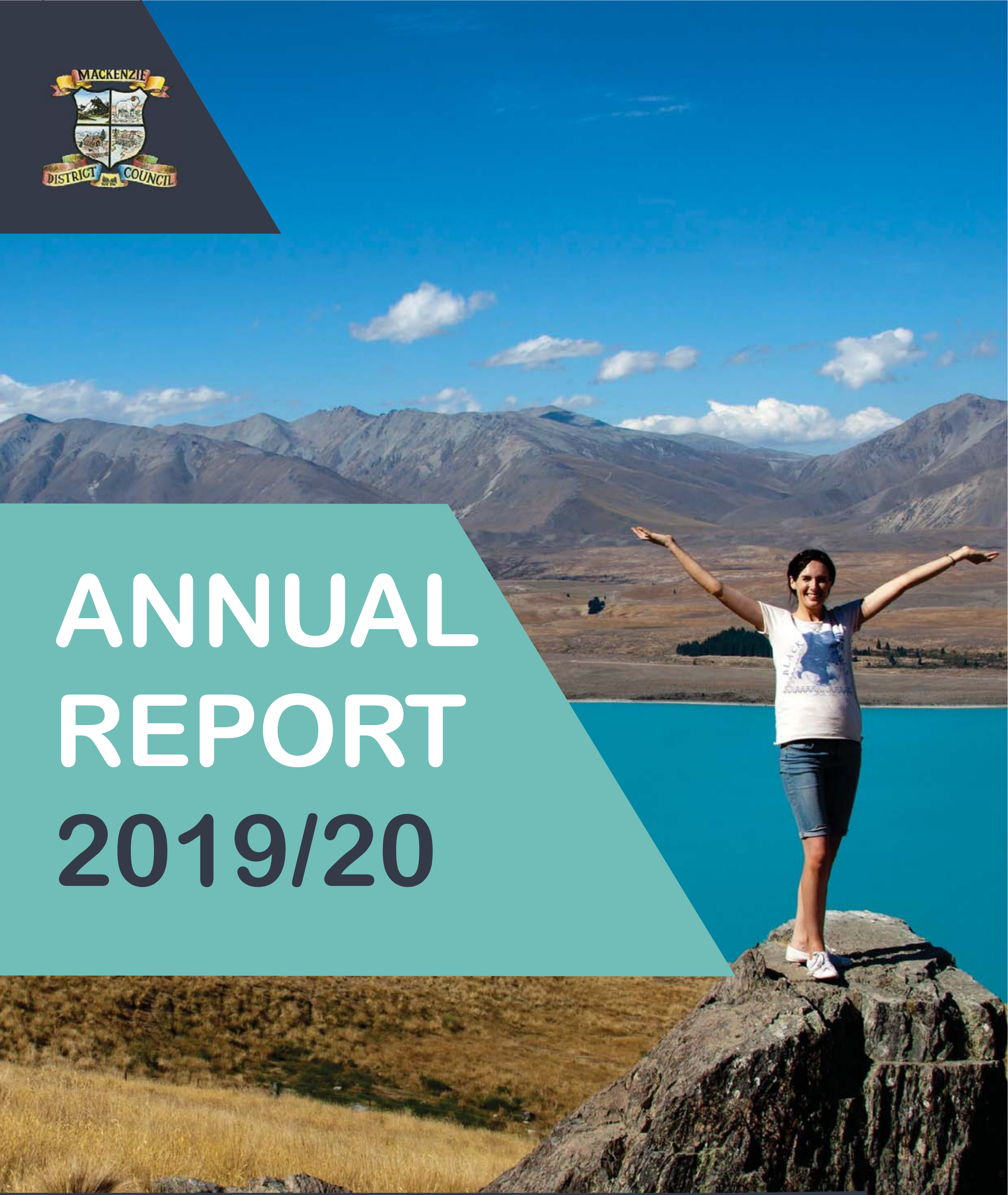

ANNUAL REPORT 2019/20

Today's choices, tomorrow's Mackenzie

From our Mayor and Chief Executive

We are proud to present the 2019-20 Annual report to you, our community. This report is an opportunity to look back on what we have achieved, on behalf of our communities over the past financial year.

The year will be remembered by the high number of emergency management events which occurred in our region, including the Rangitata River flood in the Timaru District, Stanton Station fire and the major event which had an impact on all of us, COVID-19. These events tested our resilience - as an organisation, community, region and a nation. We have had to adapt our practices at very short notice to assist with or manage these events, stretching resources and rearranging priorities as a matter of urgency. This has highlighted the need for and advantages of collaboration with our neighbouring areas and government agency partners and we are pleased to report that we excelled in this area. We are proud of the way Team Mackenzie has responded in support of our communities and neighbouring areas and the innovative and caring manner in which we are approaching the Social and Economic Recovery, for the benefit of our Mackenzie.

We continued to transform our organisation in alignment with the CouncilMARK assessment done in 2019. 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 has created a solid platform for the second year of change and transformation. As we move into the second year we will continue to focus on our values and behaviors, improve community engagement and customer service, build stronger relationships and enhance our professionalism, while continuing to reduce the overall risk to Council and our community.

Your input into everything we do is valued and we 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 a number of other communication channels such as mobile apps to push information out during COVID-19 and beyond.

We are continuing to invest in our community facilities which have, as always, been very well attended. Your safety, and that of your families, is paramount to us and we are prioritising investments in upgrading our facilities and improving our standards of service delivery. We are also investing directly into our communities with $102,000.00 worth of awards allocated for various community projects which will contribute positively towards the wellbeing of our Mackenzie. We are also investing in the infrastructure needed for our district with $4.6 million in capital infrastructure expenditure, excluding vested assets received.

Rates were struck at 7.57% for existing properties as at 1 July 2018, compared to the 8% indicated in our Long Term Plan. 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. This includes a small amount of investment income and largely encompass non-cash assets such as vested assets and financial contributions which enable long term benefits. Despite this small surplus, we have to continue to work smarter with our resources to ensure we are financially sustainable over the long run.

This report shows how our performance was measured against set targets. In general, we are satisfied with our performance for 2019/20 and will continue to work hard to improve areas for development to ensure we are fit for purpose to administer the district in accordance with our statutory requirements and community needs.

We are grateful for the assistance, enthusiasm and commitment of our Councillors, Community Board members and employees who have all worked extremely hard over the year to serve you, our community, to the best of our ability. 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.

G. B. Smith

Suzette van Aswegen
Chief Executive

Graham Smith
Mayor

Statement of Compliance

Compliance

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

Responsibility

The Council and management accept responsibility for the preparation and completion of the financial statements and the related judgements. Council adopted the financial statements as presented here on 23 February 2021.

Council also accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and service performance reporting.

In the opinion of the Council and management, the annual report for the year ending 30 June 2020 fairly reflects the financial performance, financial position, cash flows and service performance of the Mackenzie District Council and group.

G. B. Smith

Graham Smith
Mayor
23/02/21

Suzette van Aswegen
Chief Executive
23/02/21

Introduction

Your Council

Graham Smith
Mayor
027 228 5588
03 615 7804
mayor@mackenzie.govt.nz

James Leslie
Deputy Mayor
Pukaki Ward
021 886 806
james.leslie@mackenzie.govt.nz

Matt Murphy
Pukaki Ward
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matt.murphy@mackenzie.govt.nz

Emily Bradbury
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emily.bradbury@mackenzie.govt.nz

Anne Munro
Opuha Ward
027 228 9627
03 685 5772
anne.munro@mackenzie.govt.nz

Stuart Barwood
Opuha Ward
027 687 8920
03 685 8411
stuart.barwood@mackenzie.govt.nz

Murray Cox
Opuha Ward
027 685 5650
03 680 6224
murray.cox@mackenzie.govt.nz

Committees of Council

Audit & Risk Committee
Chair: Bruce Mincham (appointed member)

Chief Executive Review Committee
Chair: James Leslie

Commercial & Economic Development Committee
Chair: Murray Cox

Engineering & Services Committee
Chair: Stuart Barwood

Planning & Regulations Committee
Chair: Anne Munro

Strategy Committee
Chair: James Leslie

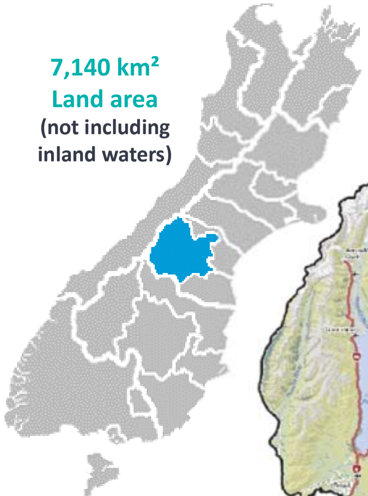
Your Community Boards

The Mackenzie District has three Community Boards:

- Twizel - elected by the electors of the Twizel township;
- Tekapo - elected by the electors of the former Tekapo ward; and
- Fairlie - elected by the electors of the Fairlie community boundary.

Twizel Community Board	Jacqui de Buyzer (Chair)	027 383 5695 jacqui.debuyzer@xtra.co.nz
	Amanda Sargeant	021 292 0990 amanda.sargent@gmail.com
	Renee Rowland	027 464 5062 reneerowland@gmail.com
	Tracey Gunn	021 444 583 tracey@highcountrysalmon.co.nz
	Emily Bradbury	021 244 2626 emily.bradbury@mackenzie.govt.nz
Tekapo Community Board	Steve Howes (Chair)	021 801 216 03 680 6674 steve@tekapore.com
	Sharron Binns	027 572 5063 03 680 6990 admin@bpworks.co.nz
	Chris Scrase	021 078 9608 03 680 6978 chris@scrase.com
	Caroll Simcox	027 235 6722 03 680 6607 carollsimcox@gmail.com
	Matt Murphy	021 244 2626 matt.murphy@mackenzie.govt.nz
Fairlie Community Board	Les Blacklock (Chair)	027 252 2227 03 685 6115 theteds1955@gmail.com
	Angela Habraken	027 435 448 03 971 2882 ajgrant9@hotmail.com
	Damon Smith	021 065 4062 03 685 8930 damonsmithy@gmail.com
	Leaine Rush	021 055 4844 joeandleaine@gmail.com
	Murray Cox	027 685 5650 03 680 6224 murray.cox@mackenzie.govt.nz

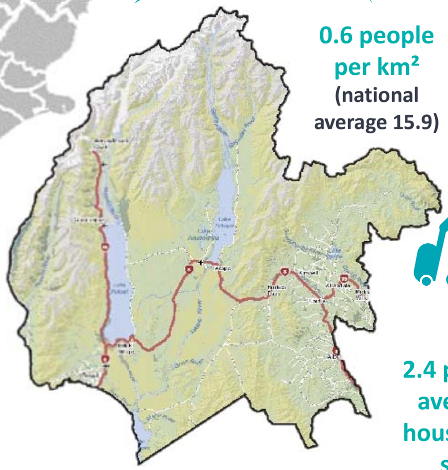
Our district



7,140 km² **Land area** (not including inland waters)

2 wards Opuha / Pukaki

3 community boards Twizel / Tekapo / Fairlie



2.66% of NZ's total land area

0.6 people per km² (national average 15.9)

Population 3rd smallest Out of 67 districts

30,682 Peak day visitors

11.1% annual GDP growth (2019) 5% nationally

$51,420 average income $62,480 National average

2.4 people average household size National average 2.7

$601,548 average house price $701,979 nationally

	4,950 Usually resident populations	3,872 dwellings	2,239 occupied dwellings 58% of dwellings	1,633 unoccupied dwellings 42% of dwellings
TWIZEL	1,749	1,546	738	808
TEKAPO	558	538	216	322
FAIRLIE	882	492	397	95

Data sourced from Mackenzie District Council Housing Stocktake, Mackenzie District Council Growth Projections, Ministry of Business, Innovation and Employment

Our mission and vision for our district

Mission Statement - Fostering our Community

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

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

Be fair to everyone
A rising tide lifts all boats. No-one in the Mackenzie District should be left behind in the name of 'progress'.

Peace and serenity matters
These are the defining, unique, extremely special characteristics of our district - and they need to be protected.

Dare to be different
We will look for unique ways to innovate and will not let fear of criticism hold us back from doing the right thing.

Do things with respect and trust
We will, in every circumstance, operate with honesty and integrity, enabling mutual respect and trust in our organisation, with our community and with all others.

Leave things better for the future
We are here for more than to save the current day - our duty as public servants to the Mackenzie District community creates an obligation that we leave things better for future generations.

Vision Statement

Mackenzie District will be a district in which:

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

Our community outcomes

AN ATTRACTIVE AND HIGHLY VALUED NATURAL ENVIRONMENT	The outstanding natural features of the district need to be preserved, enhanced, accessible and promoted. Anyone who has lived in the Mackenzie District or who has visited, understands that the natural environment is our greatest asset. Council's role in supporting this outcome is as a regulator through its District Plan. This provides a detailed framework for managing the natural and physical resources of the district. Council also provides and funds local reserves, and acts as an advocate for environmental issues. It has also joined other councils in protecting our lakes and streams for generations to come under the Canterbury Water Management Strategy.
A SUPPORTIVE AND CONTRIBUTING COMMUNITY	Council seeks to foster a supportive and contributing community and encourage people to use their skills for the benefit of the wider community. The supportive nature of the Mackenzie community is one of its unique advantages and is recognised and valued by those who live here. Council plays a supportive role in this area, advocating on behalf of community groups when required and facilitating local initiatives.
SAFE, EFFECTIVE AND SUSTAINABLE INFRASTRUCTURE	Council is the prime provider and funder of essential services including roads, drinking water, sewage treatment, storm water disposal, refuse collection and recycling. This is very much the council's "bread and butter".
A DEMOCRACY THAT UPHOLDS THE RIGHTS OF THE INDIVIDUAL	The district needs a council that represents its community while respecting the rights of the individual. The Mackenzie District, with an estimated population of 4,950 is represented by 19 elected representatives who continue a long tradition of championing a vigorous local democracy. The role of elected members is to represent the district and their community, make decisions on its behalf, and advocate when required.
A THRIVING ECONOMY	We need to have a well-balanced economy, providing employment and investment opportunities, and sustaining a full range of support services. Our prosperity is based on farming, hydro-electric power generation and tourism. Council's role in economic development is to provide a regulatory environment that facilitates growth. It also funds the support and promotion of businesses in the district.
A FIT AND HEALTHY COMMUNITY	We need a variety of sporting, recreational, cultural, spiritual, health, welfare and education resources to help sustain and enrich our lives. Council is one of the major providers of recreational and community facilities such as sports grounds and community halls. It works alongside local clubs and volunteers to help promote a fit and healthy community. It also supports the provision of medical and other social services and will act as an advocate where required on behalf of the community.

How we plan for our district

Council's planning process centres on three key documents:

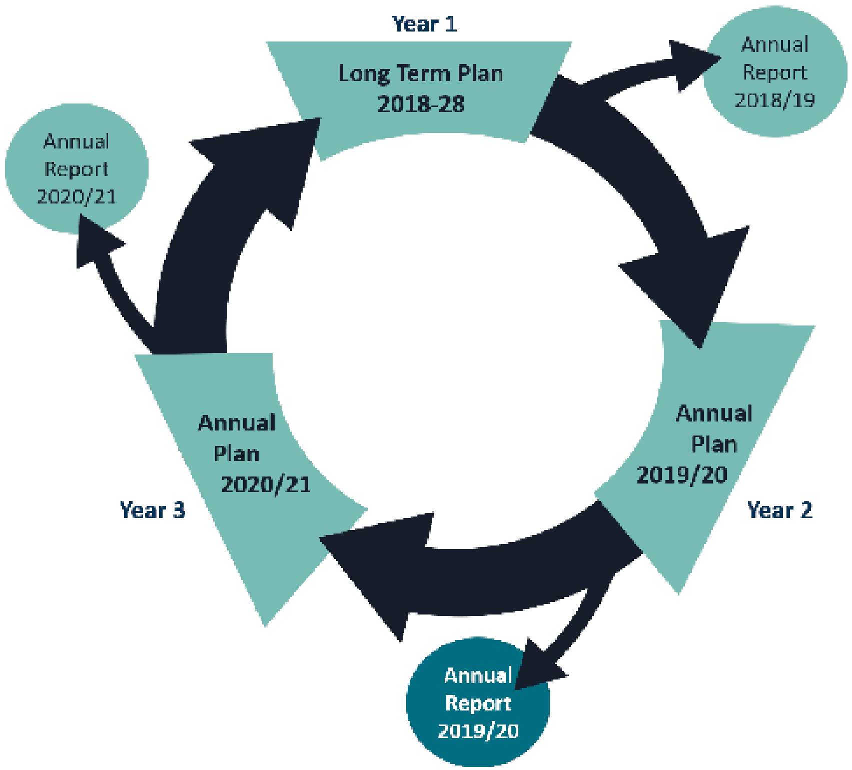
1) The **Long Term Plan (LTP)**, prepared every three years, is a strategic planning document which forecasts Council's budgets and project priorities over its ten year life.

