022
Surplus / (deficit) before tax	(4,858)	2,010
Tax at 28%	(1,360)	563
Non-taxable income / (expenditure) at 28%	1,360	(563)
Tax expense / (benefit)	-	-

14. CASH AND CASH EQUIVALENTS

\$000	Actual 2023	Actual 2022
Cash at bank and in hand	7,166	4,006
Term deposits with maturities under 3 months	3,000	5,000
Total cash and cash equivalents	10,166	9,006

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$58,000 (2022: \$56,000). The fund relates to trusts and bequests received (see Note 30), and other funds received with restrictions where spending of the funds is separately monitored.

15. RECEIVABLES

\$000	Actual 2023	Actual 2022
Rates receivables	803	480
Other receivables	5,091	2,829
Accrued interest revenue	87	66
GST receivable	288	1,137
Estimated credit losses	(114)	(109)
Total receivables	6,155	4,403

Total receivables comprise:

Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	5,653	4,117
Receivables from exchange transactions – this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	502	286
	6,155	4,403

Movement in the provision for impairment of receivables are as follows:

\$000	Actual 2023	Actual 2022
Balance at 1st July	109	30
Additional provisions made during year	5	79
Balance at 30th June	114	109

16. INVENTORIES

\$000	Actual 2023	Actual 2022
Held for distribution or consumption	21	74
Total current inventories	21	74
Non current assets held for sale		
Commercial inventory - land developed for sale	342	342
Total non-current Inventories	342	342

The carrying amount of inventories pledged as security for liabilities is \$nil (2022: \$nil).

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

17. PREPAYMENTS

\$000	Actual 2023	Actual 2022
Prepayments	456	117
Total prepayments	456	117

18. OTHER FINANCIAL ASSETS

\$000	Actual 2023	Actual 2022
Current portion		
Short term deposits	3,000	13,919
Eversley Sewerage	9	9
Investments in debt securities	-	498
Total Current Portion	3,009	14,426
Non-current portion		
Investments in CCOs and similar entities		
Eversley Sewerage	9	84
Total investments in CCOs and similar entities	9	84
Investments in other entities		
Bonds	1	-
Unlisted Shares	14,000	11,200
LGFA Borrower notes	200	-
Total investment in other entities	14,201	11,200
Total Non-Current Portion	14,210	11,284

Fair Value*Short term deposits*

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

Investments in debt securities

The fair value of other bonds is \$nil (2022: \$nil). 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 0.0% and 0.0% (2022: 4.68% and 4.68%). The fair value of corporate bonds is \$nil (2022: \$497,568).

Unlisted shares

Council holds 2,049,870 fully paid shares (2022: 2,049,870) of \$6.83 (2022: \$5.46) in Alpine Energy Limited. The shares are recognised at fair value as assessed by Ernst & Young for the year ending 30 June 2023.

The fair value of unlisted shares have been determined using a valuation technique based on discounted cash flows using a risk rate of 4.5% (2022: 4.0%) based on 10 Year Government Bonds and a calculated WACC of 6.4% (2022: 6.0%). The forecast periods for the valuations was financial years 2024-2033 (2022: 2023-2032).

The cash flow projections over the DCF time frame have been inflated using an annual inflationary factor of 2.0% (2022: 2.5%) based on the CPI index.

Impairment

There were no impairment provisions for other financial assets. None of the assets are either past due or impaired.

19. PROPERTY, PLANT AND EQUIPMENT

\$000	1-Jul-22			Adjustment	30-Jun-23									1-Jul-23		
	Cost / revaluation	Accum depn and impairment charges	Carrying amount		Current year revaluation	Accum depn reversed on revaluation	Current year additions	Current year trfs within PPE	Current year disposals	Current year disposals depreciation	Current year impairment charges	Current year depreciation	Net book value	Cost	Accum depn and impairment charges	Carrying amount
OPERATIONAL ASSETS																
Buildings	18,988	444	18,544	(1)	1,730	939	517	(15)	-	-	-	468	21,220	21,220	-	21,220
Computer hardware	459	305	154	-	-	-	255	-	41	40	-	100	308	673	365	308
Furniture and fittings	726	555	170	-	-	-	47	-	-	-	-	29	188	772	584	188
Heritage assets	30	16	14	-	-	-	-	-	-	-	-	-	13	30	16	13
Land	34,505	-	34,505	-	2,027	-	-	140	-	-	-	-	36,672	36,672	-	36,672
Motor vehicles	616	213	403	-	-	-	292	-	149	88	-	123	512	760	248	512
Office equipment	122	105	17	-	-	-	4	-	-	-	-	-	16	125	109	16
Plant and machinery	1,051	642	409	-	-	-	21	-	-	-	-	-	358	1,073	715	358
Total operational assets	56,496	2,279	54,217	(1)	3,757	939	1,136	125	190	128	-	797	59,288	61,325	2,036	59,288
RESTRICTED ASSETS																
Land	10,088	-	10,088	-	814	-	67	-	-	-	-	-	10,969	10,969	-	10,969
Total restricted assets	10,088	-	10,088	-	814	-	67	-	-	-	-	-	10,969	10,969	-	10,969
INFRASTRUCTURAL ASSETS																
Flood protection and control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfills	136	89	48	-	-	-	-	-	-	-	-	4	44	136	93	44
Resource recovery parks	770	-	770	-	-	-	-	15	-	-	-	46	738	784	46	738
Resource parks litter bins	150	4	146	-	-	-	19	-	-	-	-	17	148	169	20	148
Village projects	3,819	1,250	2,570	-	-	-	1,248	295	38	2	-	127	3,949	5,324	1,375	3,949
Alps 2 ocean cycleway	739	128	612	-	-	-	4	-	-	-	-	15	601	744	142	601
Land under roads	6,116	-	6,116	-	-	-	6	-	-	-	-	-	6,121	6,121	-	6,121
Roading and footpaths	169,541	73	169,468	32	-	-	3,311	336	-	-	-	3,449	169,698	173,188	3,490	169,698
Resource consents	472	181	291	-	-	-	-	-	-	-	-	19	272	472	200	272
Stormwater: drainage	11,434	-	11,434	-	-	-	107	-	-	-	-	91	11,451	11,542	91	11,451
Wastewater: treatment plants and facilities	3,399	-	3,399	-	-	-	275	-	-	-	-	37	3,637	3,674	37	3,637
Wastewater: other assets	29,022	-	29,022	-	-	-	1,032	-	5	-	-	582	29,468	30,050	582	29,468
Water supplies: treatment plants and facilities	184	-	184	-	-	-	195	(140)	-	-	-	11	228	239	11	228
Water supplies: rural	1,201	1	1,200	-	-	-	-	-	-	-	-	53	1,147	1,01	54	1,147
Water supplies: other assets	44,649	-	44,649	-	-	-	1,316	-	620	12	-	926	44,431	45,345	914	44,431
Total infrastructural assets	271,633	1,724	269,912	32	-	-	7,514	506	663	13	-	5,376	271,935	278,990	7,056	271,935
Capital work in progress	1,755	-	1,755	-	-	-	2,780	(631)	-	-	-	-	3,904	3,904	-	3,904
Joint operation capital work in Progress	313	-	313	-	-	-	223	(89)	-	-	-	-	447	447	-	447
Joint operation assets	2,209	-	2,209	-	382	-	-	89	4	-	-	63	2,613	2,676	63	2,613
TOTAL PROPERTY, PLANT AND EQUIPMENT	342,494	4,004	338,493	31	4,953	939	11,721	-	857	142	-	6,236	349,155	358,310	9,155	349,155

