



Find our full Annual Report
2019/20 on our website -
www.mackenzie.govt.nz

Our year in review

Here's a summary of what we
did together



ANNUAL REPORT SUMMARY
2019/20

A quick note from your Mayor and Chief Executive

We are pleased to present our 2019-20 Annual Report to our community.

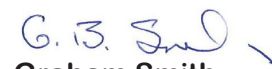
We struck our rates increase for 2019-20 at 7.57% for existing properties as at 1 July 2018. Our total revenue for the year was \$24.5 million, the total expenditure was \$19.4 million with an overall surplus after tax of \$5 million. We have continued to work closely and collaboratively with our partners, peers and stakeholders.

We continued to transform our organisation in alignment with the CouncilMARK assessment completed in 2018. The first year of an intensive change and transformation

programme saw us focusing internally on core foundational aspects such as systems, processes and policy frameworks. This created a solid platform for the second year of change and transformation.

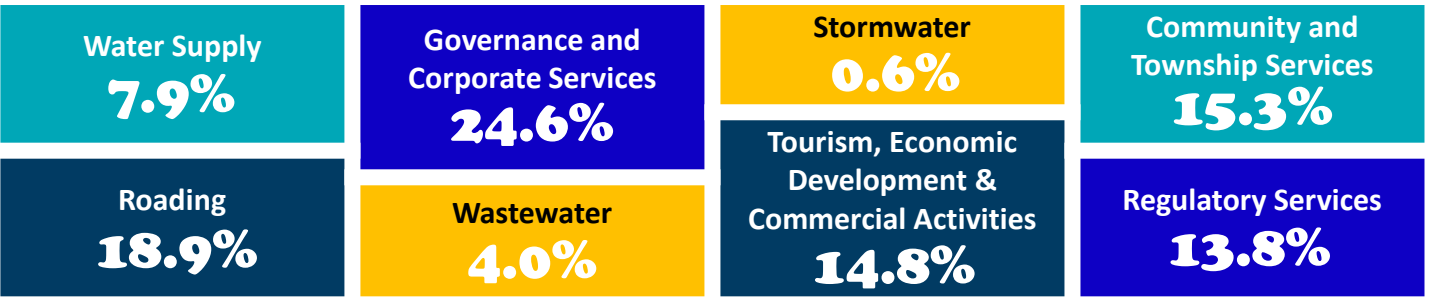
We are appreciative of the sterling effort of our elected members, staff and community during this year. We look forward to continuing to improve the way we think, behave and work for the benefit of our community.

It is a privilege to serve you, our Mackenzie community and we thank you for your support.


Graham Smith
Mayor


Suzette van Aswegen
Chief Executive

How we invested your rates (operating expenditure)



Highlighting our achievements

Transforming our Organisation

We have started our two year change and transformation programme with success. We have embedded critical systems and policies while improving our performance and communication, driven by strengthened core values and behaviours. The changes that we have made have reduced risk to Council.

Our change and transformation programme will continue in 2020/21.

Civil Defence and Emergency Management

It has been a busy year, with a number of events within the Mackenzie, neighbouring areas and New Zealand. We have supported our communities, partner agencies and wider region through floods, fires and COVID-19. We acknowledge the resilience of our communities and the valuable support offered during these events. We recognise the impact COVID-19 has had on our district and we will continue to work to support our communities.

A Mackenzie Legacy

Following the local body election in November 2019, our Council were sworn in at a ceremony on 24 October 2019. This ceremony was a highlight for us with a number of performances by Mackenzie College students. The inaugural meeting of our newly elected Council on 31 October 2019, marked our district's 500th council meeting since our formation in 1989. Council enjoyed a celebratory cake in honour of the occasion.



Towards a recovered Mackenzie

Our country and district have experienced significant challenges from COVID-19. Recognising the potential impact of this global pandemic on our communities, we activated our Emergency Operations Centre to work with key agencies in support of those most impacted. While we recognise that the pandemic continues to impact on us, we are working to understand how best to support our communities and to recover, and to explore new opportunities to position our district for a stronger and more resilient future.