2) The **Annual Plan** is produced in the years when we do not produce a Long Term Plan. The Annual Plan updates the work programme and budget in detail for the year the plan covers.

3) The **Annual Report** is prepared every year to report on how the Council performed against its targeted budget and work programme for the year and to report any variations.

This is our **Year 2 Annual Report** which shows what we have achieved together during 2019/20, detailing performance achieved against the target and work programmes detailed in Year 2 of our Long Term Plan 2018-2028.

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



Our activities at a glance

This section of the Annual Report explains how Council's activities will contribute towards the achievement of the Community Outcomes.

Council activities have been grouped into the following groups of activities:

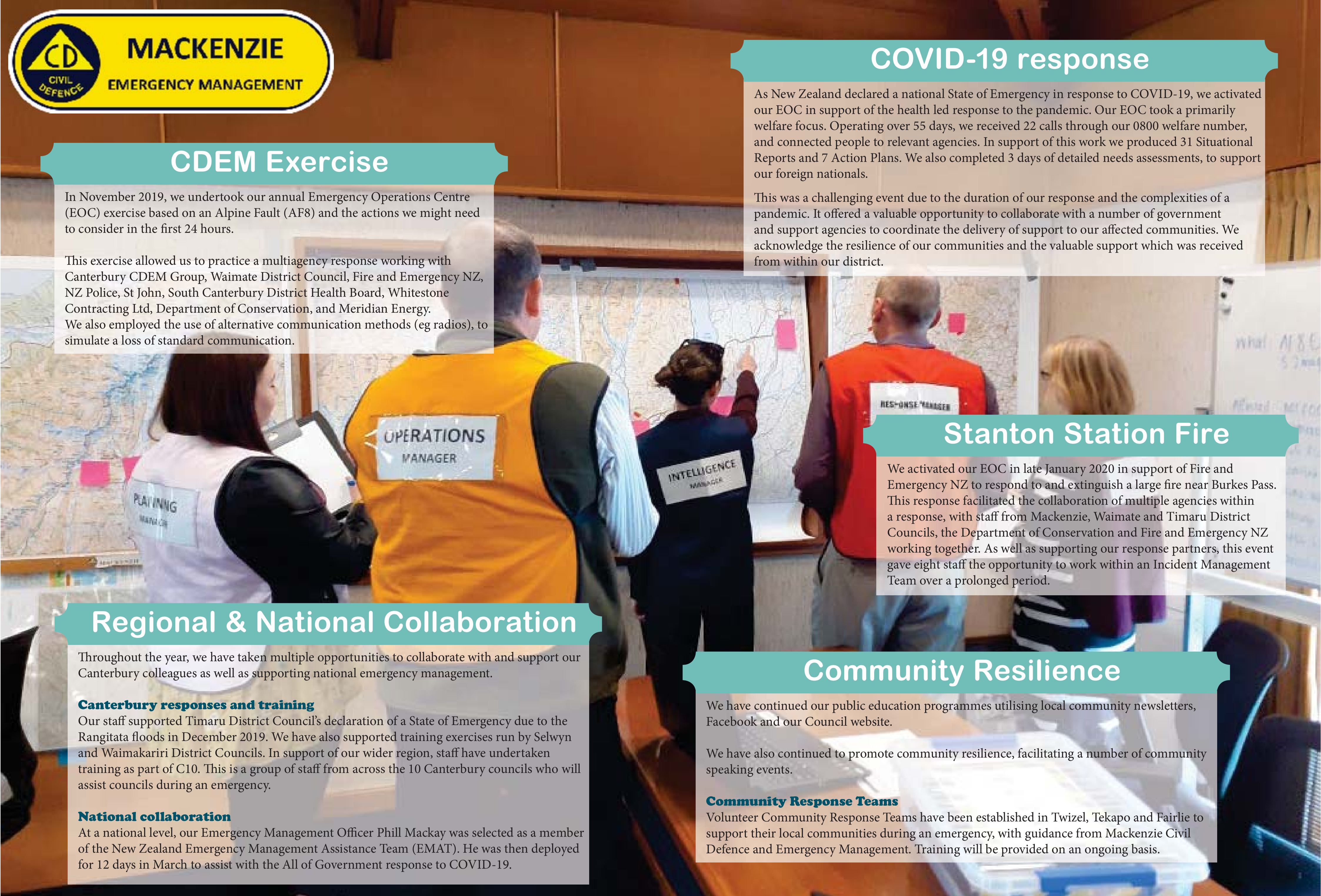
Groups of Activities	Activities			
GOVERNANCE & CORPORATE SERVICES	Governance IT Department	Administration Finance	Community Facilities Department	Chief Executive Office Engineering Department
WATER SUPPLIES	Water Supply			
WASTEWATER	Wastewater			
STORMWATER	Stormwater			
ROADING	Sealed & Unsealed Roads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

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

	Governance & Corporate Services	Water Supplies	Wastewater	Stormwater	Roading	Regulatory Services	Community & Township Services	Tourism, Economic Development & Commercial Activities
AN ATTRACTIVE AND HIGHLY VALUED NATURAL ENVIRONMENT	✓	✓	✓	✓	✓	✓	✓	✓
A SUPPORTIVE AND CONTRIBUTING COMMUNITY	✓						✓	✓
SAFE, EFFECTIVE AND SUSTAINABLE INFRASTRUCTURE	✓	✓	✓	✓	✓	✓	✓	✓
A DEMOCRACY THAT UPHOLDS THE RIGHTS OF THE INDIVIDUAL	✓							
A THRIVING ECONOMY	✓	✓	✓	✓	✓	✓	✓	✓
A FIT AND HEALTHY COMMUNITY	✓	✓	✓	✓	✓	✓	✓	✓

Our year in brief

MACKENZIE
EMERGENCY MANAGEMENT



CDEM Exercise

In November 2019, we undertook our annual Emergency Operations Centre (EOC) exercise based on an Alpine Fault (AF8) and the actions we might need to consider in the first 24 hours.

This exercise allowed us to practice a multiagency response working with Canterbury CDEM Group, Waimate District Council, Fire and Emergency NZ, NZ Police, St John, South Canterbury District Health Board, Whitestone Contracting Ltd, Department of Conservation, and Meridian Energy. We also employed the use of alternative communication methods (eg radios), to simulate a loss of standard communication.

Regional & National Collaboration

Throughout the year, we have taken multiple opportunities to collaborate with and support our Canterbury colleagues as well as supporting national emergency management.

Canterbury responses and training
Our staff supported Timaru District Council's declaration of a State of Emergency due to the Rangitata floods in December 2019. We have also supported training exercises run by Selwyn and Waimakariri District Councils. In support of our wider region, staff have undertaken training as part of C10. This is a group of staff from across the 10 Canterbury councils who will assist councils during an emergency.

National collaboration
At a national level, our Emergency Management Officer Phill Mackay was selected as a member of the New Zealand Emergency Management Assistance Team (EMAT). He was then deployed for 12 days in March to assist with the All of Government response to COVID-19.

COVID-19 response

As New Zealand declared a national State of Emergency in response to COVID-19, we activated our EOC in support of the health led response to the pandemic. Our EOC took a primarily welfare focus. Operating over 55 days, we received 22 calls through our 0800 welfare number, and connected people to relevant agencies. In support of this work we produced 31 Situational Reports and 7 Action Plans. We also completed 3 days of detailed needs assessments, to support our foreign nationals.

This was a challenging event due to the duration of our response and the complexities of a pandemic. It offered a valuable opportunity to collaborate with a number of government and support agencies to coordinate the delivery of support to our affected communities. We acknowledge the resilience of our communities and the valuable support which was received from within our district.

Stanton Station Fire

We activated our EOC in late January 2020 in support of Fire and Emergency NZ to respond to and extinguish a large fire near Burkes Pass. This response facilitated the collaboration of multiple agencies within a response, with staff from Mackenzie, Waimate and Timaru District Councils, the Department of Conservation and Fire and Emergency NZ working together. As well as supporting our response partners, this event gave eight staff the opportunity to work within an Incident Management Team over a prolonged period.

Community Resilience

We have continued our public education programmes utilising local community newsletters, Facebook and our Council website.

We have also continued to promote community resilience, facilitating a number of community speaking events.

Community Response Teams
Volunteer Community Response Teams have been established in Twizel, Tekapo and Fairlie to support their local communities during an emergency, with guidance from Mackenzie Civil Defence and Emergency Management. Training will be provided on an ongoing basis.

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.

ROAD TO RECOVERY

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.

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 our more about these projects and some of our other plans check out our Annual Plan 2020/21.

Towards a recovered Mackenzie

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**:

14	8	9
Immediate Priorities	Short/Medium Term	Long Term

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**.

Working with our communities

We recognise the principle of openness and freedom of access to information, and that working more collaboratively with our communities leads to better informed planning and decision making, and improved outcomes for all.

We've been working over the past year to develop tools that will make it possible for us to share, and easier for you to find, more of the information held by Council. We have developed a new website platform which will make it significantly easier to interact with Council online. We'll be able to provide more services online, important news will be front and centre, and the website will integrate seamlessly with other communication channels including an app for mobile devices. We're working on a subscription email service to enable you to choose to hear from us directly on the issues that matter to you.

To facilitate increased collaboration with our communities we're working on delivering a digitally-led engagement initiative which is enabling us to involve stakeholders in project design and planning future initiatives in a way that is both cost effective and time efficient.

Our 'Korero Mai | Let's Talk' engagement website is up and running and the input and feedback we're receiving from our communities is already proving invaluable as we work to plan and deliver our shared vision for the future.

We're lucky to be a part of a community that cares about the environment, our communities and each other and we're excited to discover the possibilities that will emerge as we work together more closely.

Transforming our organisation

In July 2019, following our CouncilMark assessment, Council commenced a two-year change and transformation programme which has been progressing well. This programme is mainly focussed internally on building a strong foundation of values, systems, policies and processes from which we intend to launch high performance in the coming years.

The first year (2019/20) of the change and transformation programme has been successful with critical systems and policies now in place, strengthened by core values and behaviours which drive performance and improved communication. The changes that we have made this year have reduced the overall risk to Council.

As we move into the second year (2020/21) we will continue to improve our effectiveness and look for efficiencies in our operations and embed the changes made to date. We will place an increased focus on cultural change in terms of our values and behaviours, internal and external engagement and communication, customer service, building relationships and enhanced professionalism.

Opening of Rehua, Dark Sky Project 1 July 2019


Following the local body election in September 2019, our Council were sworn in.
Cr Matt Murphy, who was unable to attend, was sworn in before the inaugural meeting.





A swearing in ceremony was held on 24 October 2019 and was supported by a number of performances by students of Mackenzie College.


A Mackenzie Legacy

At the inaugural meeting of our newly elected Council on Thursday 31 October 2019, we marked our district's 500th council meeting since our formation in 1889.

The Mayor also appointed councillors to a number of key roles:

- Canterbury Regional Transport Committee
- Mackenzie District Licensing Committee
- Liquor Panel
- Canterbury Mayoral Forum
- Zone 5 of Local Government NZ
- Regional Civil Defence and Emergency Management Group

- Downlands Joint Standing Committee
- Associate: Canterbury Regional Transport Committee
- Upper Waitaki Zone Water Management Committee
- Canterbury Waste Joint Committee
- South Canterbury Irrigation Trust
- Opihi Catchment Committee

- Orari Temuka Opihi Pareora Zone Water Management Committee
- Liquor Panel
- Aoraki Foundation
- Aoraki Mackenzie International Dark Sky Reserve Board
- Mackenzie District Licensing Committee
- Biosecurity Advisory Group

- Deputy Mayor
- Sport Canterbury Spaces and Places Governance Group

- Fairlie Community Board
- Liquor Panel
- Mackenzie District Licensing Committee

- Twizel Community Board
- Alps to Ocean Joint Committee

- Tekapo Community Board
- Mackenzie Scholarship Trust
- South Canterbury Road Safety Trust and South Canterbury Road Safety Coordinating Committee

Open season

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.

In readiness for our 2019/20 season, we made a number of improvements to our community swimming pools.

Twizel Community Swimming Pool

We installed new hot water showers, a drinking fountain and picnic tables. We have also made lighting upgrades throughout the building.

Strathconan Community Swimming Pool

General safety improvements and maintenance were undertaken before the season started. A new fridge was also purchased to improve the tuck shop.

Citizenship ceremonies

24 September 2019

Adriaan (Riaan) Van der Westhuizen of South Africa

Collette Van der Westhuizen of South Africa

Adriaan (AJ) Van der Westhuizen of South Africa

Monique Van der Westhuizen of South Africa

Zahid Ullah of Bangladesh

Megan Miller of the United States of America

Mayor Graham Smith welcomes new citizens: Riaan, AJ, Monique and Collette Van der Westhuizen, Megan Miller and Zahid Ullah, 24 September 2019.

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

Financial highlights

- We had an overall surplus after tax of **$5 million**, with a total revenue of **$24.5 million**. Of this surplus, a significant amount relates to funds which are not truly 'profit' (vested assets, financial contributions held for future work etc).
- Our total expenditure was **$19.4 million**.

We remain debt free

- Our net external debt at 30 June 2020 stands at **nil**.

Our rates remain low

- We collected **$10.4 million** in rates.
- We predicted an 8% average rates rise with our rates rise for 2019/20 being struck at **7.57%**. for existing properties as at 1 July 2018.

We are growing

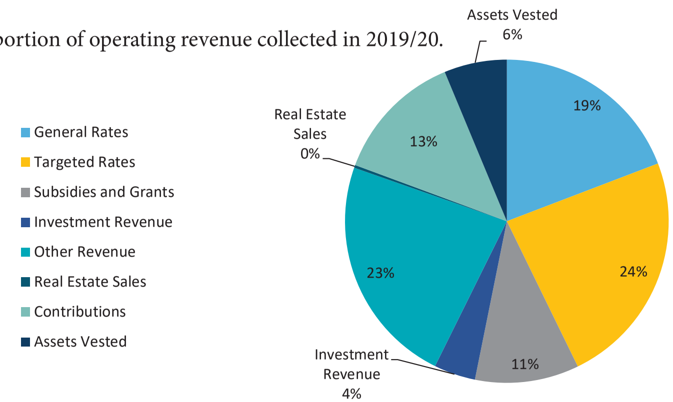
- We have **104** new rating units.
- We processed **384** building consents.
- We processed **167** resource consents.

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, roading, 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 the Church of the Good Shepherd Protection and Enhancement Project completed in 2019/20.