SECTION 4: Finances | Pūtea

\$000	1-Jul-21			30-Jun-22										30-Jun-22			
	Cost/ revaluation	Accum deprn and impairment charges	Carrying amount	Current year adjustments	Accum deprn adjustmen ts	Current year revaluation	Accum deprn reversed on revaluation	Current year additions	Current year trfs within PPE	Current year disposals	Current year disposals depreciati on	Current year impairment charges	Current year depreciation	Net book value	Cost	Accum deprn and impairment charges	Carrying amount
OPERATIONAL ASSETS																	
Buildings	18,674	-	18,674	13	-	6	-	295	-	-	-	-	444	18,544	18,988	444	18,544
Computer hardware	465	394	71	1	(1)	-	-	136	-	143	143	-	54	154	459	304	154
Furniture and fittings	717	525	191	1	-	-	-	8	-	-	-	-	30	170	726	555	170
Heritage assets	30	17	13	-	(2)	-	-	-	-	-	-	-	-	14	30	15	14
Land	32,611	-	32,611	-	-	-	-	2,265	(371)	-	-	-	-	34,505	34,505	-	34,505
Motor vehicles	568	261	307	(1)	-	-	-	265	-	216	150	-	102	403	616	213	403
Office equipment	150	133	17	2	2	-	-	5	-	35	35	-	4	17	122	104	17
Plant and machinery	944	584	360	-	-	-	-	107	-	-	-	-	57	409	1,051	641	409
Total operational assets	54,157	1,914	52,244	16	-	6	-	3,081	(371)	394	327	-	692	54,217	56,496	2,277	54,217
RESTRICTED ASSETS																	
Land	10,087	-	10,087	-	-	-	-	-	-	-	-	-	-	10,088	10,088	-	10,088
Total restricted assets	10,087	-	10,087	-	-	-	-	-	-	-	-	-	-	10,088	10,088	-	10,088
INFRASTRUCTURAL ASSETS																	
Flood protection and control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resource Recovery Parks	171	139	32	(1)	-	474	108	170	-	44	44	-	13	770	770	-	770
Landfills	136	85	52	-	-	-	-	-	-	-	-	-	4	48	136	89	48
Litter bins	-	-	-	-	-	-	-	150	-	-	-	-	4	146	150	4	146
Village projects	3,577	1,143	2,434	1	-	-	-	131	111	-	-	-	106	2,570	3,819	1,249	2,570
Alps 2 ocean cycleway	740	114	626	(1)	(1)	-	-	-	-	-	-	-	15	612	739	128	612
Land under roads	6,112	-	6,112	-	-	-	-	3	-	-	-	-	-	6,116	6,116	-	6,116
Roading and footpaths	123,095	4,759	118,337	26	27	43,850	7,138	2,570	-	-	52	-	2,478	169,468	169,541	73	169,468
Resource consents	472	163	309	-	(1)	-	-	-	-	-	-	-	19	291	472	181	291
Stormwater: drainage	7,511	125	7,386	-	-	3,285	177	1,029	-	391	11	-	63	11,434	11,434	-	11,434
Stormwater: schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater: treatment plants and facilities	2,540	62	2,478	(2)	(1)	760	87	97	4	-	-	-	25	3,399	3,399	-	3,399
Wastewater: other assets	19,523	850	18,673	1	-	7,850	1,280	1,670	30	52	3	-	433	29,022	29,022	-	29,022
Water supplies: treatment plants and facilities	319	19	300	(10)	-	(605)	31	319	161	-	-	-	12	184	184	-	184
Water supplies: rural	1,173	352	821	(13)	(13)	41	363	-	-	-	-	-	24	1,200	1,201	1	1,200
Water supplies: other assets	30,349	1,312	29,037	4	-	8,751	1,919	5,213	743	410	61	-	668	44,649	44,649	-	44,649
Total infrastructural assets	195,719	9,122	186,596	5	11	64,405	11,102	11,352	1,049	897	171	-	3,860	269,912	271,633	1,720	269,912
Capital work in progress	1,669	-	1,670	(1)	-	-	-	1,135	(1,050)	-	-	-	-	1,755	1,755	-	1,755
Joint operation capital work in progress	316	-	316	-	-	-	-	843	(846)	-	-	-	-	313	313	-	313
Joint operation assets	1,238	65	1,171	2	-	462	97	530	-	22	3	-	34	2,209	2,209	-	2,209
TOTAL PROPERTY, PLANT AND EQUIPMENT	263,186	11,102	252,084	23	13	64,873	11,200	16,939	(1,217)	1,312	501	0	4,587	338,493	342,493	3,999	338,493

Core infrastructure asset disclosures

Included in the Council infrastructure assets are the following core assets:

\$000	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets *
2023				
Water				
• Treatment plants and facilities	228	195	-	8,166
• Other assets (such as reticulation systems)	48,192	5,359	238	59,724
Wastewater				
• Treatment plants and facilities	3,637	275	-	5,332
• Other assets (such as reticulation systems)	29,468	746	286	45,340
Stormwater	11,451	77	30	14,825
Roading and footpaths	169,698	2,469	842	250,393
2022				
Water				
• Treatment plants and facilities	184	340	-	8,166
• Other assets (such as reticulation systems)	45,850	5,359	597	59,724
Wastewater				
• Treatment plants and facilities	3,399	101	-	5,332
• Other assets (such as reticulation systems)	29,022	1,670	30	45,340
Stormwater	11,434	6	1,023	14,825
Roading and footpaths	169,468	1,930	640	250,393

*The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 30 June 2022.

Insurance on assets

The following information relates to the insurance of Council assets as at 30 June.

\$000	Actual 2023	Actual 2022
The maximum amount to which insured assets are insured	65,134	49,836
The total value of all Council assets covered by insurance contracts	353,997	343,705
The total value of assets that are self insured	260,057	259,385
Value of funds maintained for self insurance	3,200	3,000

In addition to Council's insurance, in the event of a natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, wastewater and stormwater assets and provide a subsidy of 55 – 75% towards the restoration of roading.

An insurance reserve of \$3,200,000 (2022: \$3,200,000) exists to meet the costs of claims that fall below deductible levels under Council insurance policies. Refer to note 30. Council resolved to hold cash funds of \$3 million (2022: \$3 million) to cover costs of self insurance in the event of a natural disaster and this amount has now been included in the insurance reserve.

Capital work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

\$000	Actual 2023	Actual 2022
Governance and Corporate Services	298	135
Water Supplies	1,510	155
Wastewater	37	28
Stormwater	187	29
Transportation	-	2
Regulatory Services	-	-
Parks and Community Services	1,812	1,399
Waste Management and Minimisation	59	6
	3,903	1,755

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

\$000	Actual 2023	Actual 2022
Utilities maintenance	357	2,222
Road maintenance	9,133	8,156
Refuse operations	1,095	115
TIF funded public toilets	1,424	1,438
Twizel town centre access	21	128
Maukatau reserve development	-	19
Downlands water network upgrade	-	64
Water services reform programme - stimulus funded	-	319
Support to deliver 3 waters capital projects	5,066	-
Twizel watermain	-	16
Alloway stormwater upgrade	356	-
Twizel and Fairlie pools heating upgrade	143	-
	17,595	12,477

Operational commitments

The amount of contractual commitments for maintaining property, plant and equipment is:

\$000	Actual 2023	Actual 2022
Utilities maintenance	1,626	1,226
Road maintenance	16,848	24,948
Refuse operations	12,591	15,384
Township maintenance	1,241	2,669
	32,306	44,227

20. DEPRECIATION AND AMORTISATION EXPENSE

\$000	Actual 2023	Actual 2022
Governance and corporate services	378	316
Water	1,057	744
Wastewater	634	473
Stormwater	92	64
Transportation	3,438	2,450
Regulatory services	2	1
Emergency management	21	10
Parks and community facilities	545	501
Waste management and minimisation	74	30
Tourism, economic development and commercial activities	78	69
	6,319	4,658

21. INTANGIBLE ASSETS

	Computer Software	Carbon Credits	Total
Balance as at 1 July 2022			
Cost	479	2,220	2,699
Accumulated amortisation and impairment	(334)	-	(334)
Opening carrying amount	145	2,220	2,365
Year ended 30 June 2023			
Additions	56	1,055	1,111
Disposals	(16)	-	(16)
Amortisation charge	(66)	-	(66)
Amortisation reversed on disposals	17	-	17
Impairment	-	(194)	(194)
Balance as at 30 June 2023			
Cost	519	3,275	3,794
Accumulated amortisation and impairment	(383)	(194)	(577)
Closing carrying amount carrying amount	136	3,081	3,217
Balance as at 1 July 2021			
Cost	465	672	1,137
Accumulated amortisation and impairment	(327)	-	(327)
Opening carrying amount	138	672	810
Year ended 30 June 2021			
Additions	57	1,548	1,605
Amortisation charge	(43)	-	(43)
	(50)	-	(50)
Balance as at 30 June 2022			
Cost	479	2,220	2,699
Accumulated amortisation and impairment	(334)	-	(334)
Closing carrying amount	145	2,220	2,365

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

22. FORESTRY ASSETS

The following information relates to the insurance of Council assets as at 30 June.