Shovel Ready Projects

To help kick start our local economy, create jobs and take advantage of low interest rates on debt, we are prioritising a number of shovel ready projects which will be of value to our district over the long term, with economic benefits now. To find out more about these projects and some of our other plans check out our Annual Plan 2020/21.

Recognising the impact of COVID-19 on our district, region and nation, we have revised some of our plans and prepared a **COVID-19 Economic and Community Recovery Action Plan**:



Recovery Stimulus Fund

As part of our recovery response to the impacts of COVID-19, Council has established a stimulus fund to support local projects and activities that will stimulate the local economy and promote community well-being. This \$200,000 seed fund will be funded from our general reserves.

ROAD TO RECOVERY

As we progress our recovery, further priorities will be identified in collaboration with our community as we strive towards our recovery vision that the **Mackenzie community is the most engaged, resilient and flourishing community in New Zealand.**

Our country and district have experienced significant challenges from COVID-19. To find out more about how we responded to COVID-19 and how it has impacted on our Council activities during 2019/20, check out our Annual Report, 'Our Year in Brief' section and Note 30: Impacts of COVID-19 on Mackenzie District Council.

Measuring success

We report on our financial performance - what we spent and where. This is outlined What Council has spent and where is outlined in the summary financial on pages 6-11.

We also measure our success in terms of what we have achieved for our communities against what we said we intended to do in 2019/20. We've highlighted some of these achievements in this summary but you can find more detail in each of our groups of activities in our full Annual Report 2019/20.

Each year, we report on our non-financial performance against a number of different targets across our activities - you can find the complete list of these within our full Annual Report 2019/20.

We are responsible for a wide range of activities. As a practical measure, we show our performance as groups of similar activities as shown in our Services for our District. Some of the detail of our performance measures are shown on page 5, with all measures detailed in the Council Activities section of our Annual Report 2019/20.

We also undertake an annual community satisfaction survey, in which we seek feedback on a number of areas of our performance, from your satisfaction with the performance of our elected members through to you satisfaction with the community services we provide like our parks and water supplies. Some of this feedback is detailed in our full Annual Report 2019/20. The satisfaction reports can also be found on our website.

Services for our District

Each year we measure ourselves against the goals in our Long Term Plan.

Last year (2018/19) we:

- Achieved: 41 out of 54 (76%)
- Did not achieve: 11 out of 54 (20%)
- Not applicable: 2 out of 54 (4%)

This year (2019/20) we:

- Achieved: 43 out of 56 (77%)
- Did not achieve: 11 out of 56 (20%)
- Not applicable: 2 out of 56 (3%)

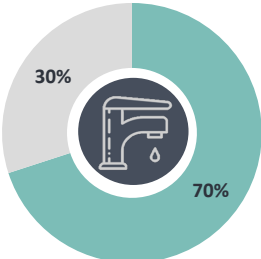
Achieved Not Achieved Not Applicable

Governance & Corporate Services



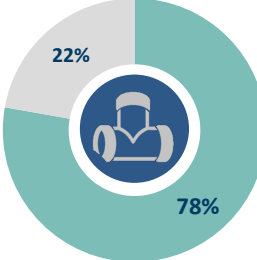
Achieved 5 of 5 measures

Water Supply



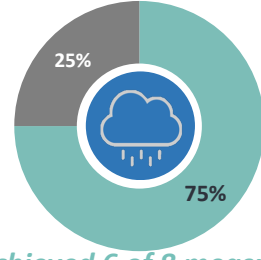
Achieved 7 of 10 measures

Wastewater



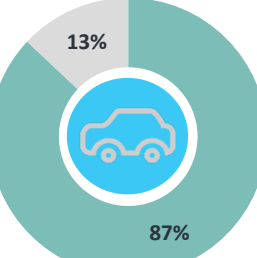
Achieved 7 of 9 measures

Stormwater



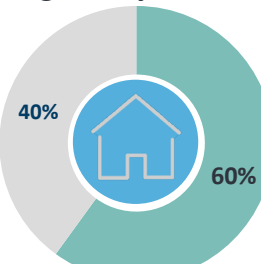
Achieved 6 of 8 measures
*2 out of 8 measures were not applicable