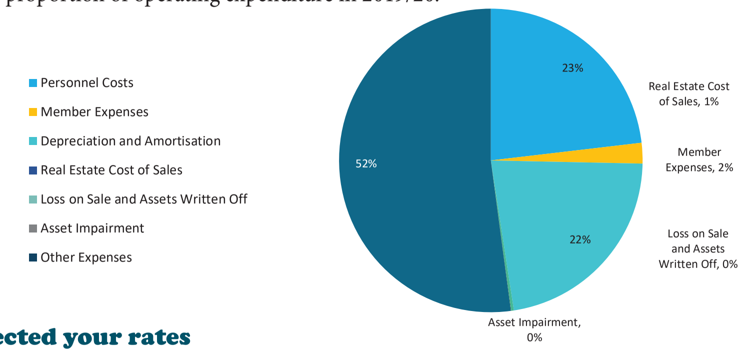
What operating revenue was received?

This chart shows the proportion of operating revenue collected in 2019/20.



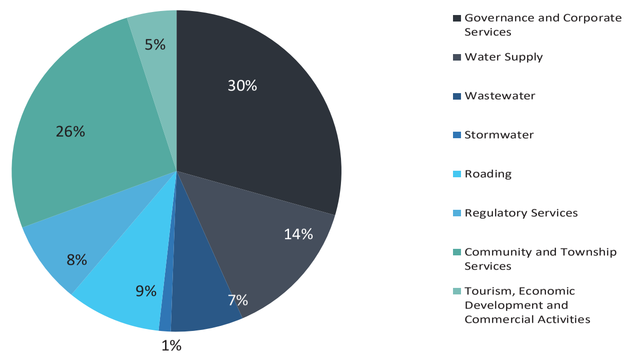
What operating expenditure was incurred?

This chart shows the proportion of operating expenditure in 2019/20.



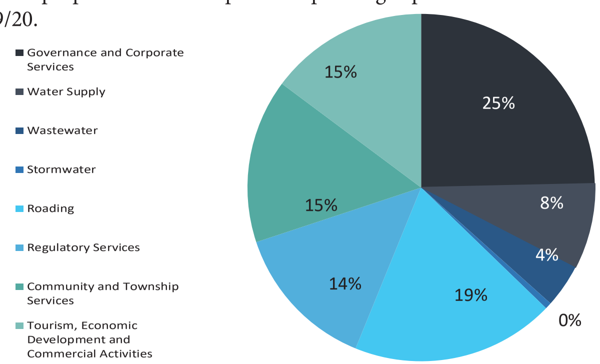
Where we collected your rates

This chart shows the proportion of rates collected that went into each of our eight groups of activities in 2019/20.



Where were your rates spent?

This chart shows the proportion of rates spent on operating expenditure in each of our eight groups of activities in 2019/20.



Working with our partners

Te Rūnanga o Ngāi Tahu and ngā papatipu rūnanga
Council has established relationships with Te Rūnanga o Ngāi Tahu (TRoNT) and the three papatipu rūnanga whose rōhe (area) include the Mackenzie District: Te Rūnanga o Arowhenua, Te Rūnanga o Waihao, and Te Rūnanga o Moeraki. To read more about our relationships with TRoNT and ngā papatipu rūnanga, see page 218.

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

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

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

Alps2Ocean
A collaboration between the Mackenzie and Waitaki District Councils, the Alps2Ocean Cycleway is an asset for our region. It is managed by the Alps2Ocean Joint Committee, with members from the Mackenzie District Council, Waitaki District Council, Department of Conservation and two Business Partners.

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

Library Services
In providing for libraries in Twizel and Fairlie the Council 'purchases' library services from the Twizel Area School and Mackenzie College. These services are provided through agreements. Council shares the funding for these services with the schools.

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

Canterbury Water Management
Launched in 2009, the Canterbury Water Management Strategy (CWMS) sets out a collaborative, community-led approach to environmentally sustainable water management, establishing water zone committees. They serve to develop actions and tactics to deliver on the ten targets of the CWMS in their respective zones.

There are two zones within our district:

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

Downlands Water
The Downlands Water Supply Scheme is primarily a stock water scheme which also supplies domestic drinking water to rural properties within the scheme boundaries. The Downlands Water Supply Scheme is jointly owned and is the responsibility of the Timaru District Council, Waimate District Council and Mackenzie District Council.

Civil Defence and Emergency Management partnerships
The role of CDEM is to foster relationships at a local, district and regional level to enable our communities to respond to and recover from emergencies.
We also look for opportunities to mitigate or reduce risks, and to build resilience within our communities. We work with a number of agencies and groups including the emergency services, central government departments, non-governmental organisations and community groups.

We are members of committees which support our CDEM work including:

- The Canterbury CDEM Group;
- The South Canterbury Coordinating Committee;
- The South Canterbury Welfare Committee;
- The South Canterbury Psychosocial Interagency Committee.

Economic Development and Destination Marketing
We have partnered with ChristchurchNZ to deliver destination marketing services with the aim to establish and affirm our district as a must-visit destination for high-value visitors in a sustainable manner creating a positive experience for our communities and visitors.

We have also renewed our partnership agreement with South Canterbury Chamber of Commerce to facilitate and support sustainable economic and business development within our district, contributing to the well-being and quality of life of our communities.

Services for our district

Each year we measure ourselves against the goals in our Long Term Plan. The following highlights our achievement within each of our groups of activities against these standards for 2019/20.

Last year (2018/19) we:

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

This year (2019/20) we:

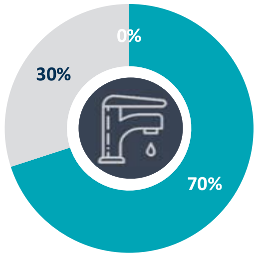
- achieved 43 out of 56 measures (**77%**)
- did not achieve 11 out of 56 measures (20%)
- measure not applicable: 2 out of 56 measures (3%)

Achieved | Not Achieved | Not Applicable

Governance and Corporate Services

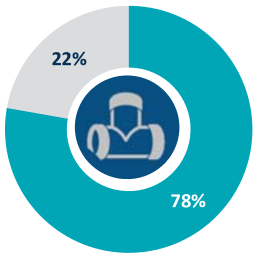
Achieved 5 of 5 measures

Water Services



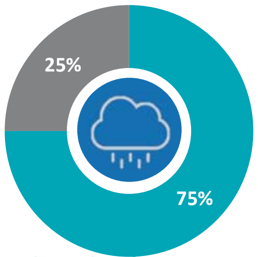
Achieved 7 of 10 measures

Wastewater



Achieved 7 of 9 measures

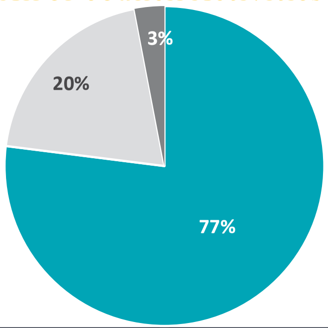
Stormwater



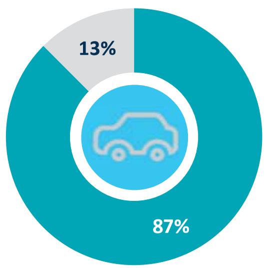
Achieved 6 of 8 measures

*2 out of 8 measures were not applicable

All of Council Activities

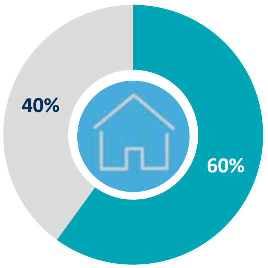


Roading



Achieved 7 of 8 measures

Regulatory Services

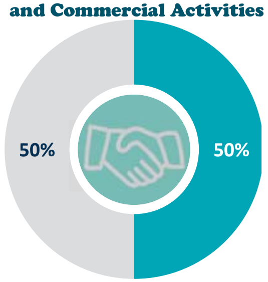


Achieved 6 of 10 measures

Community and Township Services

Achieved 4 of 4 measures

Tourism, Economic Development and Commercial Activities



Achieved 1 of 2 measures

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

Customer Satisfaction Survey Results

Any further information is available in the reports and the Customer Satisfaction Surveys are available on Mackenzie District Council website: http://www.mackenzie.govt.nz/Site/Community/Public_Notices/satisfaction_survey.aspx

Resource and Building Consents Processes Survey 2020

The survey was emailed to 255 applicants. 65 unique responses were received resulting in an 25% response rate.
The scale used was: Very dissatisfied, Dissatisfied, Neither, Satisfied and, Very Satisfied.

Community Survey 2020

This survey involved 277 telephone interviews, with data accuracy at a 95% confidence level.
The scale used was: Not at all satisfied, Not Very Satisfied, Just Satisfied, Quite Satisfied and, Very Satisfied.

Council activities

This section provides a detailed account of how we performed against the second year of the LTP 2018-28 and the 2019-2020 Annual Plan. For each group of activities we have provided information on how we have performed, challenges/issues we have experienced, looking ahead, and financial information.

Governance and Corporate Services

KEY FACTS
as at 30 June 2020

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

3 community boards
Twizel;
Tekapo; and
Fairlie.

6 committees of Council
Engineering & Services;
Planning & Regulations;
Commercial & Economic Development Strategy;
Audit & Risk; and
Chief Executive Performance.

39 full time staff
and 13 part time staff

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

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

What we do

Governance

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

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

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

Corporate Services

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

Key projects for 2019/20

As well as business as usual administration and support for Council activities, we had planned a number of projects for the 2019/20 year within our Governance and Corporate Services activity area.

Project 1: Website development

Progressing

We recognised the need for a functional, easily accessible and user friendly website to better serve the needs of our community.

To ensure that we made the most of this opportunity, a number of related workstreams have been planned, including rebranding. This work is progressing with the website design and layout confirmed, and the developers progressing the building of the new website. In the interim, we made improvements to our current website, with the use of WebApps. We will continue to progress our website project, seeking improved functionality for our communities.

Project 2: GIS aerials update

Completed

We completed our planned upgrade of our GIS aerial maps. Canterbury Maps finalised aerial scanning of our district, especially our townships, to provide high density images for our maps. We have now included these updated aerials in our public viewers and mapping.

Project 3: Property file digitisation

Progressing

After the rollout of our document management system in 2018/19, all new records have been created and stored as digital files. The property file digitisation project was planned to capture all historic paper based files as digital files. This project has been split into two stages. Stage 1, the scanning of property files, was largely completed in 2019/20 with 806,569 A4 pages, 9,867 maps and drawings and numerous CDs being scanned and added to our system. We are now planning Stage 2 which will ensure that all other paper files held by Council, including financial and operational documents are captured.

Project 4: Rates and funding review

Progressing

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

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

Project 5: Office improvements

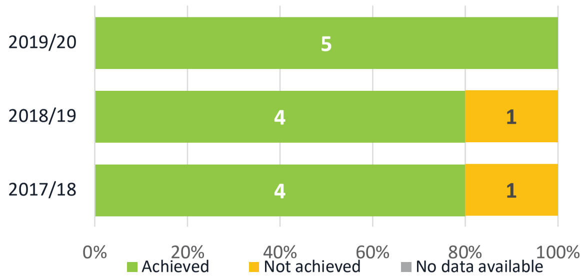
Progressing

A budget of $514,000 set aside for 2019/20 for the renovation of our Fairlie office. Following our organisational review, it was identified that additional space was required in our Twizel and Fairlie offices. It was proposed that a lessor upgrade of both offices be undertaken to create more useable space, while modernising and creating more customer centric environments. Work was delayed mid construction due to COVID-19, recommencing in June 2020. The increase to the scope of works to include our office in Twizel without an increase to the overall budget has caused challenges and an increase to the overall budget allocation was required, increasing to a total of $928,000. The increased funding requirement has been sourced from Council's Capital Reserves Budgets.

Assessment against our performance measures for 2019/20

We achieved **100%** *of our non-financial performance standards in our governance and corporate services activity.*

The following table shows how our governance and corporate services activity performed as measured against the targets set for the 2019/20 year.



Measure 1:

The annual report 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.

2017/18 (2016/17 AR)	2018/19 (2017/18 AR)	2019/20 (2018/19 AR)
✗	✓	✓

What we did:

The Council is required to adopt its Annual Reports by 31 October each year. We received an unmodified audit opinion, and adopted our 2018/19 Annual Report on 31 October 2019. Therefore, we met this target for the last year.

Challenges/issues we experienced:

No significant challenges or issues were experienced relating to the preparation of our 2018/19 Annual Report.

Looking ahead:

Council will continue to ensure that we prepare our annual reports in accordance with all requirements.As this Annual Report (2019/20) has been finalised outside of the statutory timeframes, we will not meet this performance measure which will be reported in the next Annual Report.

Measure 2:

The annual plan is prepared within statutory timeframes.

Target: The annual plan is prepared within statutory timeframes.

2017/18 (2018/28 LTP)	2018/19 (2019/20 AP)	2019/20 (2020/21 AP)
✓	✓	✓

What we did:

Our Annual Plan (AP) 2020/21 was adopted on 30 June 2020. Therefore, we met our target for the 2019/20 year.

Challenges/issues we experienced:

No significant challenges or issues were experienced in preparing our Annual Plan 2020/21 within statutory timeframes.

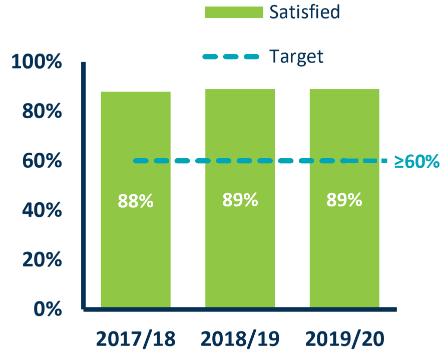
Looking ahead:

As we begin to prepare for our Long Term Plan 2021-31 we will maintain a focus on meeting statutory timeframes.

Measure 3:

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

Target: 60% or above



What we did:

In 2019/20, 89% of residents surveyed were satisfied with the performance of the councillors and Mayor, exceeding our target for the year. Satisfaction levels have held steady from 2017/18, following an increase on previous years.

Challenges/issues we experienced:

No significant challenges or issues were experienced during 2019/20.

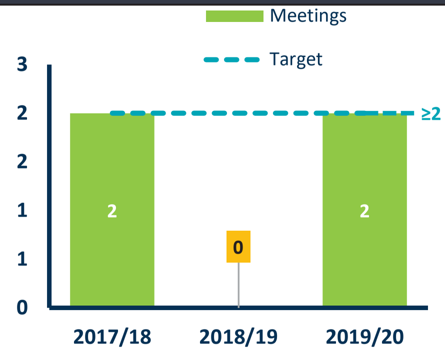
Looking ahead:

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

Measure 4:

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

Target: 2 or more



What we did:

We have continued to work with ngā papatipu rūnanga engaging on key projects and issues and as such there have been two formal meetings between Council representatives and representatives of ngā papatipu rūnanga. In addition to these, we have had a number of informal meetings which have been hugely beneficial for all as it's a sign that our relationships with ngā papatipu rūnanga are strengthening. We have continued to work collaboratively with rūnanga representatives on joint programmes including Te Manahuna Ki te Uta (Destination Mackenzie), Te Manahuna Aoraki and the Mackenzie Basin Interagency Alignment Group.

Challenges/issues we experienced:

We have experienced significant internal changes over the past year. This has included a new Executive Team starting and a number of new roles being created post organisational review. At times these changes have impacted on our capacity for meaningful engagement with our papatipu rūnanga. We also recognise the constraints on capacity of papatipu rūnanga and the need to ensure that we partner with them early and that any hui arranged 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. We will continue to work closely with our papatipu rūnanga and their representative agencies to prioritise opportunities for meaningful engagement and collaboration. Our service level agreement (SLA) with Aoraki Environmental Consultancy Ltd will continue to be key in assisting us with our work. We will also work to progress the development of a SLA with Te Rūnanga o Waihao and Te Rūnanga o Moeraki.

We will ensure that regular meetings are held with our papatipu rūnanga on a regular basis to ensure that they are up to date on any issues and have early involvement in key projects. Going forward, our vision is that we partner closely with our papatipu rūnanga at all levels of the organisation and at all stages of any key task, activity or project.

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

What we did:

During 2019/20, Council met 15 times, Committees of Council were held 20 times, there were 21 Community Board meetings held and 8 other public meetings were held on specific matters. A total of 64 public forums were held during the year, exceeding our target of 40.