\$000	Actual 2023	Actual 2022
Balance as at 1 July	5,212	8,064
Gains/(losses) arising from change in fair value	(298)	(2,209)
Decreases due to harvest	(73)	(643)
Balance as at 30 June	4,841	5,212

During the financial period 6.2 hectares were harvested and 11.4 hectares were replanted (2022: 11.5 harvested, 49.0 replanted).

PF Olsen has valued the forestry assets as at 30 June 2023. A pre-tax discount rate of 7.0% (2022: 7.0%) has been used in discounting the present value of expected cash flows.

Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices.

Council reviews its outlook for timber prices regularly in considering the need for active financial management.

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Fair Value of Forestry Assets

Independent registered valuer, PF Olsen, has valued the forestry assets as at 30 June 2023. The valuation is based on information from the previous valuation adopted, including:

- Crop areas, tending status and harvesting ages.
- Yields, log grade sale destinations, and pricing methodology.
- Annual costs (adjusted by CPI) and discount rate.

Information updated by PF Olsen includes:

- Harvesting, distribution, and tending costs (PF Olsen's professional knowledge within the region).
- Log prices (Based on PF Olsen's Export log price database and the AgriHQ Log Price Report).

The following significant assumptions have been adopted in determining the fair value of the forestry assets:

- A discount rate of 7.0% (2022: 7.0%) has been used in discounting the present value of expected future cash flows.
- Stands that have a negative return or a negative future value have been given a zero value in this valuation.
- The land rental is included to stimulate an annual financial cash return for the use of the land. This notional rental is equivalent to the opportunity cost of using this land for forestry. The notional land use cost is equivalent to the current market land rental. The tree crop land has been given an average value of \$1,500 / ha (2022: \$1,500 / ha), the annual cost of this land has been set as a rental of 4.0% (2022: 4.0%) on this value that is \$60 / ha / year (2022: \$60 / ha / year). Costs include silviculture, harvesting and transport, and overheads. These are applied on either a per hectare to tonnage basis.

23. INVESTMENT PROPERTY

\$000	Actual 2023	Actual 2022
Balance as at 1 July	5,086	4,320
Additions	-	371
Fair value gains/(losses) on valuation	248	395
Balance as at 30 June	5,334	5,086

Council's investment properties are valued annually at fair value effective 30 June 2023 for the financial year, by Valuation Partners limited. All investment properties are valued based on open market evidence.

The fair value of investment property has been determined using depreciated replacement cost. The replacement cost is derived from recent construction contracts of modern equivalent assets and QV Cost Builder information. Where just the land value has been assessed a market-based evidence approach has been used. This method involves reference to sales of properties with comparable land values.

There are no contractual obligations in relation to investment properties at balance date not recognized in the financial statements (2022: \$nil).

24. SUBSIDIARIES AND COUNCIL CONTROLLED ORGANISATIONS

The Mackenzie District Council has two Council Controlled Organisations (CCO's), Mackenzie Holdings 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 a non-active company from the perspective of the Inland Revenue Department and the 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 Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future. This decision was reconfirmed by Council on 27 June 2023.

Mackenzie Tourism and Development Trust

The Mackenzie District Council holds 100% control of Mackenzie Tourism and Development Trust.

Mackenzie Tourism and Development Trust is a non-active company from the perspective of the Inland Revenue Department.

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 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 27 June 2023.

25. PAYABLES AND DEFERRED REVENUE

\$000	Actual 2023	Actual 2022
Trade & Other Payables	5,274	4,371
Revenue in advance	1,321	1,174
Deposit on land sales	-	-
GST Payable	-	-
Total trade and other payables	6,595	5,545

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

26. EMPLOYEE ENTITLEMENTS

\$000	Actual 2023	Actual 2022
Current		
Accrued salaries and wages	101	58
Annual leave	259	220
Total current portion	360	278
Non Current		
Retiring gratuities	35	32
Total non current portion	35	32
Total employee entitlements	395	310

27. PROVISIONS

\$000	Actual 2023	Actual 2022
Landfill aftercare provision		
Opening balance	28	63
Additional provisions made during the year	19	(28)
Increase/(decrease) due to discount rate changes and assessment of liability	-	-
Discount unwinding	(6)	(7)
Closing balance	41	28

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 minimizes any negative impact on the environment.

The Council has obtained resource consents expiring 27 July 2031; for the closure of Burkes Pass, Fairlie, Tekapo, Twizel, Haldon, and Albury landfills.

The cash outflows for landfill post-closure are expected to occur for up to 10 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4.65% (2022: 3.90%).

28. BORROWINGS

\$000	Actual 2023	Actual 2022
Current portion		
Secured loans	3,120	10,006
Total current borrowings	3,120	10,006
Non-current portion		
Secured loans	8,420	420
Total non-current borrowings	8,420	420

29. CONTINGENCIES

Contingent liabilities

\$000	Actual 2023	Actual 2022
Housing New Zealand contributions to Fairlie pensioner housing units	516	516
Total contingent liabilities	516	516

Housing New Zealand contributions to Fairlie pensioner housing units

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 of \$516,000 (2022: \$516,000) will cease on 12 June 2028.

Local Government Funding Agency

Mackenzie District Council became a guarantor in July 2022 of the New Zealand Local Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Mackenzie District Council is a joint guarantor with 63 other member councils for all LGFA borrowings in the event of default.

At balance date Council's joint guarantee together with other councils totalled \$17,684 million (2022: \$14,019 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates revenue.

The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee. Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

Ongoing obligation relating to New Zealand Mutual Liability Riskpool scheme

Mackenzie District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Contingent assets

As at balance date the Council had no contingent assets (2022: \$nil).