Roading



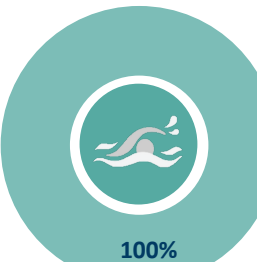
Achieved 7 of 8 measures

Regulatory Services



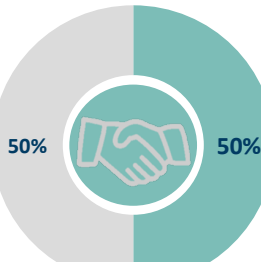
Achieved 6 of 10 measures

Community and Township Services



Achieved 4 of 4 measures

Tourism, Economic, Development and Commercial Activities



Achieved 1 of 2 measures

Our infrastructure performance

We've listed a few of the performance measures for our activities below. A complete list of our performance measures, and our achievements for 2019/20 is available in the Council Activities section of our full Annual Report.

Water supplies		
Safety of drinking water	Protozoa compliance	Not achieved
	Bacteria compliance	Not achieved
Maintenance of reticulation network	Real water loss	Achieved
Fault response times	Response and resolution of urgent and non-urgent calls	Achieved
Customer satisfaction	User satisfaction	Achieved
	Number of complaints	Achieved
Water use	Average consumption	Not Achieved

Wastewater		
System adequacy	Dry weather overflows	Not achieved
Discharge compliance	Resource consent compliance	Achieved
Fault response times	Response time	Not achieved
	Resolution time	Achieved
Customer satisfaction	User satisfaction	Achieved
	Number of complaints	Achieved

Stormwater		
System adequacy	Flooding events	Achieved
	Habitable floors affected	N/A
Discharge compliance	Resource consent compliance	Achieved
Response times	Attendance time	N/A
Customer satisfaction	Number of complaints	Achieved

Roothing		
Road condition	Average quality of ride	Achieved
Road safety	Change in road fatalities and serious injury crashes	Achieved
Road maintenance	Sealed road resurfacing	Achieved
	Unsealed road renewal	Achieved
Customer satisfaction	User satisfaction	Not achieved
Customer service requests	Response time	Achieved
Footpaths	Footpaths at average or better condition	Achieved

Some other highlights

We worked with our Community Boards and communities to plan and progress a number of upgrades to our community facilities including our swimming pools, the Fairlie playground, Lake Tekapo Domain and Mackenzie Community Centre.



We value your input into everything we do and have developed new communication tools to allow more efficient and convenient online services and engagement. Our 'Korero Mai/Let's Talk' engagement website enables valuable feedback from our community on projects. We have also developed other communication channels such as mobile apps to provide information during COVID-19 and beyond.



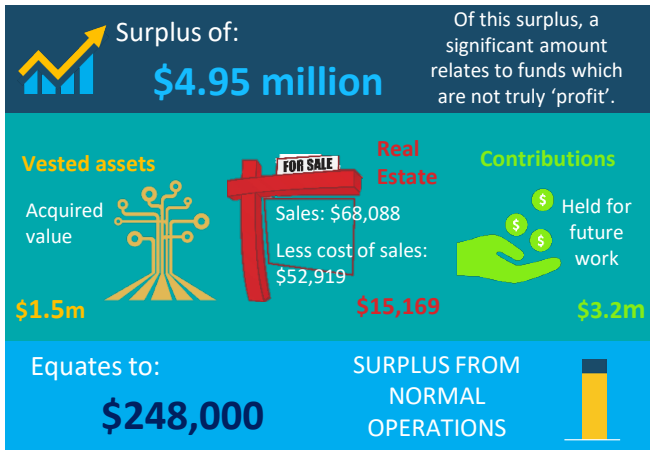
We kicked off the summer season with free swim days at our Twizel Community Swimming Pool on Saturday 16th November 2019 and our Strathconan Community Swimming Pool in Fairlie on Saturday 2nd November 2019.