Challenges/issues we experienced:

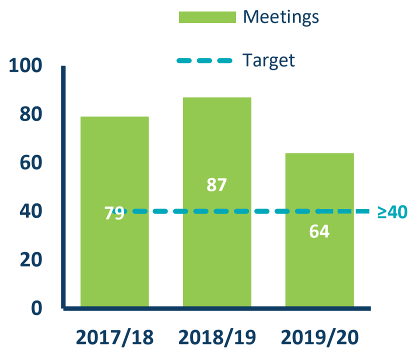
The number of public forums was down from previous years due to the impact of the election period and the Covid-19 lockdown. However, we still exceeded our target. We are conscious of the need to engage with communities and ratepayers in a variety of ways, to ensure our communication is most effective. We will continue to focus on ensuring the right level and type of engagement is undertaken.

Looking ahead:

Public forums will continue to be part of our consultation with our communities. The number of public forums will increase next year with our engagements around District Plan Review and the Long Term Plan 2021-31.

Target:
40 or more

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



Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$5.05m	$4.83m	$955,000
ACTUAL YEAR 2 2019/20	$4.93m	$5.26m	$807,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
General rates		2,036	3,031	3,030
Targeted rates		32	38	38
Subsidies and grants		0	0	0
Investment revenue		0	0	0
Other revenue	1	236	397	264
Gain on sale of assets		12	0	19
Financial/upgrade contributions		0	0	0
Other gains		0	0	0
Internal interest income		2	0	(1)
Internal income		1,473	1,583	1,583
Assets vested		0	0	0
TOTAL REVENUE		3,791	5,049	4,933
EXPENDITURE				
Personnel costs	2	2,102	2,679	2,709
Member expenses		325	401	384
Consultancy expenses	3	381	453	314
Administration		460	607	719
Operational and maintenance	4	533	611	972
Interest on capital reserves		5	11	16
Internal expenses		48	(121)	(114)
Loss on sale and assets written off		0	0	9
Depreciation		194	192	237
Non funded depreciation **		0	0	0
TOTAL EXPENDITURE		4,048	4,833	5,246
OPERATING SURPLUS/(DEFICIT)		(257)	216	(313)

Key variances to the budget:

1. Other income is lower as income had been budgeted for in IT and Administration which was not received this was offset slightly by rate penalties and commission were higher than budgeted. Reimbursement for election expenses from the District Health Board and Environment Canterbury were received and had not been budgeted for.

2. Employment expenses are higher than budgeted as further staff were employed as a result of the organisation restructure and the IT department coming back in-house.

3. Consultancy expenses were under budget as monies had been allowed for in Finance and Administration with minimal spend this year.

4. Operational and maintenance expenses are higher than budgeted as all computer hardware is now leased thus mitigating the risk and improving availability and scalability. The backscanning of files and server migration projects were also undertaken this year.

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,822	2,168	3,112
Targeted rates	32	32	38
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	1,516	1,547	1,581
Local authorities fuel tax, fines, infringement fees, and other receipts	136	74	178
TOTAL OPERATING FUNDING (A)	3,506	3,821	4,909
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,379	3,524	5,093
Finance costs	0	0	0
Internal charges and overheads applied	101	128	(101)
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,480	3,652	4,992
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	26	169	(83)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	28
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	0	0	28
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	0
- To replace existing assets	261	681	807
Increase (decrease) in reserves	(235)	(512)	(862)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	26	169	(55)
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(26)	(169)	83
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

The Annual Plan, LTP and comparatives have been updated to show the General Rates credit as internal charges and overheads recovered.

The impact of this update is also shown in the Tourism, Economic Development and Commercial Activities GOA FIS.

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(83)
Add back:	
Gross Proceeds from Sale of Assets	0
Doubtful debts recovered	0
Gain on Sale Assets	19
Less:	
Depreciation	237
Loss on Sale and Assets Written off	9
OPERATING SURPLUS/(DEFICIT)	(310)

Capital Expenditure

Key variances to the budget:

1. Vehicle costs are higher than budgeted as 7 vehicles were required this year due to the organisational restructure.

2. The digitisation costs of $215k were expensed rather than capitalise.

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REPLACE EXISTING ASSETS				
Information Technology				
Information management programme		17	0	0
Records management programme	2	0	200	0
Network infrastructure		0	0	39
Software		8	70	6
GIS aerials		0	31	0
GIS aerial photographs		0	0	38
Plant & equipment		0	5	0
Plant & Equipment				
Plant & equipment		28	0	0
Motor vehicles	1	139	115	196
Council Building - Fairlie				
Buildings - other		35	514	479
Furniture & fittings - other		6	20	43
Council Building - Twizel				
Furniture & fittings - other		2	0	6
TOTAL CAPEX TO REPLACE EXISTING ASSETS		235	955	807
TOTAL CAPITAL EXPENDITURE		235	955	807

Water Supply

KEY FACTS
as at 30 June 2020

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

3,063 properties
connected to Council water systems

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

533 hydrants
for firefighting water supply

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

What we do

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

Council maintains and manages the treatment and distribution of water with community water supplies in the townships of Twizel, Tekapo, Fairlie and Burkes Pass, with a small stand-alone scheme at Pukaki Airport and rural schemes at Allandale, Kimbell and Albury. The Council manages the four urban schemes, the Pukaki Airport supply, and the rural scheme at Allandale.

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

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

Key projects for 2019/20

As well as the routine maintenance and operations required to provide our community water supplies, we had planned a number of projects for the 2019/20 year within our Water Supplies activity area.

Project 1: Pipe replacements - Twizel and Fairlie

Ongoing

In 2016/17 we initiated an ongoing programme for the replacement of asbestos cement (AC) pipe in Twizel, which was at risk of failure. This programme is expected to continue over a 20 year period with a budget of $220,000 being allocated each year. In Fairlie we had planned a programme of replacing old concrete pipes from 2019/20 to 2022/23, with $120,000 allocated per year.

During the year we completed the programmed AC pipe replacement in Twizel and concrete pipeline replacements in Fairlie, in line with our planned programmes for 2019/20. As part of our shovel ready projects identified in the COVID-19 Community and Economic Recovery Action Plan, we have brought forward the remaining water pipe replacements in Twizel and Fairlie with the entire programmes now planned for completion in 2020/21.

Project 2: Fairlie water treatment plant

Deferred to 2020/21

As part of our required work to meet compliance with drinking water standards, we intended to undertake an upgrade of Fairlie's water treatment plan. Although budget of $900,000 was carried forward for this work from 2018/19, we were unable to undertake this project during the year. We have prioritised this for 2020/21. We will also be instating water reservoirs to ensure that Fairlie has security of supply.

Project 3: Pukaki Airport water supply upgrade

Progressing

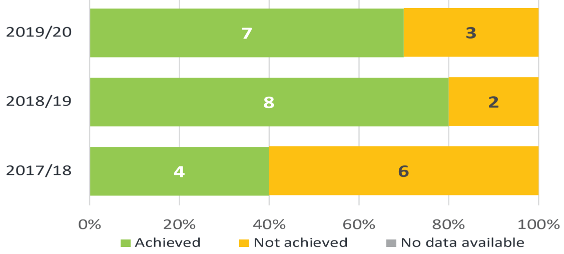
We indicated that we would undertake an upgrade of the Pukaki Airport water supply to ensure compliance with the drinking water standards. The most cost-effective way to achieve this was considered to be through the connection of the scheme to the Twizel drinking water supply which has already been upgraded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

Although planned to be completed during the 2018/19 year this work was deferred until 2019/20 due to additional design work and progressing the required approvals. Due to COVID-19 delays the project was not completed by the end of 2019/20 however the connection will be made early 2020/21, completing this project.

Assessment against our performance measures for 2019/20

We achieved **70%** *of our non-financial performance standards in our water supply activity.*

The following table shows how our water supply activity performed as measured against the targets set for the 2019/20 year.



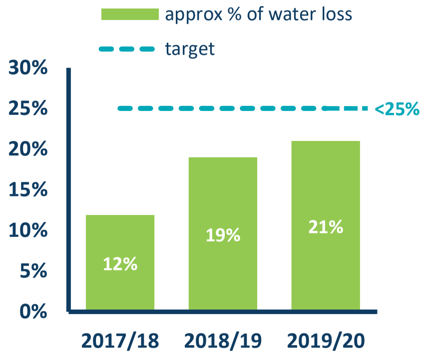
Measure 1:

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

Target: <25%
** Mandatory performance measure*

What we did:

We met this target for 2019/20 with approximately 21% real water loss. This means the amount of treated water that we produce which is leaking from our water supply mains, reservoirs or service connections.



Challenges/issues we experienced:

Ground conditions can make the identification of the location of a suspected leak challenging as the water being lost does not always come to the surface.

Looking ahead:

Although we remain below the target, water loss has been increasing in recent years. We will explore ways that technology can assist in identifying leaks faster, to minimise water loss.

Measure 2:

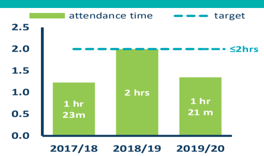
The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulated system:

Definitions: ** Mandatory performance measure*

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

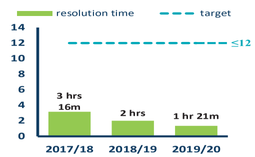
a) Attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site; and

Target: ≤2 hrs



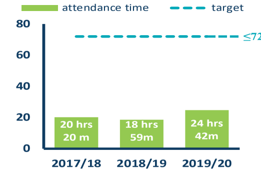
b) Resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption; and

Target: ≤12 hrs



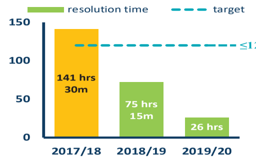
c) Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site; and

Target: ≤72 hrs



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

Target: ≤120 hrs



What we did:

We achieved each of the targets for median response and resolution of faults for the 2019/20 year.

Challenges/issues we experienced:

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

Looking ahead:

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

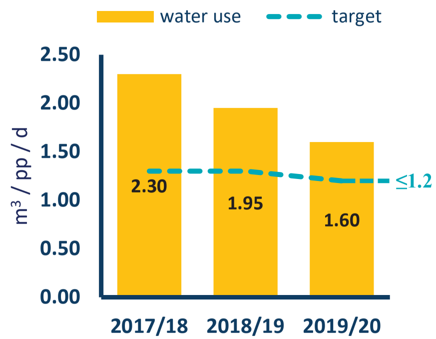
Measure 3:

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

Target: <1.2m^3 per person per day within urban schemes
** Mandatory performance measure*

What we did:

Although our average daily drinking water consumption per resident has decreased in recent years we are still in excess of our target. The decrease in 2019/20 is, in part due to a large water user disconnecting from the reticulated town supply.



2017/18 target ≤1.3; 2018/19 and 2019/20 target ≤ 1.2

Challenges/issues we experienced:

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

Looking ahead:

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

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

We will also look at reviewing our target for consumption to ensure that it is practical and explore the possibility of universal water metering.

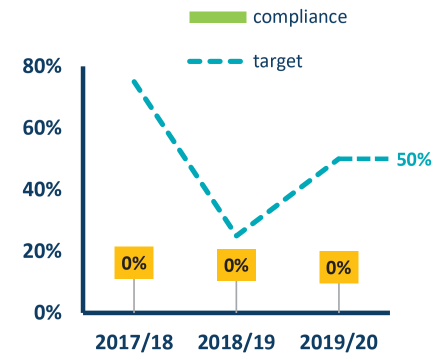
Measure 4:
The extent to which the drinking water supplies comply with the drinking water standards for protozoa compliance.

Target: * Mandatory performance measure
2019/20: ≥50% compliance (2 of 4 supplies) - Twizel and Tekapo

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

2017/18: ≥75% compliance (3 of 4 supplies comply)

What we did:
Although we have the required infrastructure in place for Twizel and Tekapo, we have yet to receive Drinking Water Assessor sign off of these schemes. Therefore, we did not meet the target for Twizel and Tekapo. Although excluded from our target for 2019/20, Allandale, Albury, Burkes Pass and Fairlie do not have the infrastructure to meet protozoa compliance.



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

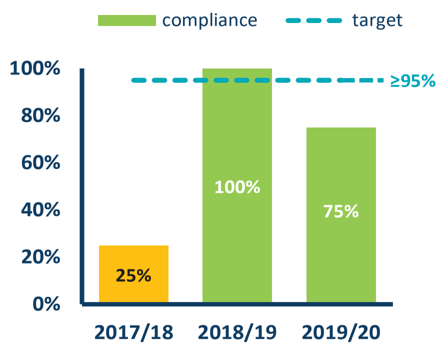
Looking ahead:
We had planned to complete an upgrade of the Fairlie water treatment plant during 2019/20. However, this work has now been delayed to the 2020/21 year. We are also processing data for demonstrating compliance for the Twizel and Tekapo schemes. We will continue working towards the installation of appropriate infrastructure at all supplies to meet compliance.

Measure 5:
The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance.

Target: * Mandatory performance measure
≥95% compliance for all four supplies - Twizel, Tekapo, Fairlie and Allandale

What we did:
During 2019/20 we submitted the required compliance data to obtain bacterial compliance. However the Drinking Water Assessors have indicated this data was insufficient to achieve compliance. Due to COVID-19 the work of the DHB Drinking Water Assessors was refocussed. We have checked the data and are looking at where this can be improved to ensure there are no gaps next year.

Further details of bacterial compliance for all of our supplies can be seen on page 53.



Challenges/issues we experienced:
There remain challenges around ensuring that samples are taken on the correct days and delivered on time to the laboratory for testing. We have also experienced challenges in courier pickups and delays to deliveries.

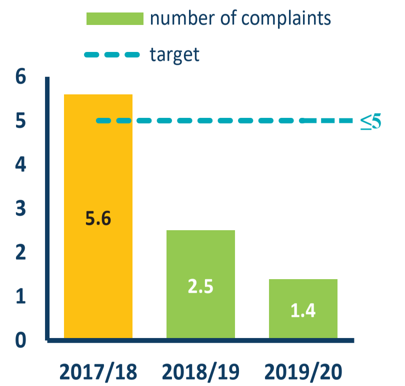
Looking ahead:
We will continue to work with our contractors to ensure that standards and protocols are maintained and that a focus remains on this measure. We will also work with the District Health Board to progress the data requirements to gain compliance for our supplies.

Measure 6:
The total number of complaints received about any of the following:

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

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

Target: * Mandatory performance measure
<5 complaints per 1000 connections within urban schemes



What we did:
We have worked with our contractor to minimise any issues that may cause a complaint. During the year we received 1.4 complaints per 1,000 connected properties, meaning that we meet our target. Most complaints received related to chlorine in the water supply.

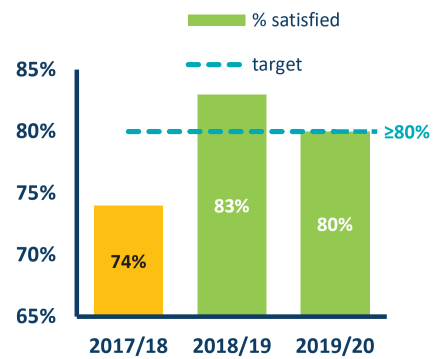
Challenges/issues we experienced:
We did not experience any significant challenges or issues during the year.

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

Measure 7:
The percentage or ratepayers satisfied with the water supply service.

Target:
≥80%

What we did:
This year, we met our target with 80% of customers surveyed stating that they were satisfied with the water supply service received during 2019/20.



Challenges/issues we experienced:
We did not experience any significant challenges or issues in providing our water supply service this year.