30. EQUITY

\$000	Actual 2023	Actual 2022
Accumulated funds		
As at 1 July	124,858	125,393
Surplus / (deficit) for the year	(4,858)	2,010
Prior period reserve adjustments	(5)	-
Reserve transfers		
• Special funds	(162)	(2,542)
• Separate funds	(4,228)	(608)
• Revaluation reserves	354	604
As at 30 June	115,959	124,858
Special Funds		
As at 1 July	13,506	10,964
Transfers from Retained Earnings	982	8,702
Transfers to Retained Earnings	(820)	(6,160)
As at 30 June	13,668	13,506
Separate Funds		
As at 1 July	5,581	4,973
Transfers from Retained Earnings	23,640	15,090
Transfers to Retained Earnings	(19,412)	(14,482)
As at 30 June	9,809	5,581
Revaluation Reserves		
As at 1 July	230,556	153,053
Revaluation gains/(losses)	5,893	77,642
Revaluation gains/(losses) Unlisted Shares	2,802	465
Revaluation reserve written off	(354)	(604)
As at 30 June	238,897	230,556
Total Other Reserves	262,374	249,643

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Information in regards reserve funds held for a specific purpose is provided below:

(\$000)			2022-2023			
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Special Reserves						
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	-	-	4
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	40	-	-	40
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	-	-	7
Carpark Development	Roading	To future development of carparking in the district	256	-	-	256
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Emergency Management	Emergency Management	To fund Council's share of Emergency Operation Centre costs during an emergency event	20	20	-	40
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	31	2	-	33
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	-	-	-	-
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Heritage Fund	Regulatory Services	To fund heritage projects within the district	9	-	-	9
Housing Replacement	Communities and Township Services	To fund district housing	7	-	-	7
Insurance	Governance and Corporate Services	To fund disaster cover	3,200	-	-	3,200
Land Subdivision	Communities and Township Services	To fund district wide projects	430	(51)	-	380
Land Subdivision - Opuha	Communities and Township Services	To fund projects within the Opuha ward of the district	183	25	(20)	187
Land Subdivision - Pukaki	Communities and Township Services	To fund projects within the Pukaki ward of the district	2,716	428	(400)	2,744
Land Subdivision - Tekapo	Communities and Township Services	To fund projects within the Tekapo ward of the district	2,301	33	(400)	1,934
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	87	-	-	87
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	40	2	-	42
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	-	-	10
Pensioner Housing Amenities	Communities and Township Services	To fund pensioner housing amenities	2	-	-	2
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Holds accumulated proceeds of property disposals	4,115	523	-	4,638
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	-	-	-	-
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	1	-	-	1
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	-	-	44
			13,506	982	(820)	13,668
Separate Reserves						
Administration - Capital Reserves	Governance and Corporate Services	Fund capital replacement of administration assets	(6)	1	-	(5)
Administration - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration assets	(35)	2	-	(33)
Albury Hall	Communities and Township Services	To fund operations of the Albury hall	1	6	(2)	5
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	-	(4)	(4)	(7)
Allandale / Spur Road Water	Water Supplies	Accumulate surpluses / (deficits) from Allandale / Spur Road water supply rate funded activities	(68)	44	(76)	(100)

SECTION 4: Finances | Pūtea
(\$000)

2022-2023

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Allandale/Spur Road Water - Internal Loan	Water Supplies	Internal loan for the funding of Allandale / Spur Road assets	(263)	13	-	(250)
Animal Control	Regulatory Services	To fund capital requirements of animal control	68	1	(3)	66
Animal Control - Internal Loan	Regulatory Services	Internal loan for the funding of animal control assets	(4)	0	-	(3)
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	23	6	-	29
Cemeteries - Capital Reserve	Communities and Township Services	To fund capital requirements of the district cemeteries	(9)	0	(63)	(72)
Civil Defence - Capital Reserve	Emergency Management	To fund capital requirements of civil defence	(18)	40	(15)	7
Civil Defence - Internal Loan	Emergency Management	Internal loan for the funding of civil defence assets	(42)	2	-	(40)
Council Building - Fairlie - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Fairlie	(2)	67	(151)	(85)
Council Building - Fairlie - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Fairlie assets	(500)	25	-	(475)
Council Building - Twizel - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Twizel	31	26	(24)	34
Council Building - Twizel - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Twizel assets	(300)	15	-	(285)
Depot - Tekapo	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Tekapo Depot activity	(1)	0	-	(1)
Depot - Twizel	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Twizel Depot activity	(4)	4	-	(0)
District Council - Capital Reserve	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	-	-	(1)
District General - Capital Reserve	Communities and Township Services	To fund capital requirements of the district	(184)	-	(44)	(229)
District Wide Roading	Roading	To fund roading capital works district wide	(371)	2,187	(2,634)	(818)
District Wide Roading - Internal Loan	Roading	Internal loan for the funding of roading assets	(4,500)	225	(1,500)	(5,775)
Downlands Water Supply	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	10	34	-	44
Downlands Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Downlands Water Supply rate funded activities	890	-	(4)	887
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	0	-	(1)
Fairlie Camping Ground	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Fairlie Camping Ground activity	(29)	24	-	(5)
Fairlie Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from the Fairlie Community Board activity	2	1	-	3
Fairlie Medical Centre - Capital Reserve	Communities and Township Services	To fund replacement of medical facilities in Fairlie	58	12	(1)	69
Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	179	37	(18)	198
Fairlie Township	Communities and Township Services	Accumulate surpluses/(deficits) from Fairlie Works and Services rate funded operations	38	22	(133)	(74)
Forestry	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's forestry assets	8,047	255	-	8,303
Information and Engagement - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Information and Engagement assets	(0)	-	(103)	(103)
Information and Engagement - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Information and Engagement assets	(80)	4	-	(76)
Investment Management	Tourism, Economic Development and Commercial Activities	To fund the Council's treasury management function	-	15,174	(3,468)	11,706
IT Support - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Council's IT assets	(2)	159	(224)	(67)
IT Support - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Council's IT assets	(160)	8	-	(152)
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	24	1	-	26
Lake Tekapo Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Lake Tekapo Community Board activity	1	1	-	2
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(34)	24	(5)	(15)
Lake Tekapo Township	Communities and Township Services	Accumulate surpluses/(deficits) from the Lake Tekapo Township activity	33	400	(850)	(417)
Lake Tekapo Township - Internal Loan	Communities and Township Services	Internal loan for the funding of Lake Tekapo Township assets	(129)	6	-	(123)
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	144	21	(85)	81
Old Library Cafe	Tourism, Economic Development and Commercial Activities	Accumulate surpluses / (deficits) from the Old Library Café activity	70	51	-	121
Other Reserves - Lake Alexandrina Plant Account	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	683	100	(13)	770
Public Toilets - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	(27)	222	(330)	(133)
Public Toilets - Internal Loan	Communities and Township Services	To fund replacement of public toilets within the district	(13)	317	(402)	(98)

SECTION 4: Finances | Pūtea
(\$000)