These events were well attended and marked a great start to our season.

We welcomed 6 residents of the Mackenzie District as citizens of New Zealand.

Financial Highlights

- We had an overall surplus after tax of **\$5 million**, with a total revenue of **\$24.5 million**.
- Our total expenditure was **\$19.4 million**.



We remain debt free

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

Our rates remain low

- We collected **\$10.4 million** in rates.
- We predicted an 8% average rates rise, and struck at **7.57%** rise for 2018/19 (for properties existing at 1 July 2018).

We are growing

- We have **104** new rating units.
- We processed **384** building consents.
- We granted **167** resource consents.

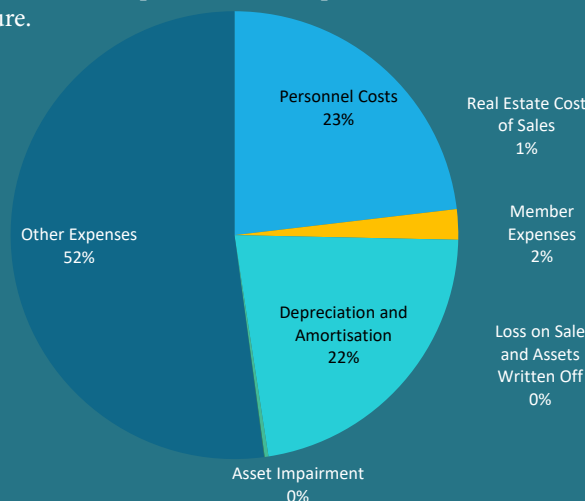
We continue to invest in our infrastructure

- We currently own **\$187.1 million** of assets.
- We invested **\$4.6 million** in capital expenditure (excluding vested assets) on our infrastructure and other assets. \$2.8 million of this was on our core infrastructure.
- We received **\$1.5 million** of vested assets including land, road, water and wastewater infrastructure.
- We obtained **\$215,011** of Ministry, Innovation and Employment (MBIE) funding towards the management of responsible camping during the 2019/20 summer season.
- We also received **\$104,409** from MBIE towards Church of the Good Shepherd Protection and Enhancement Project.

The Numbers

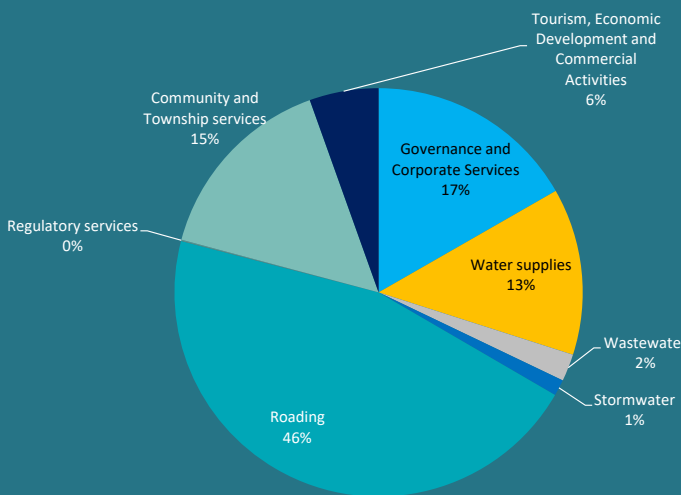
Operating expenditure:

Overall total operating expenditure was in line with budget, **\$19.4 million** compared with the planned \$18.6 million expenditure.