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

Summary of E. coli sampling results

Treatment plants:

Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Fairlie	104	123	0	Compliant
Burkes Pass*	52	60	1	Compliant
Tekapo	52	59	0	Compliant
Twizel	104	122	0	Compliant
Albury*	52	60	0	Compliant
Allandale	52	68	3	Non-Compliant

Distribution networks:

Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Albury	12	15	0	Compliant
Allandale	12	15	0	Non-Compliant
Burkes Pass	12	14	0	Compliant
Fairlie	52	62	0	Compliant
Kimbell	12	15	0	Compliant
Tekapo	12	61	0	Compliant
Twizel	52	63	0	Compliant

Fairlie and Twizel were granted leniency for days of the week used, as samples are unable to be transported to the laboratory in Christchurch within the required timeframes, and this has been agreed to by the DWA. As demonstarted above all schemes other than Allandale are compliant with regard to bacterial testing. Allandale exceeded the acceptable number of failed results and did not therefore meet compliance. *Denotes schemes not included in Measure 5.

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$2.52m	$1.55m	$1.81m
ACTUAL YEAR 2 2019/20	$3.31m	$1.69m	$785,000

Cost of Service Statement

	Notes	2018/19 Actual	2019/20 Annual Plan	2019/20 Actual
		$000's	$000's	$000's
REVENUE				
Targeted rates		1,417	1,385	1,460
Interest revenue		2	0	7
Other revenue	2	175	191	302
Contributions	1	1,092	563	1,372
Internal interest income		7	3	14
Internal income		3	3	3
Assets vested	3	452	379	147
TOTAL REVENUE		3,148	2,524	3,305
EXPENDITURE				
Personnel costs		34	0	30
Consultancy expenses		16	22	65
Administration	6	85	70	134
Operational and maintenance	5	792	720	783
Interest on capital reserves	7	41	71	(42)
Internal expenses		3	0	0
Assets impairment		71	0	0
Depreciation	4	697	668	721
TOTAL EXPENDITURE		1,739	1,551	1,691
OPERATING SURPLUS/(DEFICIT)		1,409	973	1,614

Key variances to the budget:

1. Financial contributions revenue is higher than budgeted due to increased development occurring within the district. These contributions are driven by developer activity and are difficult to predict.

2. Other income is higher than expected as it includes unbudgeted income from the Albury Water supply.

3. Assets vested during the year were less than budgeted. Vested assets depend on development within the district and costs incurred by developers. As this occurs independent of Council, they are difficult to predict.

4. Depreciation is higher than budgeted as the July 2019 revaluation saw an increase in the value of assets.

5. Operational and maintenance costs are higher than budgeted due to increased contractor costs as laterals needed replacing in Burnett Place, a pipe upgrade on the Allandale Scheme and extra costs incurred in relation to SCADA. Further costs were incurred this year with out of hours repairs and increased testing required.

6. Administration costs were higher than budgeted as extra insurance costs for infrastructure assets were not expected.

7. Internal interest expense is less than budgeted as the urban water supply capital reserve balance is currently in funds when borrowing was projected. This is due to the reduced capital expenditure in the prior year.

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,310	1,431	1,460
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	5	5	14
Interest and dividends from investments	1	0	7
Local authorities fuel tax, fines, infringement fees, and other receipts	157	191	306
TOTAL OPERATING FUNDING (A)	1,473	1,627	1,787
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	654	692	1,012
Finance costs	0	0	0
Internal charges and overheads applied	192	220	(42)
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	846	912	970
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	627	715	817
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	1,372
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	0	0	1,372
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	1,150	0	0
- To replace existing assets	811	889	640
Increase (decrease) in reserves	(1,334)	(174)	1,549
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	627	715	2,189
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(627)	(715)	(817)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	817
Add back:	
Other gains	0
Financial contributions	1,372
Vested assets	147
	1,519
Less:	
Depreciation	721
Asset impairment	0
OPERATING SURPLUS/(DEFICIT)	1,615

Capital Expenditure

Key variances to the budget:

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

2. Reticulation costs are over the year's budget as works were completed at Pukaki Airport which were not included in the budget.

3. Only minimal treatment spend has occurred this year. This project will not start until the 2020/21 year.

4. Work on the Ashwick/Opuha Scheme is delayed until the start of the 2020/21 year.

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
MEET ADDITIONAL DEMAND				
Urban Water				
Vested assets	1	452	379	147
TOTAL CAPEX TO MEET ADDITIONAL DEMAND		452	379	147
IMPROVE LEVEL OF SERVICE				
Urban Water				
Treatment - renewal		15	0	0
Reticulation - new		85	0	0
Albury Water				
Community assets - water supply		14	0	0
TOTAL CAPEX TO IMPROVE LEVEL OF SERVICE		114	0	0
REPLACE EXISTING ASSETS				
Urban Water				
Reticulation - renewal	2	176	409	541
Pump station - renewal		0	0	12
Headworks - renewal		85	0	0
Service connections		52	0	46
Treatment - renewal	3	0	900	21
Plant		0	0	3
Allandale Water				
Plant		13	0	0
Treatment - new		3	0	4
Albury Water				
Community assets - water supply		19	70	11
Ashwick/Opuha Water				
Community assets - water supply	4	0	51	0
TOTAL CAPEX TO REPLACE EXISTING ASSETS		348	1,430	638
TOTAL CAPITAL EXPENDITURE		914	1,809	785

Wastewater

KEY FACTS
as at 30 June 2020

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

94.2km sewer lines

1037 manholes

6 pump stations

2,886 properties
connected to Council wastewater systems

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

What we do

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

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

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

Key projects for 2019/20

As well as managing our wastewater systems, we plan key priorities and projects. Progression of these in 2019/20 is shown below.

Project 1: Fairlie sewermain review

work not required

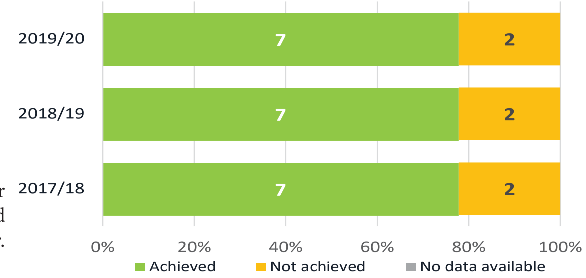
In our Long Term Plan 2018-28 we indicated that we would carry out a review of our Fairlie wastewater mains and had provisionally budgeted for replacement works if the review showed that they were indicated.

Each year we review the condition of out wastewater mains through the use of CCTV. The review in 2019/20 did not indicate the need for any replacement works. We will continue to monitor the condition of our pipework and prioritise any required replacements.

Assessment against our performance measures for 2019/20

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

The following table shows how our wastewater activity performed as measured against the targets set for the 2019/20 year.

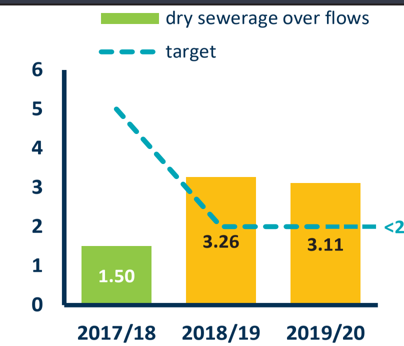


Measure 1:

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

Expressed per 1,000 connections to that sewerage system.

Target: * Mandatory performance measure
<2 events in 2018/19 and 19/20 <5 in 2017/18



What we did:

During 2019/20, there were 9 dry weather overflows which equates to 3.11 dry weather sewerage overflow events per 1,000 connections. This meant that we did not meet our target for 2019/20.

Challenges/issues we experienced:

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

Looking ahead:

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

Measure 2:

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

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

received by the Council in relation to one of those resource consents.

Target: nil

* Mandatory performance measure

	2017/18	2018/19	2019/20
Abatement notices	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil
Convictions	Nil	Nil	Nil

What we did:

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

Challenges/issues we experienced:

We have experienced some difficulties with three of our wastewater stabilisation ponds in 2019/20 relating to faecal count in discharge and odour, however these did not result in any compliance action with regard to our consents.

Looking ahead:

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

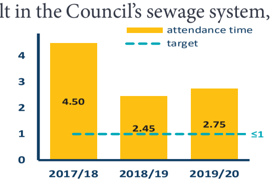
Measure 3:

* Mandatory performance measure

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

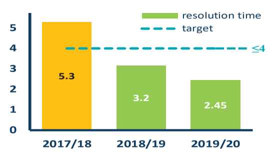
a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and

Target: ≤1 hr



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

Target: ≤4 hrs



What we did:

While we did not meet our target for attendance time, we were compliant with our target for the resolution of faults for the 2019/20 year.

Challenges/issues we experienced:

Due to the geographic size of our district, we continue to experience challenges in getting a specialist contractor and any required equipment to the site of the blockage or fault within the targeted time.

Looking ahead:

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

Measure 4:

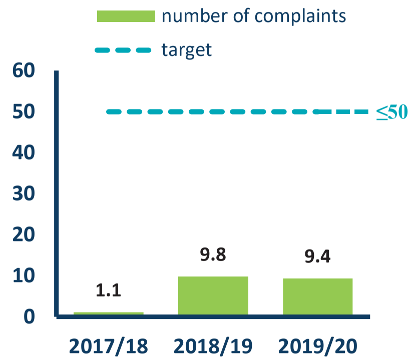
The total number of complaints received by the Council about any of the following:

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

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

Target: ≤50 complaints/1000 connections

* Mandatory performance measure



What we did:

During 2019/20 we received 27 complaints regarding the matters above. With a total of 2,886 properties connected to our reticulated scheme, this equates to 9.36 complaints per 1,000 connected properties. This was well within our target for the year.

Challenges/issues we experienced:

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

Looking ahead:

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

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

Measure 5:

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

Target: ≥85%

What we did:

Of those residents surveyed, 94% stated that they were satisfied with Council's sewerage treatment and disposal system in 2019/20. This is in excess of the annual target of 85%.

Challenges/issues we experienced:

There were no significant challenges or issues in the management of wastewater within the district in the 2019/20 year.

Looking ahead:

As the district continues to grow, pressures on our wastewater systems will need to be understood to ensure current levels of service do not slip. This will be addressed as part of Council's Te Manahuna Ki Uta / Destination Mackenzie study to be undertaken in 2020/21 and the Spatial Planning work we have been completing as part of our District Plan Review.

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$1.66m	$791,000	$542,000
ACTUAL YEAR 2 2019/20	$1.78m	$859,000	$326,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
Targeted rates		660	732	741
Other revenue		18	15	15
Development and financial contributions	1	687	320	763
Internal interest income		46	53	40
Vested assets	2	826	542	221
TOTAL REVENUE		2,237	1,662	1,780
EXPENDITURE				
Consultancy expenses		0	75	47
Administration		36	55	48
Operational and maintenance		385	315	299
Interest on capital reserves		0	3	4
Depreciation	3	345	343	461
TOTAL EXPENDITURE		766	791	859
OPERATING SURPLUS/(DEFICIT)		1,471	871	921

Key variances to the budget:

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

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

3. Depreciation is higher than budgeted as the July 2019 revaluation saw an increase in the value of assets.

Funding Impact Statement

	2018/19 Long Term Plan	2019/20 Long Term Plan	2019/20 Actual
	$000's	$000's	$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	639	726	741
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	40
Local authorities fuel tax, fines, infringement fees, and other receipts	10	10	15
TOTAL OPERATING FUNDING (A)	649	736	796
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	276	335	394
Finance costs	0	0	0
Internal charges and overheads applied	6	6	4
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	282	341	398
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	367	395	398
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	763
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	0	0	763
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	(1)	0	0
- To improve level of service	0	927	0
- To replace existing assets	84	273	104
Increase (decrease) in reserves	284	(805)	1,057
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	367	395	1,161
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(367)	(395)	(398)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

	2019/20 Actual
	$000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	398
Add back:	
Financial Contributions	763
Vested assets	221
	984
Less:	
Depreciation	461
OPERATING SURPLUS/(DEFICIT)	921

Capital Expenditure

Key variances to the budget:

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

2. Work was done in Glencairn Road to realign and extend the sewer to allow for future buildings within private sections to be built clear of the Council drain. A UHF link system was purchased for Tekapo to prevent communication breakdowns and reduce vulnerability if the pump station was to overflow.

3. Costs for completion of the Twizel upgrade which occurred in the prior year.

	Notes	2018/19 Actual	2019/20 Annual Plan	2019/20 Actual
		$000's	$000's	$000's
MEET ADDITIONAL DEMAND				
Urban Sewer				
Vested assets	1	826	542	222
TOTAL CAPEX TO MEET ADDITIONAL DEMAND		826	542	222
REPLACE EXISTING ASSETS				
Urban Sewer				
Sewer reticulation - new	2	88	0	43
Sewer reticulation - renewal		9	0	0
Pump station		0	0	6
Sewer treatment - new	3	875	0	55
TOTAL CAPEX TO REPLACE EXISTING ASSETS		972	0	104
TOTAL CAPITAL EXPENDITURE		1,798	542	326

Stormwater

KEY FACTS
as at 30 June 2020

22,851m2 treatment area

3,414 properties connected to Council water systems

22.8km pipelines

342 manholes

6.2km open drains

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

What we do

Council is responsible for the management of stormwater. The stormwater network provides drainage away from the road corridor and homes to minimise the incidence of flooding.

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

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

Key projects for 2019/20

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: Tekapo discharge treatment area revegetation

work not required

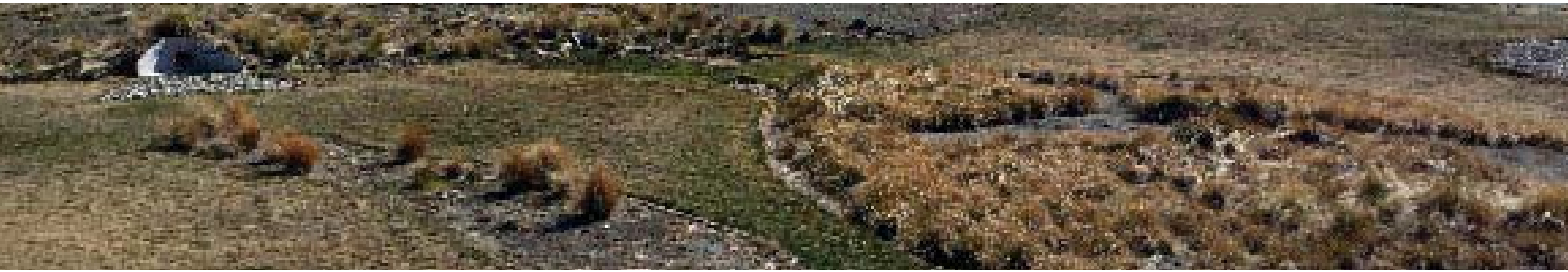
The Tekapo town centre discharge was constructed in 2014/15 and requires regular maintenance to ensure it performs as designed. We made allowance to revegetate bare areas and replace contaminated soils every 5 years. Inspection of the town centre discharge has shown that this work was not required during 2019/20.

We will continue to monitor this system to ensure that it continues to operate as design and will prioritise revegetation and replacement of contaminated soils when required.

Project 2: Stormwater Management Plans update

Progressing

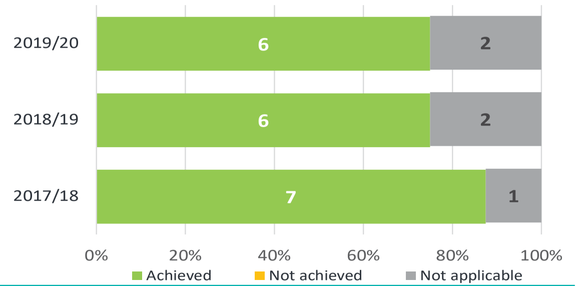
Environment Canterbury's Land and Water Regional Plan requires our urban networks to have a Stormwater Management Plan. We have prepared these for each town, and have now lodged the plans with Environment Canterbury for approval.



Assessment against our performance measures for 2019/20

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

The following table shows how our stormwater activity performed as measured against the targets set for the 2019/20 year.



Measure 1:

The number of flooding events that occur in the district.