2022-2023

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Public Toilets - Internal Loan	Communities and Township Services	Internal Loan for funding of the district's public toilets	(300)	15	-	(285)
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,743	51	(5)	1,789
Pukaki Visitor Centre	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Pukaki Visitor Centre activity	37	9	-	46
Real Estate	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Real Estate activity	843	374	(41)	1,175
Resource Planning - Internal Loan	Regulatory Services	Internal loan to fund the District Plan Review	(3,765)	163	(1,564)	(5,166)
Responsible Camping – Capital Reserve	Regulatory Services	To fund capital replacement of Responsible Camping assets	-	2	(15)	(13)
Roading Professional Services Business Unit	Roading	Accumulate operating results of Council's Roading business unit	(513)	4	(194)	(704)
Rural Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Rural Works and Services activity	234	-	(23)	212
School Road Water	Water Supplies	Accumulate surpluses/(deficits) from the School Road water supply rate funded activities	33	5	-	38
Sherwood Downs Hall and Recreation Reserve	Communities and Township Services	Accumulate surpluses/(deficits) of the Sherwood Downs Community Hall and Reserve	62	-	(3)	59
Skipton Hall	Communities and Township Services	Accumulate surpluses/(deficits) of the Skipton Hall	(1)	-	(0)	(1)
Swimming Pool - Strathconan	Communities and Township Services	Accumulate surpluses/(deficits) of the Fairlie Swimming Pool	(21)	239	(217)	1
Swimming Pool - Strathconan - Internal Loan	Communities and Township Services	Internal loan to fund Fairlie Swimming Pool assets	-	-	(200)	(200)
Swimming Pool - Twizel	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Swimming Pool	(244)	225	(222)	(240)
Swimming Pool - Twizel - Internal Loan	Communities and Township Services	Internal loan to fund Twizel Swimming Pool assets	(550)	28	(200)	(723)
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) of the Tourism and Economic Development activity	(27)	22	(109)	(114)
Twizel Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Twizel Community Board activity	(12)	0	-	(11)
Twizel Community Centre	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Events Centre	85	139	(288)	(64)
Twizel Community Centre - Internal Loan	Communities and Township Services	Internal Loan to fund Twizel Events Centre assets	(180)	9	(150)	(321)
Twizel Pensioner Housing	Communities and Township Services	Accumulate surpluses/(deficits) of pensioner housing in Twizel	65	-	(14)	52
Twizel Township	Communities and Township Services	Accumulate surpluses/(deficits) from Twizel Township activity	339	190	(686)	(157)
Twizel Township - Internal Loan	Communities and Township Services	Internal Loan to fund capital works in the Twizel township	(121)	28	-	(92)
Urban Stormwater	Stormwater	Accumulate surpluses/(deficits) from the District's urban stormwater rate funded activities	1,024	98	(225)	897
Urban Wastewater	Wastewater	Accumulate surpluses/(deficits) from the District's urban sewer rate funded activities	4,966	914	(1,431)	4,450
Urban Water	Water Supplies	Accumulate surpluses/(deficits) from the District's urban water rate funded activities	1,710	1,343	(3,491)	(439)
Urban Water - Internal Loan	Water Supplies	Internal loan to fund capital works on urban water supplies	(3,500)	175	-	(3,325)
Waste Management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's solid waste operations	156	74	(182)	48
			5,581	23,640	(19,412)	9,809
Asset Revaluation Reserves						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share investments	7,787	2,800	-	10,587
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	(2)	2	-	0
Infrastructural Assets Revaluation Reserves						
Land	Governance and Corporate Services	Accumulate changes in value of Council's land holdings	41,942	2,841	-	44,783
Water Supplies	Water Supplies	Accumulate changes in value of Council's water infrastructure	27,342	-	(350)	26,992
Downlands Water Supply	Water Supplies	Accumulate changes in value of Downlands water infrastructure	1,203	383	-	1,586
Wastewater Schemes	Wastewater	Accumulate changes in value of Council's wastewater infrastructure	21,791	-	(3)	21,788
Stormwater Schemes	Stormwater	Accumulate changes in value of Council's stormwater infrastructure	6,293	-	-	6,293
Roading	Roading	Accumulate changes in value of Council's roading infrastructure	112,241	-	-	112,241
Plant	Community and Township Services	Accumulate changes in value of Council's plant assets	(18)	18	-	(0)
Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,979	2,651	-	14,630
			230,556	8,695	(354)	238,897
Total Reserves			249,643	33,317	(20,586)	262,374

		2021-2022				
		(\$000)				
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Special Reserves						
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	-	-	4
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	40	-	-	40
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	-	-	6
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha Water scheme	(40)	40	-	-
Carpark Development	Roading	To future development of carparking in the district	256	-	-	256
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Emergency Management	Emergency Management	To fund Council's share of Emergency Operation Centre costs during an emergency event	-	20	-	20
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	30	1	-	31
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	-	-	-	-
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Heritage Fund	Regulatory Services	To fund heritage projects within the district	-	9	-	9
Housing Replacement	Communities and Township Services	To fund district housing	7	-	-	7
Insurance	Governance and Corporate Services	To fund disaster cover	200	3,000	-	3,200
Land Subdivision	Communities and Township Services	To fund district wide projects	5,300	-	(4,870)	431
Land Subdivision - Opuha	Communities and Township Services	To fund projects within the Opuha ward of the district	-	195	(13)	184
Land Subdivision - Pukaki	Communities and Township Services	To fund projects within the Pukaki ward of the district	-	2,825	(109)	2,716
Land Subdivision - Tekapo	Communities and Township Services	To fund projects within the Tekapo ward of the district	-	2,610	(309)	2,301
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	88	-	(1)	87
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	39	1	-	40
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	-	-	10
Pensioner Housing Amenities	Communities and Township Services	To fund pensioner housing amenities	2	-	-	2
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Holds accumulated proceeds of property disposals	4,973	-	(858)	4,115
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	-	-	-	-
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	1	-	-	1
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	-	-	44
			10,964	8,702	(6,160)	13,506
Separate Reserves						
Administration - Capital Reserves	Governance and Corporate Services	Fund capital replacement of administration assets	(6)	1	-	(6)
Administration - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration assets	(37)	2	-	(35)
Albury Hall	Communities and Township Services	To fund operations of the Albury hall	21	(12)	(9)	1
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	176	-	(176)	-
Allandale/Spur Road Water	Water Supplies	Accumulate surpluses/(deficits) from Allandale / Spur Road water supply rate funded activities	27	(26)	(66)	(68)
Allandale/Spur Road Water - Internal Loan	Water Supplies	Internal loan for the funding of Allandale / Spur Road assets	(276)	13	-	(263)
Animal Control	Regulatory Services	To fund capital requirements of animal control	34	39	(4)	68
Animal Control - Internal Loan	Regulatory Services	Internal loan for the funding of animal control assets	(4)	-	-	(4)
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	21	(20)	(40)	23
Cemeteries - Capital Reserve	Communities and Township Services	To fund capital requirements of the district cemeteries	-	(9)	-	(9)
Civil Defence - Capital Reserve	Emergency Management	To fund capital requirements of civil defence	(124)	106	-	(18)
Civil Defence - Internal Loan	Emergency Management	Internal loan for the funding of civil defence assets	-	-	(42)	(42)
Council Building - Fairlie - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Fairlie	(467)	576	(110)	(2)
Council Building - Fairlie - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Fairlie assets	-	-	(500)	(500)
Council Building - Twizel - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Twizel	(243)	291	(16)	31
Council Building - Twizel - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Twizel assets	-	-	(300)	(300)
Depot - Tekapo	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Tekapo Depot activity	-	-	(1)	(1)

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Depot - Twizel	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Twizel Depot activity	-	-	(4)	(4)
District Council - Capital Reserve	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	-	-	(1)
District General - Capital Reserve	Communities and Township Services	To fund capital requirements of the district	(4,089)	3,934	(29)	(184)
District Wide Roading	Roading	To fund roading capital works district wide	(3,975)	3,802	(198)	(371)
District Wide Roading - Internal Loan	Roading	Internal loan for the funding of roading assets	-	-	(4,500)	(4,500)
Downlands Water Supply	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	55	(45)	-	10
Downlands Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Downlands Water Supply rate funded activities	180	710	-	890
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	-	-	(1)
Eversley/Punaroa Water Races	Water Supplies	Accumulate surpluses/(deficits) to fund Eversley/Punaroa operating activities	(1)	1	-	-
Fairlie Camping Ground	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Fairlie Camping Ground activity	-	(26)	(3)	(29)
Fairlie Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from the Fairlie Community Board activity	-	2	-	2
Fairlie Medical Centre - Capital Reserve	Communities and Township Services	To fund replacement of medical facilities in Fairlie	37	21	-	58
Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	150	43	(14)	179
Fairlie Township	Communities and Township Services	Accumulate surpluses/(deficits) from Fairlie Works and Services rate funded operations	18	37	(18)	38
Forestry	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's forestry assets	9,747	-	(1,700)	8,047
Information and Engagement - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Information and Engagement assets	-	-	-	-
Information and Engagement - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Information and Engagement assets	-	-	(80)	(80)
IT Support - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Council's IT assets	(692)	819	(129)	(2)
IT Support - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Council's IT assets	-	-	(160)	(160)
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	22	2	-	24
Lake Tekapo Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Lake Tekapo Community Board activity	-	1	-	1
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(15)	(16)	(3)	(34)
Lake Tekapo Township	Communities and Township Services	Accumulate surpluses/(deficits) from the Lake Tekapo Township activity	(210)	243	-	33
Lake Tekapo Township - Internal Loan	Communities and Township Services	Internal loan for the funding of Lake Tekapo Township assets	-	-	(129)	(129)
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	123	53	(31)	144
Manuka Terrace Water	Water Supplies	To fund investigation and construction of a new water supply for Manuka Terrace	22	-	(22)	-
Old Library Café	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Old Library Café activity	-	70	-	70
Other Reserves - Lake Alexandrina	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	525	158	-	683
Plant Account	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	(1)	241	(266)	(27)
Public Toilets - Capital Reserve	Communities and Township Services	To fund replacement of public toilets within the district	(247)	234	-	(13)
Public Toilets - Internal Loan	Communities and Township Services	Internal Loan for funding of the district's public toilets	-	-	(300)	(300)
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,421	406	(85)	1,743
Pukaki Visitor Centre	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Pukaki Visitor Centre activity	-	37	-	37
Real Estate	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Real Estate activity	41	802	-	843
Resource Planning - Internal Loan	Regulatory Services	Internal loan to fund the District Plan Review	(3,213)	128	(682)	(3,765)
Roading Professional Services Business Unit	Roading	Accumulate operating results of Council's Roading business unit	(247)	(136)	(130)	(513)
Rural Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Rural Works and Services activity	(67)	301	-	234
School Road Water	Water Supplies	Accumulate surpluses/(deficits) from the School Road water supply rate funded activities	26	7	-	33
Sherwood Downs Hall and Recreation Reserve	Communities and Township Services	Accumulate surpluses/(deficits) of the Sherwood Downs Community Hall and Reserve	60	2	(1)	62