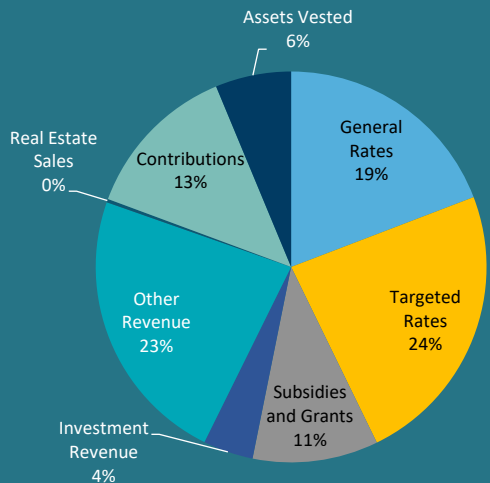
Capital expenditure (excluding vested assets):

Overall total capital expenditure was less than budget, with **\$4.8 million** compared with the planned \$5.7 million expenditure.



Where the money came from:

Mackenzie District Council is dependent on rates revenue, with rates accounting for 43% of total revenue. Revenue from vested assets accounts for 6% of all revenue. Revenue from vested assets is non-cash revenue and Council assumes that ongoing maintenance and obligations for these. Contributions account for 13% of total revenue. Timing of the completion of subdivision work and the vesting of assets and payment of contributions is outside of our control.



Summary Financials

	2018/19	2019/20	
	LTP	Annual Plan	Actual
	\$000's	\$000's	\$000's
Statement of Comprehensive Revenue and Expenditure:			
Total revenue	25,194	21,864	24,456
Total expenditure	17,106	18,628	19,426
Surplus/(deficit)	8,088	3,236	5,030
Provision for taxation	0	0	0
Surplus after taxation	8,088	3,236	5,030
Financial assets at fair value through other comprehensive revenue & expenditure	25	468	369
Property, plant & equipment revaluations	28,285	8,132	1,400
Total comprehensive revenue & expenditure	36,398	11,836	6,799
Statement of Changes in Equity:			
Equity at 1 July 2019	246,420	240,854	282,928
Gains/(losses) on financial assets	25	468	369
Gains/(losses) on property valuation	28,285	8,132	1,400
Inventory valuation gains/(losses) taken to equity	110	0	13
	28,420	8,600	1,781
Surplus/(deficit) after taxation	8,088	3,236	5,030
Total comprehensive revenue & expenditure	36,508	11,836	6,812
Total equity: 30 June 2020	282,928	252,690	289,740
Statement of Financial Position:			
Total current assets	18,776	9,832	23,154
Total non-current assets	267,820	251,036	270,727
Total assets	286,596	260,868	293,881
Total current liabilities	3,591	2,154	4,062
Total non-current liabilities	76	6,024	79
Total liabilities	3,667	8,178	4,141
Net assets	282,929	252,690	289,740
Components of equity:			
Accumulated funds	120,924	118,167	126,123
Reserves	162,004	134,523	163,617
Total equity	282,928	252,690	289,740
Statement of Cash Flows:			
Net increase/(decrease) in cash & cash equivalents	(2,923)	1,716	(5,518)
Add cash at start of year	11,338	1,626	8,415
Cash and cash equivalents at 30 June 2020	8,415	3,342	2,896
Change in cash balance due to net cash flows from:			
Operating activities	6,740	5,319	6,568
Investing activities	(9,663)	(5,684)	(12,087)
Financing activities	0	2,081	0
Net increase/(decrease) in cash held	(2,923)	1,716	(5,518)

The Statement of Accounting Policies and Notes, which form an integral part of these financial statements, can be found in the full Annual Report.

Summary of major variances against our budget

Revenue was \$24.5m (\$21.9m budgeted):

- Financial Contributions were \$1.4m higher, while vested assets were \$0.8m lower than budget. These are determined by developer activity.
- Real estate revenue from Pukaki Airport section sales was \$68,088 above budget.
- Other revenue: \$5.7m (\$1.7m above budget) primarily due to forestry revaluation gain, issue of carbon credits and gain on sale of carbon credits, timber sales and gain on sale of other assets.