Target: <2

* *Mandatory performance measure*

What we did:

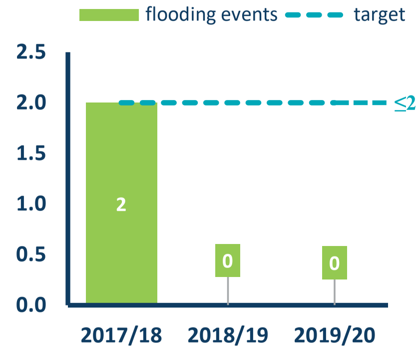
We had no flooding events within our district this year.

Challenges/issues we experienced:

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

Looking ahead:

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



Measure 2:

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

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

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

* *Mandatory performance measure*

What we did:

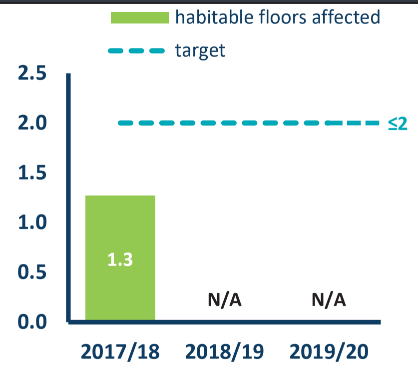
As there were no flooding events during the 2019/20 year, this measure is not applicable.

Challenges/issues we experienced:

No issues or challenges were experienced during 2019/20.

Looking ahead:

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



Measure 3:

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

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

received by the Council in relation to those resource consents.

Target: nil

* *Mandatory performance measure*

	2017/18	2018/19	2019/20
Abatement notices	Nil	Nil	Nil
Infringement notices	Nil	Nil	Nil
Enforcement orders	Nil	Nil	Nil
Convictions	Nil	Nil	Nil

What we did:

Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of resource consents which we operate for discharges from our stormwater systems during the 2019/20 year. We continue to actively monitor all discharges and report all information to ECAN, in addition to site inspections being periodically carried out by ECAN monitoring staff.

Challenges/issues we experienced:

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

Looking ahead:

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

Measure 4:

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

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

* *Mandatory performance measure*

What we did:

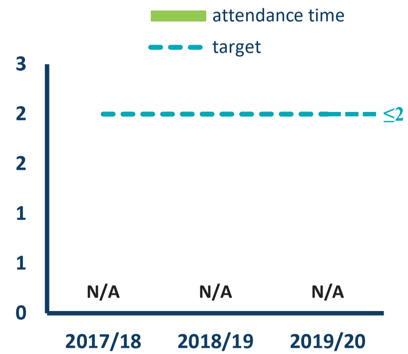
As there were no flooding events during the 2019/20 year, this measure is not applicable.

Challenges/issues we experienced:

There were no challenges or issues affecting our stormwater infrastructure in the 2019/20 year.

Looking ahead:

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

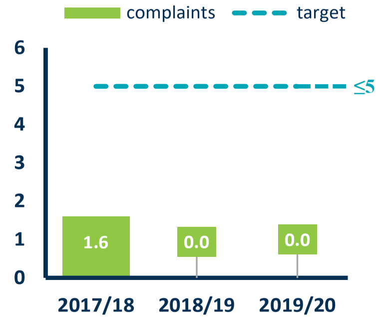


Measure 5:

The number of complaints received by the Council about the performance of its stormwater system.

Target: <5 complaints/1000 connected properties

* Mandatory performance measure



What we did:

We did not receive any complaints about our stormwater system during the 2019/20 year.

Challenges/issues we experienced:

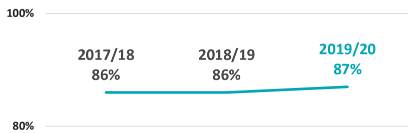
We did not experience any challenges or issues in our management of stormwater this year.

Looking ahead:

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

Other feedback

87% of those surveyed were satisfied with our stormwater and surface floods facilities.



Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$515,000	$122,000	$321,000
ACTUAL YEAR 2 2019/20	$265,000	$128,000	$123,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
Targeted rates		131	123	123
Development and financial contributions		8	58	70
Internal interest income		18	13	11
Assets vested	1	645	321	61
TOTAL REVENUE		802	515	265
EXPENDITURE				
Consultancy expenses	2	11	11	18
Administration		13	14	15
Operational and maintenance		34	34	32
Depreciation		57	63	63
TOTAL EXPENDITURE		114	122	128
OPERATING SURPLUS/(DEFICIT)		688	393	137

Key variances to the budget:

1. Vested assets received were lower than anticipated. This is driven by developer activity and is difficult to determine.

2. Consultancy expenses were higher than budgeted due to costs involved with stormwater discharges and the need to lodge a consent for Fairlie discharge.

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	126	141	123
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	11
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	126	141	134
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	35	48	65
Finance costs	0	0	0
Internal charges and overheads applied	14	14	0
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	49	62	65
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	77	79	69
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	70
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	0	0	70
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	0
- To replace existing assets	0	0	62
Increase (decrease) in reserves	77	79	77
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	77	79	139
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(77)	(79)	(69)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	69
Add back:	
Financial contributions	70
Vested assets	61
	131
Less:	
Depreciation	63
OPERATING SURPLUS/(DEFICIT)	137

Capital Expenditure

Key variances to the budget:

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

2. Unbudgeted stormwater renewals were required during the year. Unbudgeted Council share of costs relating to a subdivision in Denmark Street, Fairlie.

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
MEET ADDITIONAL DEMAND				
Urban Stormwater				
Vested assets	1	645	321	61
TOTAL CAPEX TO MEET ADDITIONAL DEMAND		645	321	61
IMPROVE LEVEL OF SERVICE				
Urban Stormwater				
Resource consent costs		0	0	0
TOTAL CAPEX TO IMPROVE LEVEL OF SERVICE		0	0	0
REPLACE EXISTING ASSETS				
Urban Stormwater				
Reticulation	2	0	0	48
Resource consent costs		0	0	14
TOTAL CAPEX TO REPLACE EXISTING ASSETS		0	0	62
TOTAL CAPITAL EXPENDITURE		645	321	123

Roading

KEY FACTS
as at 30 June 2020

213km sealed roads

519km unsealed roads

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

69km footpaths

97 bridges

1,251 streetlights

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

What we do

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

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

Rural roads make up 92.5% of our network and are an important part of the export supply chain with the main rural land uses in the District being pastoral farming, dairy farming and forestry. Roading also provides the key tourist routes throughout the District.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights, signage and other assets associated with transportation. The carrying value for Council's roading assets is $117.9 million.

Key projects for 2019/20

Renewals, replacement and maintenance to ensure that our roading network remains appropriate continued to be a focus in 2019/20. Some of the key projects and work programmes that we undertook to maintain our levels of services are outlined below:

Project 1: Ongoing resealing and maintenance works

Ongoing

To maintain levels of services across our roading network we undertake ongoing resealing and maintenance works. Each year, we lose approximately 17mm off gravel of our unsealed roads. To manage this, we apply approximately 28,117m³ of gravel to maintain the base and surfaces of our unsealed roads annually.

We are also continuing to make improvements to our roads and to reduce maintenance requirements. This includes adding clay to our granular maintenance material to aid in binding, and we are continuing to trial weathered rock material as an alternative to our standard material. As part of this investigation work we have used a number of different sources and trial sites over this time. The trials and alternative methodologies are proving successful but we are continuing to monitor these sites to check performance over time to ensure that any materials we use will have long term success.

During 2019/20, we undertook 12.2km of resurfacing of the sealed network (5.5% of our sealed network). This included rehabilitation works on Lakeside Drive and Lilybank Road as well as North West Arch.

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

Project 2: Low cost low risk improvements

Ongoing

As well as maintaining our network, each year we undertake a number of roading improvement projects which are designed to address localised pressures from growth on our network. We have a annual budget of $300,000 to fund our 49% share of these low cost low risk projects.

In 2019/20 we completed a number of projects in Tekapo, including Lakeside Domain upgrades to improve connectivity and flow around Motuariki Lane and Maclaren footbridge. This work was in addition to a carparking project funding by the Ministry of Business, Innovation and Employment.

Other low cost low risk projects in 2019/20 including sightbenching on Andrew Don Drive,to increase visibility and widen the road to provide two way access. We also widened Rapuwai Lane and installed drainage and undertook a number of footpaths improvements within Tekapo.

Project 3: Streetlighting replacement programme update

Progressing

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

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

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

Project 4: Footpaths update

Delayed

Our Long Term Plan 2018-28 had anticipated ongoing renewal of footpaths in each of our townships over time. However this programme of ongoing renewals was reduced across the district in recent years. Following an announcement by Chorus regarding the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we decided to delay footpath replacements until Chorus' work is completed. In the interim, we have been undertaking some maintenance to ensure necessary levels of safety are maintained. The UFB rollout in Twizel was completed in 2019/20, with the Tekapo rollout scheduled for 2020/21, before UFB works are completed in Fairlie.

With UFB progressing across our district, we can now begin to plan for our footpath renewals programme. This programme will be included in our Long Term Plan 2021-31 and as part of our Waka Kotahi (NZTA) bid for 2021-24.

Project 5: Transportation Study update

Partially completed

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

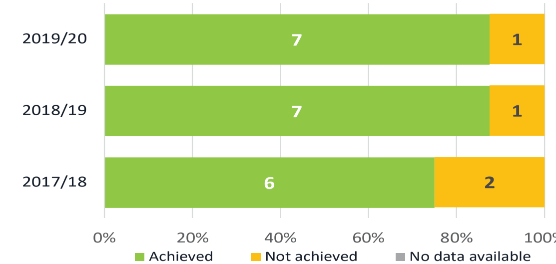
While the majority of work has been placed on holding pending the completion of the Te Manahuna Ki Uta Destination Mackenzie Study, we have completed upgrades of car parking areas within the Tekapo township including the Eastern carpark, Motuariki Lane improvements and Western carpark being completed during the 2019/20 year.

We are planning to recommence the transportation strategy in 2020/21, working alongside the District Plan Review and Te Manahuna Ki Uta Destination Mackenzie study to ensure that we are delivering a consistent plan and direction for our district into the future.

Assessment against our performance measures for 2019/20

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

The following table shows how our roading activity performed as measured against the targets set for the 2019/20 year.



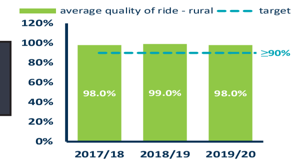
* Mandatory performance measure

Measure 1:

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

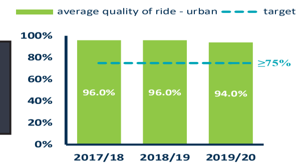
a) Rural roads;

Target:
≥90%



b) Urban roads.

Target:
≥75%



What we did:

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

During 2019/20 we maintained a high quality of ride on our sealed roading network, exceeding our target. This result is based on the roading survey undertaken in November 2018.

Challenges/issues we experienced:

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

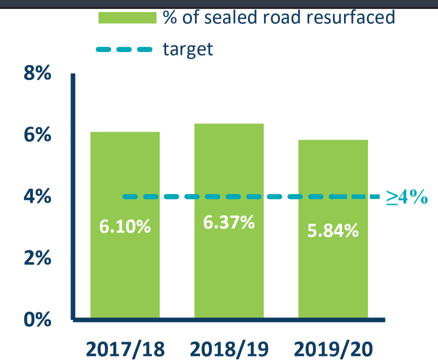
Looking ahead:

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

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

Target: ≥4%

* Mandatory performance measure



What we did:
During the 2019/20 year, we sealed a total of 85,567m² over 12.2 km of road. This consisted of 3.09 km of urban roads and 9.09 km of rural roads. This equated to 5.84% of our sealed local road network, achieving our target of 4%.

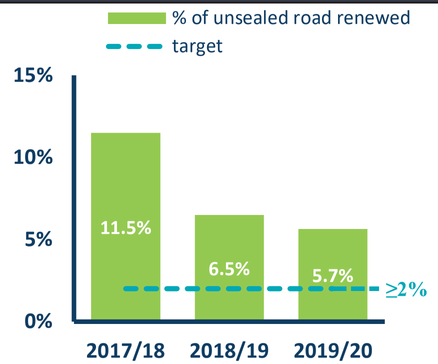
Challenges/issues we experienced:
We have experienced two failures where chip has been lost in our alpine environments. This will be remedied as part of the maintenance period of the contracted works in the 2020/21 season.

Looking ahead:
We will continue to maintain our sealed roads to an appropriate standard within our budget allocations.

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

Target: ≥2%

* Mandatory performance measure



What we did:
During 2019/20 we applied 28,117m^3 of granular material on our unsealed roads: 143.3km of maintenance material and 29.3km of wearing course treatments, totalling 172.6km of unsealed maintenance gravel. We also applied additional patch maintenance gravel to specific areas of our lower volume roads to aid in grader maintenance.

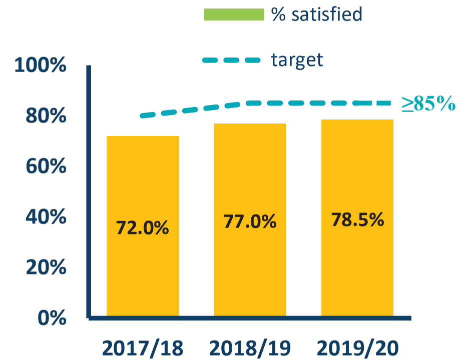
Challenges/issues we experienced:
The loss of gravel from our unsealed roads can be caused by a number of factors including changes in the use of the road and environmental conditions (e.g. weather conditions and events). Sourcing maintenance materials is also challenging.

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. Balancing our maintenance methods and costs is a continual challenge for us.

Looking ahead:
We will continue to monitor and maintain our unsealed roading 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 whilst minimising the cost of maintenance. We have a number of weathered rock sites which we have been trialling over the last twelve years. We have also begun blending weathered rock with our crushed river aggregate to improve product performance and achieve longer life for our material. This work is proving successful, and moves us towards addressing some of our challenges.

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

Target: ≥85% in 2018/19 & 19/20 ≥80% in 2017/18



What we did:
Of those surveyed, 77% stated that they were satisfied with our roading network and 80% stated that they were satisfied with our footpaths. This is an average satisfaction of 78.5%. Although this has increased from previous years, we did not meet our target for 2019/20.

Challenges/issues we experienced:
Growth across the district in tourism and development means additional pressures are put on our infrastructure and the maintenance of our network. We are continually adapting and innovating within our roading programme to address these challenges.

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

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

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

* Mandatory performance measure

	2017/18	2018/19	2019/20
Change from the previous financial year	-1	0	-2

What we did:
There were two fewer fatal and serious injury crashes on our roading network in 2019/20 compared with 2018/19. It is with sadness that we acknowledge that one fatal accident occurred on the privately owned Pukaki Canal Road. A total of 13 crashes were recorded on local roads which we administer, but these did not include any fatal or serious injuries.

Challenges/issues we experienced:
Traffic volume growth increases the potential for conflict. Care is especially required on our unsealed roads where the majority of crashes have occurred. Given the makeup of our network and variant use it is hard to predict any trends. This is compounded by the lack of recorded near miss/crash data. For these reasons we work to ensure that our entire roading network is maintained to a high standard to improve safety.

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

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

Measure 6:

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

What we did:

In 2019/20 we responded to 86.4% of customer services requests relating to roads and footpaths within 10 working days. Therefore, we met our target for the year.

Challenges/issues we experienced:

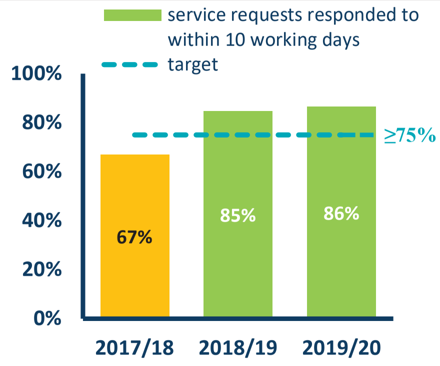
Due to the complexity of some issues, additional time may be required to resolve the issue, particularly if a specialist contractor is required to undertake the works.