SECTION 4: Finances | Pūtea

Skipton Hall	Communities and Township Services	Accumulate surpluses/(deficits) of the Skipton Hall	-	(1)	-	(1)
Swimming Pool - Strathconan	Communities and Township Services	Accumulate surpluses/(deficits) of the Fairlie Swimming Pool	32	(53)	-	(21)
Swimming Pool - Twizel	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Swimming Pool	(669)	436	(11)	(244)
Swimming Pool - Twizel - Internal Loan	Communities and Township Services	Internal loan to fund Twizel Swimming Pool assets	-	-	(550)	(550)
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) of the Tourism and Economic Development activity	(313)	366	(81)	(27)
Twizel Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Twizel Community Board activity	-	(12)	(-)	(12)
Twizel Community Centre	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Events Centre	361	(114)	(162)	85
Twizel Community Centre - Internal Loan	Communities and Township Services	Internal Loan to fund Twizel Events Centre assets	-	-	(180)	(180)
Twizel Pensioner Housing	Communities and Township Services	Accumulate surpluses/(deficits) of pensioner housing in Twizel	44	20	-	65
Twizel Township	Communities and Township Services	Accumulate surpluses/(deficits) from Twizel Township activity	286	61	(9)	339
Twizel Township - Internal Loan	Communities and Township Services	Internal Loan to fund capital works in the Twizel township	(149)	28	-	(121)
Urban Stormwater	Stormwater	Accumulate surpluses/(deficits) from the District's urban stormwater rate funded activities	1,042	38	(56)	1,024
Urban Wastewater	Wastewater	Accumulate surpluses/(deficits) from the District's urban sewer rate funded activities	4,040	940	(14)	4,966
Urban Water	Water Supplies	Accumulate surpluses/(deficits) from the District's urban water rate funded activities	1,266	580	(136)	1,710
Urban Water - Internal Loan	Water Supplies	Internal loan to fund capital works on urban water supplies	-	-	(3,500)	(3,500)
Waste Management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's solid waste operations	179	10	(34)	156
			4,973	15,090	(14,482)	5,581
Asset Revaluation Reserves						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share investments	7,287	500	-	7,787
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	33	-	(35)	(2)
Infrastructural Assets Revaluation Reserves						
Land	Governance and Corporate Services	Accumulate changes in value of Council's land holdings	40,478	1,464	-	41,942
Water Supplies	Water Supplies	Accumulate changes in value of Council's water infrastructure	17,072	10,499	(229)	27,342
Downlands Water Supply	Water Supplies	Accumulate changes in value of Downlands water infrastructure	648	555	-	1,203
Wastewater Schemes	Wastewater	Accumulate changes in value of Council's wastewater infrastructure	11,207	10,585	-	21,791
Stormwater Schemes	Stormwater	Accumulate changes in value of Council's stormwater infrastructure	3,083	3,462	(252)	6,293
Roading	Roading	Accumulate changes in value of Council's roading infrastructure	61,232	51,009	-	112,241
Plant	Community and Township Services	Accumulate changes in value of Council's plant assets	35	587	(640)	(18)
Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,979	-	-	11,979
			153,053	78,659	(1,156)	230,556
Total Reserves			168,991	102,451	(21,799)	249,643

31. INTERNAL BORROWINGS

\$000	Opening	New Debt	Repayment	Closing	Interest Paid
Year ended 30 June 2023					
GOVERNANCE AND CORPORATE SERVICES					
Administration	35	-	(2)	33	1
Information and Engagement	80	-	(4)	76	2
IT Support	160	-	(8)	152	5
Administration Building Fairlie	500	-	(25)	475	15
Administration Building Twizel	300	-	(15)	285	9
WATER SUPPLIES					
Allandale Water	263	-	(13)	250	8
Urban Water	3,500	-	(175)	3,325	105
TRANSPORTATION					
District Roding	4,500	1,500	(225)	5,775	135
REGULATORY SERVICES					
Planning	3,765	1,564	(163)	5,166	113
Animal Control	4	-	(1)	3	0
EMERGENCY MANAGEMENT					
Civil Defence	42	-	(2)	40	1
PARKS AND COMMUNIT FACILITIES					
Tekapo Township	129	-	(6)	123	4
Twizel Township	121	-	(28)	93	4
Strathconan Swimming Pool	-	200	-	200	-
Twizel Swimming Pool	55	200	(28)	723	16
Twizel Community Centre	180	150	(9)	321	5
Public Toilets	300	-	(15)	285	9
	14,429	3,614	(718)	17,324	432
Year ended 30 June 2022					
GOVERNANCE AND CORPORATE SERVICES					
Administration	36	-	(2)	35	1
Information and Engagement	-	-	-	80	-
IT Support	-	-	-	160	-
Administration Building Fairlie	-	-	-	500	-
Administration Building Twizel	-	-	-	300	-
WATER SUPPLIES					
Allandale Water	276	-	(13)	263	5
Urban Water	-	3,500	-	3,500	-
TRANSPORTATION					
District Roding	-	4,500	-	4,500	-
REGULATORY SERVICES					
Planning	3,212	682	(128)	3,765	55
Animal Control	4	-	(1)	4	0
EMERGENCY MANAGEMENT					
Civil Defence	-	42	-	42	-
PARKS AND COMMUNIT FACILITIES					
Tekapo Township	-	129	-	129	-
Twizel Township	150	-	(28)	121	2
Twizel Swimming Pool	-	550	-	550	-
Twizel Community Centre	-	180	-	180	-
Public Toilets	-	300	-	300	-
	3,678	10,923	(172)	14,429	63

32. RELATED PARTY TRANSACTIONS

During the year Councillors and key management were involved in minor transactions (for example payment of rates) with the Council as part of a normal customer relationship.

Related party disclosures have not been made for transactions with related partners that are:

- “Within a normal supplier or client / recipient relationship; and
- On terms and conditions 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.”

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: Nil).

Key management personnel compensation

	Actual 2023	Actual 2022
Councillors		
Full-time equivalent members	8	7
Remuneration	293	261
Senior management team, including the Chief Executive		
Full-time equivalent members	4.6	3.5
Remuneration	1,013	1,074
Total key management personnel full-time equivalent members	12.6	10.5
Total key management personnel remuneration	1,306	1,335

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figures are taken as the number of Councillors.