Expenditure was \$19.4m (\$18.6m budgeted):

- Personnel costs is \$0.4m higher than budget due to further staff employed.
- Depreciation is \$0.2m over budget due to increased value from the prior year infrastructure revaluation.
- Other expenses: \$0.3m over budget, primarily due to: 1) Operational and Maintenance (\$0.8m above) due to additional works for water supply and bin hire being required; 2) IT costs (\$0.3m increase) as a result of the back scanning project being moved from Capex to Operational; 3) Unbudgeted forestry logging and cartage costs (\$0.4m); 4) Costs are offset by an under-expenditure on the Consultancy budget for Te Manahuna Ki Uta and administration costs allowed for inspectorate and communication.



Further detail of variances can be found in **Note 28** of the Annual Report (pages 197-198)

Annual Report Disclosure Statement

- These disclosures are a summary of the Annual Report 2019/20, prepared in accordance with PBE Standards Reduced Disclosure Regime. This summary is an overview of our financial performance & position. It does not give a complete understanding. For further information refer to the Annual Report 2019/20 adopted 23 February 2021.
- The financial statements are for the Council & group which consists of Mackenzie District Council and its wholly-owned subsidiaries, Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust.
- Financial statements have been prepared in compliance with PBE FRS 43: Summary Financial Statements & are presented in NZ dollars rounded to the nearest thousand unless otherwise stated.
- All financial statements have been examined by an external auditor, Audit NZ, on behalf of the Auditor General and received an unmodified audit opinion on 23 February 2021. It is our opinion that the summary financial statements represent fairly & consistently the financial performance & position of the Council as detailed in the Annual Report 2019/20.
- The financial statements for the year ended 30 June 2020 were authorised for issue by the Council on 23 February 2021. We are not aware of any events subsequent to 30 June 2020 that require adjustment of, or disclosure in the financial statements.
- Prior period adjustments are disclosed in Note 32 of the Annual Report 2019/20 in relation to two prior period misstatements regarding the classification of Property, Plant and Equipment and Revaluation of Infrastructure.
- The valuation of Council's investment property assets could change due to changes in market conditions arising from COVID-19. The valuer has highlighted there is currently significant valuation uncertainty in the valuations disclosed due to the COVID-19 pandemic. Further detail can be found in Note 31 of the Annual Report 2019/20.
- Section 98 of the Local Government Act 2002 requires that Council adopt its Annual Report within four months of the end of the financial year (30 June 2020). Due to the COVID-19 pandemic, Parliament extended the statutory reporting timeframes from 31 October to 31 December 2020. Council was unable to meet this requirement and the Annual Report was not adopted until 23 February 2021.

Events after balance date

- Land sales: Pukaki Airport initial deposit (\$58,000) received for \$580,000 sale to be completed in 2020/21; a section settled in September 2020 (\$602,915) to be reported in 2020/21.
- Contracts awarded for three waters maintenance (1 August 2020 - 31 July 2025) on 24 June 2020; township maintenance (1 September 2020 - 30 June 2025) on 1 August 2020; and waste management (October 2021 - July 2036).
- Council approved the appointment of a BECA led consortium to progress Te Manahuna Ki Uta/ Destination Mackenzie.
- Directors of Alpine Energy Ltd signed the solvency certificate for the final dividend fully imputed on 23 July 2020. This revenue will be recognised in 2020/21.
- Three Water Reform: Council agreed to MOU on 25 August, Funding Agreement 30 October, and the Delivery Plan 16 Nov 2020. Initial payment (\$2.94m) of total \$5.12m received November 2020.