Looking ahead:

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

Target: * Mandatory performance measure

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



Measure 7:

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

What we did:

We have continued to repair footpaths where they posed an immediate hazard or where failure of the asset may have occurred if not attended to.

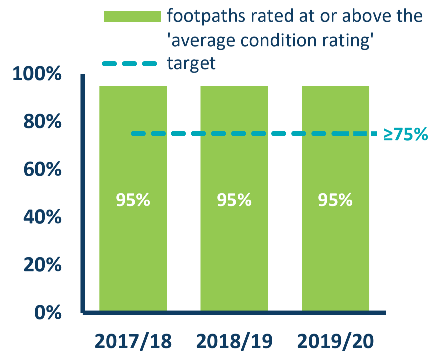
At present, 95.3% of the total length of our footpaths are at, or above, the average condition rating, exceeding our target.

Challenges/issues we experienced:

Programmed improvement works have been placed on hold pending the roll-out of ultra fast broadband (UFB). As the cable infrastructure will be installed within the shoulders/berms of our road reserve, it is likely that the trenching and associated works will impact on our footpaths. Delaying these works will avoid the need to make further repairs after the completion of the UFB installation.

Target: * Mandatory performance measure

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



Looking ahead:

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

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$3.99m	$4.07m	$3.10m
ACTUAL YEAR 2 2019/20	$4.07m	$4.03m	$3.30m

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
Targeted rates		1,614	956	967
Subsidies and grants		1,758	1,896	1,945
Other revenue		53	12	64
Assets vested	1	1,703	1,122	1,098
TOTAL REVENUE		5,128	3,986	4,074
EXPENDITURE				
Personnel costs	4	216	148	227
Consultancy expenses		149	192	142
Administration		7	6	12
Roading expenses	3	1,279	1,326	1,229
Interest on capital reserves		60	99	57
Internal expenses		23	22	19
Depreciation	2	2,251	2,279	2,346
TOTAL EXPENDITURE		3,985	4,072	4,032
OPERATING SURPLUS/(DEFICIT)		1,143	(86)	42

Key variances to the budget:

1. Vested asset received were lower than anticipated. This is driven by developer activity and is difficult to determine.

2. Depreciation is higher than budgeted as the July 2019 revaluation saw an increase in the value of assets.

3. Roading expenses were less than budgeted as monies had been allowed for minor events and the local share of street cleaning with only minimal costs incurred during the year. Bridge maintenance costs were also less than anticipated after inspections to confirm work required were completed.

4. Employment expenses were higher than anticipated this year as a higher proportion of staff salaries were allocated to the roading activity compared with the previous year. This more accurately reflects the time spent on the roading business unit.

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,590	1,799	967
Subsidies and grants for operating purposes	851	857	846
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	28	29	146
TOTAL OPERATING FUNDING (A)	2,469	2,685	1,959
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,751	1,793	1,610
Finance costs	0	0	0
Internal charges and overheads applied	180	196	76
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,931	1,989	1,686
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	538	696	273
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	938	958	1,017
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	938	958	1,017
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	32
- To replace existing assets	2,010	2,054	2,171
Increase (decrease) in reserves	(534)	(400)	(913)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,476	1,654	1,290
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(538)	(696)	(273)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	273
Add back:	
Financial contributions	0
Capital subsidies and grants	1,017
Vested assets	1,098
Less:	
Depreciation	2,346
OPERATING SURPLUS/(DEFICIT)	42

Capital Expenditure

Key variances to the budget:

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

2. Unsealed road metaling was above budget as extra spending was required in the area to upgrade deficiencies identified in the network

3. Minor improvement is above budget due to the Domain Road carpark project which was budgeted for in the 2018/19 year.

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
MEET ADDITIONAL DEMAND				
District Roading				
Vested assets	1	1,703	1,122	1,099
TOTAL CAPEX TO MEET ADDITIONAL DEMAND		1,703	1,122	1,099
IMPROVE LEVEL OF SERVICE				
District Roading				
Street lighting LED upgrade		0	0	32
TOTAL CAPEX TO IMPROVE LEVEL OF SERVICE		0	0	32
REPLACE EXISTING ASSETS				
District Roading				
Unsealed road metalling	2	747	650	723
Sealed road resurfacing		523	475	469
Footpaths - surfacing		6	31	45
Drainage renewal		80	72	99
Plant and equipment		0	3	0
Street lighting		0	0	0
Sealed road pavement rehabilitation		20	190	162
Structures component replacement bridges		0	50	35
Traffic services renewals		138	60	88
Sealing past houses		148	144	133
Minor improvements	3	190	300	418
TOTAL CAPEX TO REPLACE EXISTING ASSETS		1,852	1,975	2,172
TOTAL CAPITAL EXPENDITURE		3,555	3,097	3,303

Regulatory Services

KEY FACTS
as at 30 June 2020

167 resource consents processed

384 building consents processed

1,527 dogs registered in the district

54 liquor licences including off and on licences

80 food premises licenced in the district

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

What we do

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

Resource management

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

Building control

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

Civil Defence and Emergency Management

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

Public Health and Liquor Licensing

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

Key projects for 2019/20

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

Project 1: District Plan Review

Ongoing

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

Stage Two of the DPR was scheduled for 2019/20 and 2020/21 with our strategic focus being on visitor accommodation, managing rural areas outside of the Mackenzie Basin, and township form, growth and development. This year we have commenced spatial planning work with a community survey and development of a spatial planning establishment report and programme. We have also completed two other major pieces of work with our growth predictions and a housing stocktake being undertaken during 2019/20. These will inform our DPR and other functions of Council.

While we had intended to complete our initial issue identification spatial planning community workshops in May 2020, these were delayed due to COVID-19. This work is now planned for early 2020/21. These will inform final spatial plans and town centre plans scheduled for delivery late 2020. This is a major piece of work which will inform decisions around location and nature of multiple zones in the proposed District Plan. We will also be informed by outcomes of Te Manahuna Ki Uta / Destination Mackenzie study which is expected to be delivered in 2020/21.

The remainder of Stage Two of the DPR is scheduled for 2020/21 and 2021/22.

Project 2: Civil defence generator

Delayed to 2020/21

We had planned to purchase a generator to support our Civil Defence activity. A single trailer mounted generator was sought, to allow it to be relocated to an appropriate facility to enable our Civil Defence Centres to function during emergencies events where power supply may be disrupted.

Due to the impacts of COVID-19 and competing priorities within our Civil Defence and Emergency Management activity, this project has been deferred to 2020/21, with no change to the budget.

Project 3:
Plan Change 18: Indigenous Biodiversity

Ongoing

Previously we completed Plan Change 17(PC17) which provided an interim "freeze" on indigenous vegetation clearance exemptions. This plan change became operative 21 July 2017. These provisions were to be effective for a 12 month period ending 24 December 2017.

Prior to the provisions of PC17 expiring, Plan Change 18 (PC18) was notified. This intended to create an additional section in our District Plan regarding Indigenous Biodiversity which would deal with the issues covered by the temporary PC17.

Since beginning our work on PC18, central government have begun developing guidance, offering a refreshed New Zealand Biodiversity Strategy and new National Policy Statement on Indigenous Biodiversity (NPS) to be developed in the context of the Strategy. As this national work has the potential to affect our Plan Change provisions and how we progress, we sought to extend our processing of PC18, awaiting the release of the National Policy Statement on Indigenous Biodiversity. This 12 month extension was approved by the Minister for the Environment and is due to expire in December 2020.

While the NZ Biodiversity Strategy has now been released, the NPS has not. It is our intention to proceed with PC18 before the expiry of the extension at the end of this year.

Project 4:
Te Manahuna Ki Uta Destination Mackenzie study

Ongoing

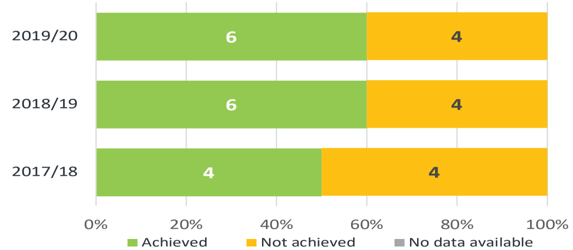
Te Manahuna Ki Uta/Destination Mackenzie project is underway. Council has approved the appointment of a consortium led by BECA to progress work on Te Manahuna Ki Uta/Destination Mackenzie Project. Proposals were invited via the All of Government Tendering Service (GETS). Te Manahuna Ki Uta/Destination Mackenzie Project is a multi-partner strategic planning process for the Mackenzie District led by Council with the aim to co-design the future of our district with our treaty partners, as well as the Ministry of Business, Innovation and Employment (MBIE), Land Information New Zealand (LINZ), the Department of Conservation (DOC), Waka Kotahi (NZTA) and the Mackenzie Development Group (representing local businesses). The co-design with our treaty partners is a crucial element of the project and all work will be informed by mana whenua values and aspirations. This project will develop a Destination Management Plan for Te Manahuna/Mackenzie District as part of a wider tourism journey which includes Aoraki/Mt Cook National Park, the upper Waitaki Valley and the Lindis Pass. The Plan will explore options to unlock and enable sustainable growth and resilience for our district with a 100 year vision and a planning horizon of 30-50 years.

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

Assessment against our performance measures for 2019/20

We achieved **60%** *of the non-financial performance standards in our regulatory services activity.*

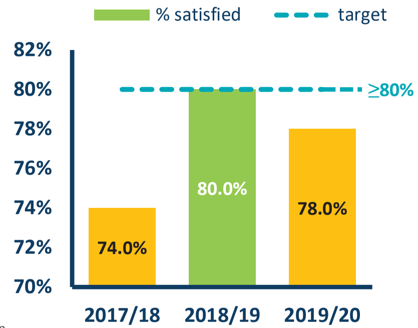
The following table shows how our regulatory services activity performed as measured against the targets set for the 2019/20 year.



Resource Management

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

Target:
≥80%



What we did:

This year, 78% of those surveyed were satisfied with how we are managing resource management issues within the district. This did not meet our target for 2019/20.

Challenges/issues we experienced:

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

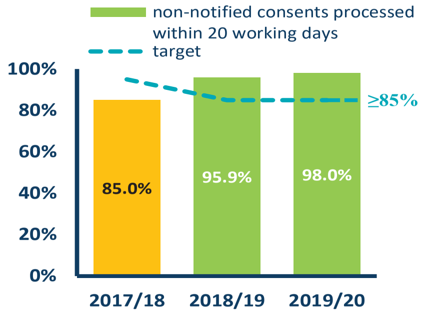
Looking ahead:

We will continue to undertake our resource management functions.

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

Measure 2:
Non-notified consents are processed within the statutory timeframe of 20 working days.

Target:
≥85% in 2018/19 & 19/20 ≥95% in 2017/18



What we did:

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

Challenges/issues we experienced:

Attracting and retaining experienced staff remains a challenge. Our focus has shifted toward improving processes, training staff and creating more capacity and experience within our team.

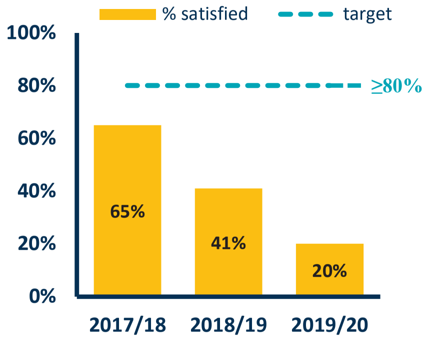
Looking ahead:
We will continue to work towards improving our processing times not just to meet the timeframes but, to reduce processing times for our customers.

Measure 3:
The percentage of applicants for resource consents that are satisfied with the quality of service they receive.

Target:
≥80%

What we did:
During 2019/20, we have experienced a significant drop in satisfaction with the quality of service received by applicants for resource consents.

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



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

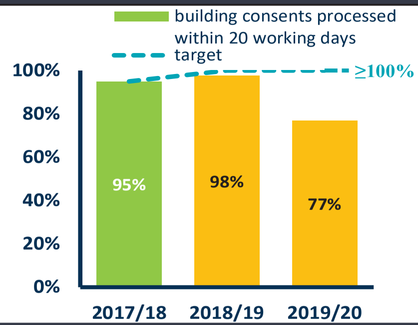
Looking ahead:
We will continue to refine our processes and will be making improvements to our survey questions, sending out surveys at the time of decisions being made which will provide us with 'real time' feedback. We believe this will increase the number of survey responses that we receive and ensure that responses are reflective of the resource consenting processes our customers experience.

Building Control

Measure 4:
Building consents are processed within the statutory timeframe of 20 working days.

Target:
100% in 2018/19 & 19/20 ≥95% in 2017/18

What we did:
With 77% of building consents processed within statutory timeframes, we did not meet our target for 2019/20.



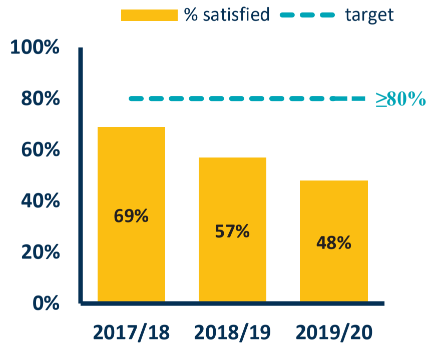
Challenges/issues we experienced:
Increased level of building activity in the region, especially in Tekapo and Twizel, coupled with vacancies in technical positions has created significant challenges in meeting our 20 day statutory timeframes for processing building consents. We also experience challenges in recruiting staff to the Twizel area due the higher cost of living.

Looking ahead:
We are currently reviewing our staffing requirements of delivering our Building Control Authority and Territorial Authority functions.

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

Target:
≥80%

What we did:
During 2019/20, we have experienced a significant drop in customer satisfaction with the quality of service received by applicants for building consents meaning that we did not meet this target for 2019/20.



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

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

Looking ahead:
We have now employed building control staff in Twizel and Fairlie which we expect will increase satisfaction with the level of service provided. Staffing requirements will be considered as part of our review of our Building Control Authority and Territorial Authority functions.

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

Measure 6:
IANZ accreditation is retained.

Target:
IANZ accreditation is retained (new measure in 18/19)

2017/18	2018/19	2019/20
✓	✓	✓

What we did:
An accreditation assessment was undertaken by IANZ in June 2020 which identified a significant amount of non-compliances. Issues that were identified have been substantially addressed with four general non-compliances remaining to be corrected by February 2021 in order for Mackenzie District Council to maintain accreditation.

Challenges/issues we experienced:
Vacancies and resourcing across the Building Department has causes significant challenges.

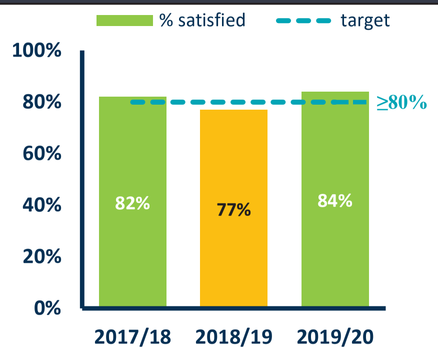
Looking ahead:
Following the audit in June 2020, the Building Control Authority (BCA) are actively working to clear the four outstanding general non-compliances to enable the BCA to maintain accreditation.

The BCA have engaged appropriate and reputable internal and external resource to enable them to sufficient deliver their building control functions going forward. The next BCA accreditation assessment will take place May 2021, this will be a full assessment.

Animal Control

Measure 7:
The percentage of those surveyed that believe the Council is adequately managing dog control issues in the District.

Target:
≥80%



What we did:
During 2019/20, we experienced an increase in satisfaction with our dog control activities. This has meant that we met our target for 2019/20.