33. EVENTS AFTER BALANCE DATE

Weather events

A flood event occurred on 24th July 2023 causing damage in different parts of the network. In August 2023, an amount of \$92,819.66 was paid by Mackenzie District Council regarding this event. It is estimated that an additional \$175,000 will be spent to complete repairs. An emergency events claim has been lodged with NZTA following this event.

34. FINANCIAL INSTRUMENTS

\$000	Actual 2023	Actual 2022
Financial Assets		
Amortised cost		
Cash and cash equivalents	10,166	9,006
Trade and other receivables	6,155	4,403
Other financial assets		
• Term deposits	3,000	13,919
• Community loans	18	93
• Investment in other entities	200	93
Total financial assets at amortised cost	19,539	27,421
Fair value through other comprehensive revenue and expense		
Other financial assets		
• Listed bonds	1	498
• Unlisted shares	14,000	11,200
Total fair value through other comprehensive revenue and expense	14,001	11,698
Financial Liabilities		
Amortised cost		
Trade and other payables	5,274	4,371
Borrowings:		
- Bank overdraft	-	-
- Lease liabilities	-	-
- Secured loans	11,540	10,426
Total financial liabilities at amortised cost	16,814	14,797

35. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2022/23 budget, as reflected in the 2022/23 Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

Council made a net loss of \$4.858 million (budgeted surplus of \$2.358 million).

Subsidies and grants higher by \$2.499 million - \$2.3 million more from Waka Kotahi due to emergency works undertaken at the higher subsidy rate of 71 cents, \$0.2 million final funding for the Te Manahuna Destination Management plan not budgeted for this year.

Fees and charges higher by \$651,000 - Commercial waste fees received of \$310,000, and Recoverable services up in Property and Commercial \$92,000, Operations \$99,000.

Other revenue higher by \$1.065 million - \$1.056 million of unbudgeted carbon credits received, \$570,000 received from a property sale in Lake Tekapo, offset by timber sales lower by \$322,000.

Development and financial contributions lower by \$926,000, and vested assets lower by \$1.510 million - due to lower development activity.

Other gains up by \$265,347 as a result of a revaluation on Investment Property.

Other expenses higher by \$7.485 million - Roading flood repairs \$3.37 million; contracting out to cover staff vacancies - community facilities \$548,000, roading \$336,000, IT \$119,000, operations and engineering management \$387,000; outsourcing of inspectorate activity \$402,000; water contract support \$206,000; solid waste charges \$341,000; sewer maintenance \$306,000; district plan review \$795,000; Destination Mackenzie management plan \$114,000; audit fees \$95,000; unbudgeted Mayors Taskforce costs \$116,000 (offset by grant income received that was also not budgeted); cost of sales of property and forestry \$119,000.

Depreciation cost higher by \$1.373 million attributable to the increase in asset values after the revaluation in the previous year.

Other Losses were \$1.11million: \$299,000 reduction in the valuation of forestry assets, \$654,120 from the decommissioning of water, wastewater and IT assets, \$194,215 Impairment of carbon credits.

Movement of bonds lower by \$432,000, due to the maturity of bonds and no new bond purchases.

Statement of Financial Position

Cash and cash equivalents \$5.998 million higher - due to \$3 million of external borrowings drawn down on 29th of June 2023. A term deposit of \$3m was also reclassified to Cash.

Receivables higher by \$2.316 million as a result of the Waka Kotahi claim accrued for subsidy on flood works.

Current financial assets lower with \$8.217 million - Term deposits that matured have been used to fund the capital expenditure rather than making use of external borrowings. A Term deposit of \$3m was also reclassified to Cash

Property, Plant and Equipment higher by \$50.373 million as a result of the revaluation of infrastructure in the previous year which occurred after the budgets were prepared, also due to a revaluation of Downlands Assets

Term Inventories lower by \$216,000 as council sold Pukaki airport sections in the previous year, and Tekapo land in the reporting year.

Intangible assets higher by \$2.271 million as a result of council not selling received Carbon Credits.

Forestry assets lower by \$3.022 million due to a decrease in log prices and an increase in harvesting costs and an increase in cost of sales.

Investment property is \$1.015 million higher due to an increase in properties, and also an increase in the value of properties.

Non current financial assets higher by \$2.858 million due to an increase in the valuation of Alpine shares

Payables and deferred revenue higher by \$812,000 - mainly due to an increase in revenue in advance of tourism, better off and transitional support funding received, and accruals relating to the Fairlie water treatment plant costs.

Current Borrowings \$411,000 over budget due to extra borrowings drawn down by Downlands Water Supply Scheme.

Non-current Borrowings \$9.499 million under budget due to capital expenditure being lower than budget, the level of borrowings required was also lower.

36. AFFORDABLE REFORM PROGRAMME

The New Zealand government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointments of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities and other matters to be transferred is approved.

DISCLOSURE STATEMENT

DISCLOSURE STATEMENT

Regulations were introduced in May 2014 requiring the Council to disclose its performance in relation to specific benchmarks.

Rates Affordability Benchmark

The Council meets the rates affordability benchmark if its actual rates increases equal or are less than each quantified limit on rates increases.

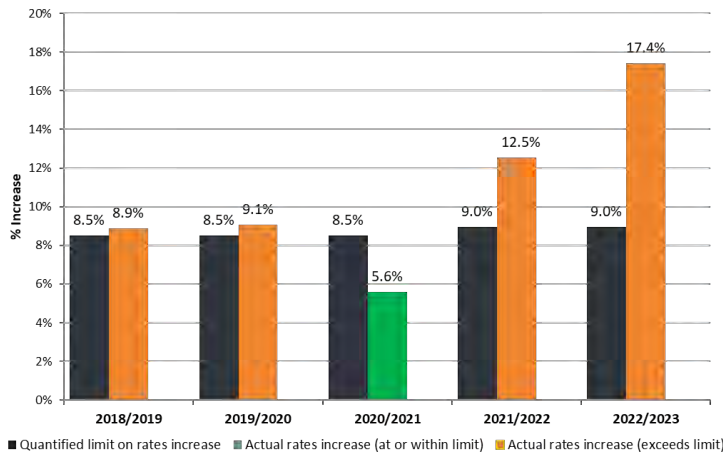
Rates (increases) affordability

This graph compares Council’s actual rates increases with the quantified limit on rates increases specified in the financial strategy included in Council’s Long Term Plan 2021 - 31.

The quantified limit is that rates increases will not exceed 6.0% + LGCI (Local Government Cost Index).

In the 2021-31 Long Term Plan, Council advised that for the first four years of the plan the planned rates increase would not meet this target and would be higher (2021-22 13.58%, 2022-23 17.34%, 2023-24 10.20%, 2024-25 10.02%). This graph shows the actual rate increase against this limit (17.4% for 2022/23).

As per the adopted 2021-31 Long Term Plan, Council did not achieve this benchmark for 2022/23.



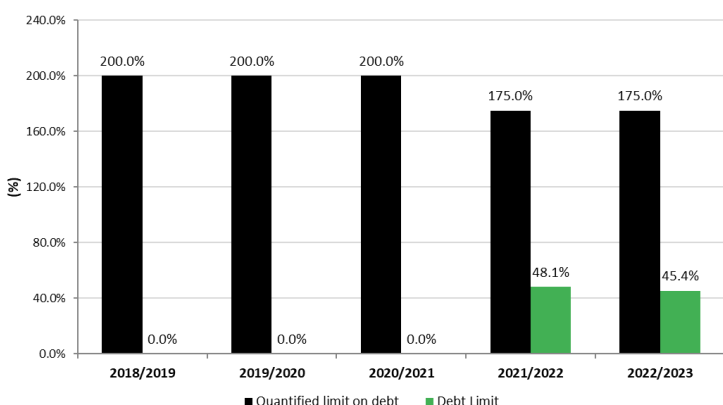
Debt Affordability Benchmark

The Council meets the debt rates affordability benchmark if its actual borrowing is within the quantified limits on borrowings, as stated in the financial strategy included in the Council’s Long Term Plan 2021-31.