Grants and Awards

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

- George Guerin (Mackenzie resident/ratepayer)
- Kaya Skinner (Twizel Area School)
- Marrek Hignett (Mackenzie College)

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

- Virginia Kerr

Grants awarded to the community by Council:

Awarded to	Grant amount \$
Mackenzie County Scholarship	\$5,122.86
Twizel Community Care Trust	\$16,380.13
Twizel Community Care Trust (operation of resource centre)	\$8,300.61
Mackenzie Community Enhancement Board	\$13,047.00
Heritage Protection Fund Grant - Burkes Pass Church	\$462.86
Lake Tekapo Primary School (grant for swimming pool)	\$17,391.30

Grants awarded to the community by Tekapo Community Board (from Genesis Energy fund):

Awarded to	Grant amount \$
Lake Tekapo Lions - Bus Shelter	\$7,000.00
Tekapo Promotions and Business Association - Promotions Project 2020	\$4,200.00
Lake Tekapo School - Community Swimming pool	\$12,411.90
Snowgrass Solutions - Replacement FM transmitter for RNZ for Tekapo	\$3,300
Tekapo Trails - Sawdon Trail	\$4,300.00
Lake Tekapo Primary School (grant for swimming pool)	\$17,391.30

Grants awarded to the community by Twizel Community Board:

Awarded to	Grant amount \$
Twizel Community Care Trust (operation of resource centre)	\$7,680
Twizel Free Kindergarten - Hall Hire	\$273.37
Snow Club - Hall Hire	\$62.60
Mackenzie Performing Arts - Hall Hire	\$292.00
Twizel Area School - Prizegiving	\$100.00
Leadership 4 Women - Hall Hire	\$500.00
Twizel Kai and Koha Ride - Brochure Delivery and advertising	\$100.00
Twizel Community Dinner - Hall Hire	\$166.05

Grants awarded to the community by Fairlie Community Board:

Awarded to	Grant amount \$
Mackenzie Community Enhancement Board - Operation of Resource Centre	\$14,000.00
Mackenzie College - Hall Hire	\$250.00
Mackenzie Swimming Club - Pool Hire	\$250.00
Fairlie Swimming - Pool Hire	\$250.00
Andrew Hurst - Hall Hire	\$200.00
Mackenzie Half Marathon	\$250.00

Area of spend

Governance & Corporate Services



- Governance
- Administration
- Chief Executive Office
- Finance
- IT

Capital spend

\$807,000

Operating spend

\$5.246m

Rates spend per \$100

\$24.64

Water Supply



- Water supply

\$638,000

\$1.691m

\$7.94

Wastewater



- Wastewater

\$104,000

\$859,000

\$4.03

Stormwater



- Stormwater

\$62,000

\$128,000

\$0.60

Roading



- Roothing
- Footpaths
- Parking
- Cycleways
- Walkways

\$2.204m

\$4.032m

\$18.94

Planning & Regulatory Services



- Building control
- District planning
- Animal control
- Environmental health
- Civil Defence & Emergency Management

\$5,000

\$2.928m

\$13.75

Community & Township Services



- Cemeteries
- Toilets
- Halls
- Libraries
- Medical centres
- Parks & swimming pools
- Pensioner housing
- Solid waste

\$742,000

\$3.254m

\$15.28

Tourism, Economic Development & Commercial Activities



- Real estate
- Forestry
- Investments
- Pukaki Airport
- Economic development & tourism promotion

\$264,000

\$3.151m

\$14.80

To the readers of Mackenzie District Council and Group's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Mackenzie District Council and Group (the District Council and Group) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 2-11:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of service provision.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 23 February 2021. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council and Group as set out in the full annual report in Note 30 to the financial statements. We drew specific attention to the following matter due to the significant level of uncertainty caused by Covid-19:

- Investment property - Note 31 on page 204 of the Annual Report describes significant valuation uncertainties highlighted by the valuer, related to estimating the fair value of the District Council and Group's investment property.

An extract of this information is included in the summary of the annual report on page 8.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

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 and provided probity assurance over a procurement process. These services are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries.

Chris Genet,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
22 March 2021

Todays Choices, Tomorrows Mackenzie

Our full
Annual Report 2019/20
can be found at
www.mackenzie.govt.nz
or at our Council Offices and
Community Libraries.



MACKENZIE
DISTRICT COUNCIL

FAIRLIE:
Main Street, Fairlie

(03) 685 9010
0800 685 8514

TWIZEL:
Market Place, Twizel

info@mackenzie.govt.nz
www.mackenzie.govt.nz