Debt affordability

This graph compares Council’s actual borrowing with the quantified limit that the ratio of Net Debt / Total Revenue is no more than 1.75.

Council achieved the benchmark for 2022/23.



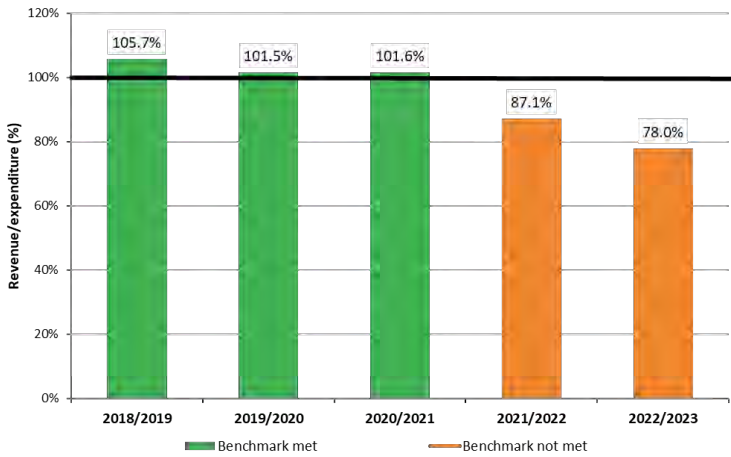
Balanced Budget Benchmark

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).

Council is permitted to not fully fund all expenditure (including depreciation) provided it can be demonstrated that this is financially prudent.

Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Council did not achieve this benchmark for 2022/23.

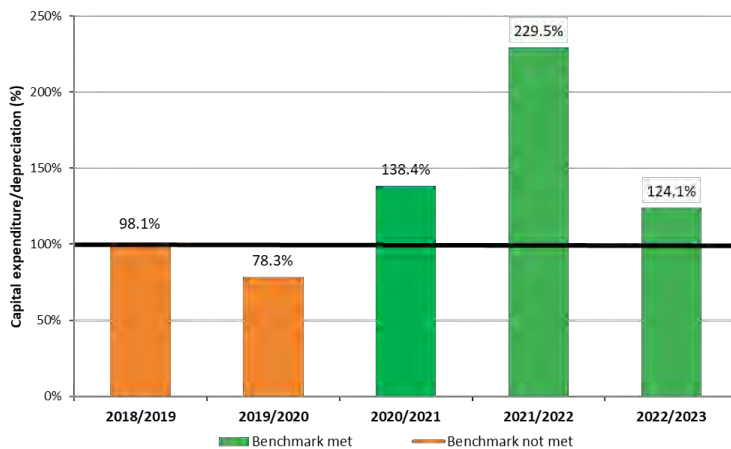


Essential Services Benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

Council meets this benchmark if its capital expenditure on network services (water supply, wastewater including treatment and disposal, stormwater drainage and the provision of roads and footpaths) equals or is greater than depreciation on these services.

Council achieved this benchmark for 2022/23.

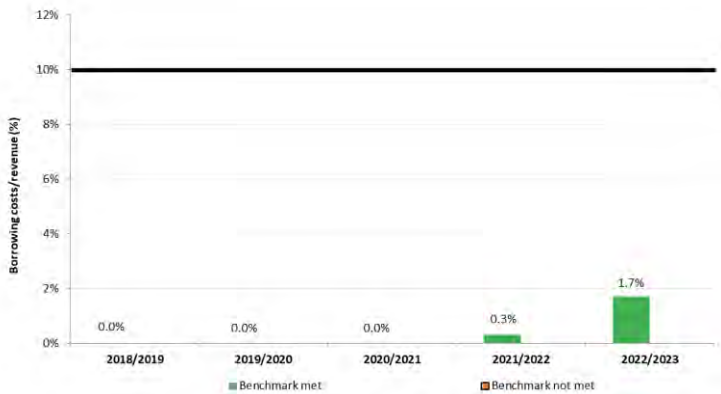


Debt Servicing Benchmark

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 as fast as or faster than the national population growth rate, Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

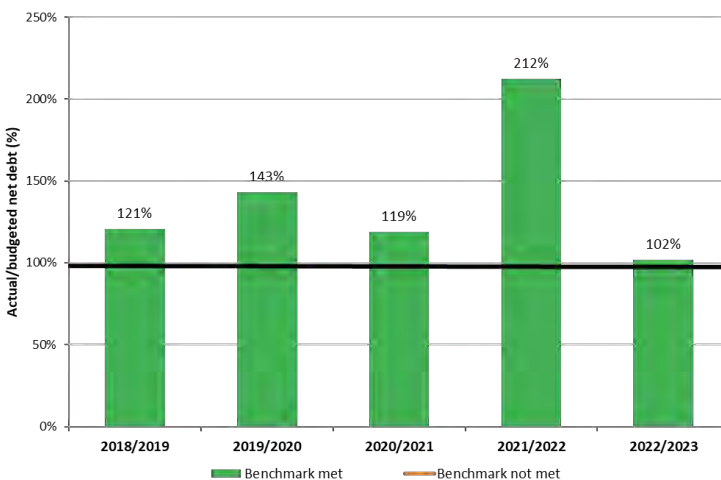
Council achieved this benchmark for 2022/23. Council raised external debt for the first time in late June 2022.



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 this benchmark if its actual net debt equals or is less than its planned net debt.

Mathematically, the results shown in the graph are correct. The graph shows “benchmark met” whenever the Council is better off (either less indebted or greater net assets).



Operations Control Benchmark

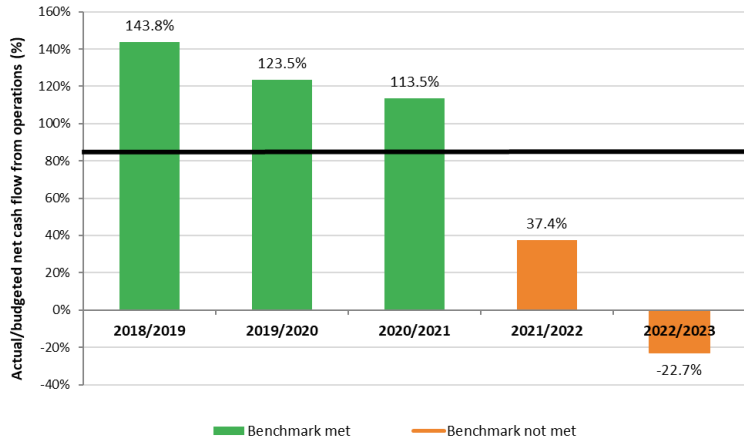
The following graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets this benchmark of its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

During 2022/23 cash flow from operations was (\$1.034m), which was lower than the budgeted cash flow from operations of \$4.553m.

Council did not achieve this benchmark for 2022/23.

SECTION 5: Audit Opinion | Arotake



SECTION 5

Audit Opinion

Arotake

Independent Auditor's Report

To the readers of Mackenzie District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Chris Genet, 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 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 99 to 103 and pages 105 to 147:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023; and
 - 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 Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on page 104, 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 annual plan;
- the statement of service performance referred to as "Our Activities in Depth" on pages 18 to 97:

- presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - 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.
- the statement about capital expenditure for each group of activities on pages 30 to 96, 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 97, 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 148 to 151, 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 plan.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to note 36 on page 147, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026.

The financial impact of the water services reform on the Council as outlined in note 36 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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 and the Group 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 and annual 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 and Group'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 performance, 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 and Group'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 and Group 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 obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 16, but does not include the audited information, 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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 and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out a limited assurance engagement relating to the District Council's Debenture Trust Deed. This engagement is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.



Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



Mackenzie
DISTRICT COUNCIL

mackenzie.govt.nz