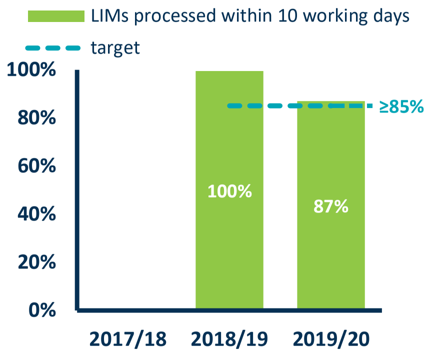
Challenges/issues we experienced:
We have experienced pressures with our dog control during peak holiday times when there are a higher than usual number of dogs in some of our towns. Following COVID-19 lockdown, the number of dog control issues increased significantly. This may be because of changes to daily routines during and after lockdown.

Looking ahead:
We will continue to provide education and engage directly with owners of non-compliant dogs. We will also provide public educational to remind dog owner of their responsibilities.

Land Information Memorandums (LIMs)

Measure 8:
LIMS are processed within the 10 working day statutory timeframe.

Target:
≥85% (new measure in 2018/19)



What we did:
During 2019/20, we issued 193 LIMs, of which 25 exceeded the statutory timeframe of 10 working days.

Challenges/issues we experienced:
Staff changes during the year, have led to internal processes and systems being reviewed to ensure that LIMS are processed within time. Compliance with the statutory timeframes for the processing of LIMS has now returned to 100% compliance, however the annual total was lowered.

Looking ahead:
We will continue to provide LIMs within the statutory requirements.

Civil Defence and Emergency Management

Measure 9:
Council staff and volunteers are familiar with their roles and are adequately trained.

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

2017/18	2018/19	2019/20
✓	✓	✓

What we did:
In 2017 we appointed a full-time Emergency Management Officer (EMO) on a two-year fixed term to review and strengthen our CDEM activities. This role has now been made permanent.

CDEM volunteer Community Response Teams have been formed in Twizel, Tekapo and Fairlie and they are receiving training to enable them to support their communities during CDEM emergencies or at other times where they can be of assistance.

In November 2019 we conducted our annual Emergency Operations Centre (EOC) exercise which was based on the Alpine Fault earthquake, involving numerous partner agencies.

We activated our EOC in late January 2020 to support Fire and Emergency NZ, to help extinguish a large plantation/ tussock fire on State Highway 8 near Burkes Pass. We were activated for three days.

The EOC was also activated to support the National State of Emergency declared to respond to the impacts of COVID-19. This activation was for 52 days and exposed our staff to some great learning opportunities, however this was taxing on some BAU activities.

Challenges/issues we experienced:
The resulting lockdown and flow on effects of COVID-19 has impacted on the ability for CDEM to deliver on BAU activities due to being the prolonged response mode.

Lockdown also impacted on programmed training for council staff and volunteers, however the actual activation of the EOC provided great learning opportunities.

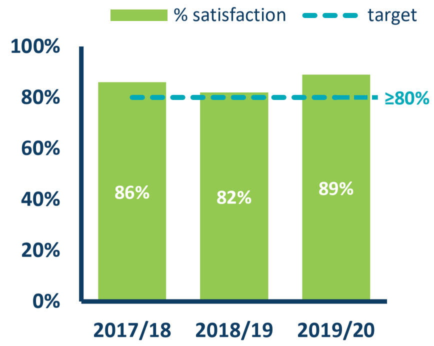
Looking ahead:
We will provide improved and ongoing upskilling opportunities in the form of monthly training for EOC staff. This will ensure that staff (and volunteers as necessary) are familiar with the required systems and processes.

The Canterbury CDEM Group are funding the roll out of D4H across the entire region, this will provide a consistent EOC management software package for all councils.

Measure 10:

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

Target:
≥80%



What we did:

We met our target for 2019/20. Our staff have been working on improving means of communicating with our communities and visitors. We have increased the use of our Facebook page and website to provide weather warnings and CDEM information. Regular articles providing educational material encouraging and promoting community preparedness are also provided in local publications.

Challenges/issues we experienced:

As emergency events are irregular and have unknown consequences, challenges arise in encouraging communities and residents to be prepared.

This can be compounded by a general belief that organisations and agencies within our communities will be able to provide support. Ongoing education and support of preparedness will assist in managing these expectations and ensuring that individuals, households, and groups are resilient.

The emergencies that we have had within our district and further afield have enabled our communications to reach an audience which is engaged and interested in learning about CDEM and preparedness.

We recognise that the impacts of COVID-19 may affect the ability of some residents to maintain their economic stability which enables resilience.

Looking ahead:

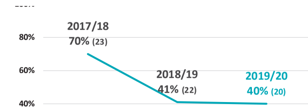
We remain committed to continuing the education of individuals, households, groups and businesses around resilience. A focus of our civil defence activity over the coming year will be on continuing to plan, with our partner organisations, for the response to the Alpine Fault "AF8" programme in our district.

We will continue to explore different ways to engage with our communities and visitors on how to be prepared for emergencies. This also includes ways to communicate during an emergency.

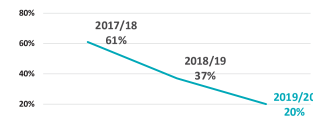
Other feedback

Resource Management

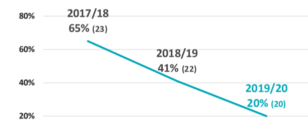
40% of resource consent applicants surveyed were satisfied with the helpfulness of our planning staff.



20% of resource consent applicants surveyed considered that the cost and time commitments associated with obtaining a resource consent are reasonable.

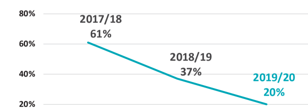


20% of resource consent applicants surveyed were satisfied with the quality of service they received.

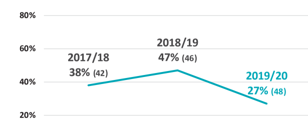


Building Control

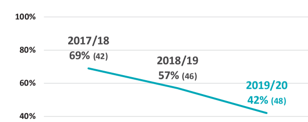
48% of building consent applicants surveyed were satisfied with the helpfulness of our building control staff.



27% of building consent applicants surveyed considered that the cost and time commitments associated with obtaining a building consent are reasonable.

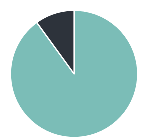


42% of building consent applicants surveyed were satisfied with the quality of service they received.



Civil Defence and Emergency Management

90% of people surveyed felt that they were prepared for a civil defence emergency.



* New measure

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$3.14m	$2.30m	$41,000
ACTUAL YEAR 2 2019/20	$3.78m	$2.93m	$5,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
General rates		795	860	860
Subsidies and grants	3	0	0	215
Other revenue	1	1,182	1,386	1,731
Contributions	2	1,639	892	981
TOTAL REVENUE		3,616	3,138	3,787
EXPENDITURE				
Personnel costs	5	970	1,100	1,254
Consultancy expenses	4	794	583	1,142
Administration		55	113	89
Operational and maintenance		20	197	140
Interest on capital reserves		67	71	70
Internal expenses		50	225	227
Depreciation		4	6	6
TOTAL EXPENDITURE		1,960	2,295	2,928
OPERATING SURPLUS/(DEFICIT)		1,656	843	859

Key variances to the budget:

1. Other income is higher than budgeted as higher levels of building consent and resource consent applications have been received during the year due to the continued growth that our district is experiencing.

2. Contributions revenue is higher than budget. This is driven by developer activity and difficult to determine.

3. $215,000 of unbudgeted income was received from the Government tourism grant to fund the camping ambassadors.

4. Consultancy expenses are higher than budgeted due to increased levels of building recoverables. The use of consultants has increased significantly due to vacant positions in the building department, competency assessments and the significant increase in the number of building consents received. Legal fees were higher than budgeted due to the judicial review of a 2010 consent in Lake Tekapo.

5. Personnel costs are higher than budgeted as temporary planning staff were required to assist with planning team functions. Camping ambassadors have been employed which had not been budgeted for however, these camping ambassador costs were funded by the Government tourism grant received (refer note 3).

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	830	799	860
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	215
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,276	1,309	1,732
TOTAL OPERATING FUNDING (A)	2,106	2,108	2,807
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,980	1,917	2,625
Finance costs	0	0	0
Internal charges and overheads applied	88	87	297
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,068	2,004	2,922
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	38	104	(115)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	150	154	981
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	150	154	981
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	0
- To replace existing assets	39	36	5
Increase (decrease) in reserves	150	222	861
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	189	258	866
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(39)	(104)	115
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	(115)
Add back:	
Financial contributions	981
Gain on Sale Assets	0
Vested Assets	0
	981
Less:	
Depreciation	6
OPERATING SURPLUS/(DEFICIT)	860

Capital Expenditure

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REPLACE EXISTING ASSETS				
Civil Defence				
Plant and equipment		30	41	5
TOTAL CAPEX TO REPLACE EXISTING ASSETS		30	41	5
TOTAL CAPITAL EXPENDITURE		30	41	5

Community and Township Services

KEY FACTS
as at 30 June 2020

10
pensioner housing units
Three in Twizel, and seven in Fairlie

8
cemeteries
Twizel, Tekapo, Burkes Pass, Fairlie and Albury

2
swimming pools
Twizel and Fairlie

378ha
recreation land*
*Recreation A (Active) and Recreation P (Passive) zoned land including domains, parks and walkways

3
Resource Recovery Parks
Twizel, Tekapo and Fairlie

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

What we do

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

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

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

Key projects for 2019/20

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

Project 1: Twizel Community Centre upgrade

Progressing

As part of our Long Term Plan 2018-28 we intended to make improvements to the Twizel Community Centre, including the upgrading of the kitchen, recladding of the gym, replacement of the sprung hall floor, and construct additional storage areas, progressing these works from 2018/19 - 2020/21.

COVID-19 has caused delays to the works we planned for 2019/20. We have started to explore options for storage and the kitchen upgrade, however the completion of theses tasks has been delayed to 2020/21.

The sports hall floor resurfacing is scheduled to be completed in Spring 2020 and will extend the life of this popular community asset, including updated line marking for the various sports utilising this facility.

We are also planning to investigate options to reclad the exterior of the gym section of the Twizel Community Centre.

Project 2: Twizel Market Place landscaping and upgrade

Planning stage

We had planned to improve accessible access 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 2019/20 however this was delayed due to COVID-19. We have prepared plans for this upgrade which have been supported by the Twizel Community Board.

This work will now be undertaken in 2020/21 construction season.

Project 3: Fairlie playground projects

Completed

The Fairlie Community Board worked to install a basket swing at the Fairlie Adventure Playground.

We have also made improvements to the Fairlie Domain playground with the installation of a flying fox, additional play equipment, additional picnic tables, a drinking fountain and a park bench.

Project 4: Mackenzie Community Centre upgrade

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

This year we have installed new heating in the stadium and Enid and Jack Hutt Lounge. We are continuing to planning out the upgrades that we want to undertake, working with the Fairlie Community Board and Mackenzie Theatre Group to finalise plans. We will commence the physical works in 2020/21.

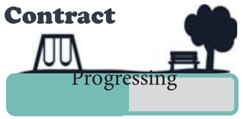
Project 5: Lakeside Domain, Lake Tekapo

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

We intended to develop a master plan for the Tekapo lake front to incorporate existing walkways, facilities and proposed development to ensure that all of these developments and facilities work together. This work remains a priority and will be progressed in conjunction with our District Plan Review spatial planning and be informed by Te Manahuna Ki Uta Destination Mackenzie Study. The budget included in our Long Term Plan 2018-28 (LTP) will be used to the development of a master plan and the resulting developments.

In the meantime, we have started to plan improvements on the Barbara Hay Reserve and D'Archiac Drive but due to COVID-19, this work has been delayed to 20120/21. Our installation of a concrete pathway which links the Boat Club to Genesis Energy Intake, and landscaping improvements around the Church of the Good Shepherd carpark have been delayed due to COVID-19.

Project 6: Waste Management and Minimisation Contract

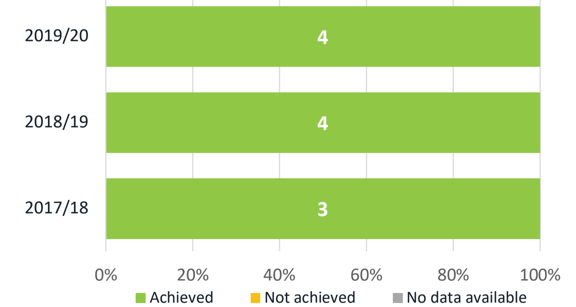


Council has joined together with Timaru and Waimate District Council's to undertake a joint procurement process for our waste minimisation and management services. This joint approach provides a number of benefits in the procurement process and offers the opportunity for shared resources. Our contract is for a term of 14 years 9 months, with a potential additional 5 years subject to performance. It provides waste services throughout our district for refuse, recycling, and glass including collection and the operation of our resource recovery parks and cleanfill sites. A key component of the contract is providing an option for an organics kerbside collection, which would allow our district to divert significant volumes of waste from landfill.

Assessment against our performance measures for 2019/20

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

The following table shows how our community and township services activity performed as measured against the targets set for the 2019/20 year.



Community and Township Services

Measure 1:

Average customer satisfaction rating for township services and facilities.

Target:
≥84%

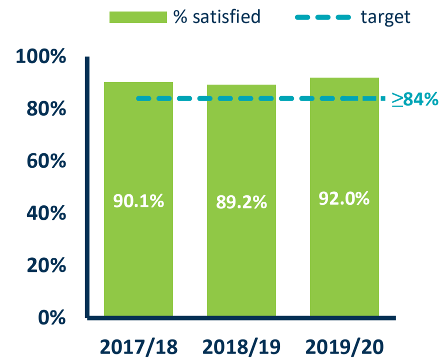
What we did:

As an overall measure across all of our township services and facilities, we received an average customer satisfaction rating of 92% from those surveyed in the 2019/20 year. This is consistent with previous years.

Further details of satisfaction levels with individual township and community services and facilities are included on page 106.

Challenges/issues we experienced:

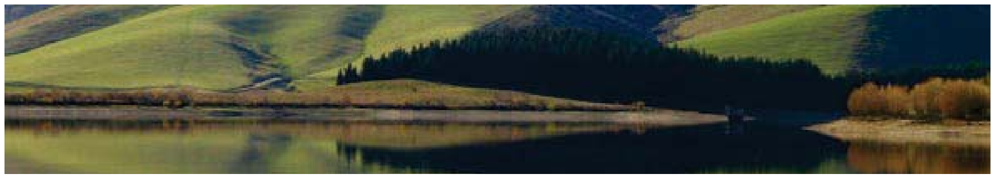
COVID-19 and the Alert Level 4 lockdown has impacted on our timeframes and ability to deliver some of our projects within 2019/20.



Looking ahead:

We will continue to manage our township services and facilities to the benefit of our communities and visitors. Activities in this area are likely to continue to be busy with changes to the demographics of visitors as we see increases in the domestic tourism market.

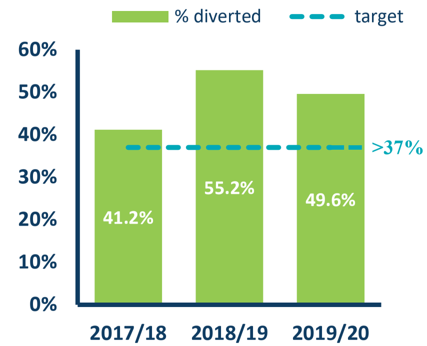
We are working on preparing a new township maintenance contract for the next 5 years. We are also planning to undertake a strategic review of our community facilities, in consultation with our communities, to allow us to better plan improvements and additional requirements going forward. This work will be informed by our Strategic Planning work undertaken as part of our District Plan Review.



Solid Waste

Measure 2:
The percentage of solid waste from the district resource recovery diverted from landfills.

Target:
≥37%



What we did:
In 2019/20 we diverted 49.6% of waste from a Class 1 landfill. We exceeded our target for the volume of solid waste diverted from landfill in 2019/20.

Our communities continue to show their dedication to recycling which is integral to achieving this target.

Challenges/issues we experienced:
We experienced a number of challenges to our waste services due to restrictions imposed due to COVID-19. While solid waste was identified as an essential service during this time, we had to make changes our collections and Resource Recovery Park operation.

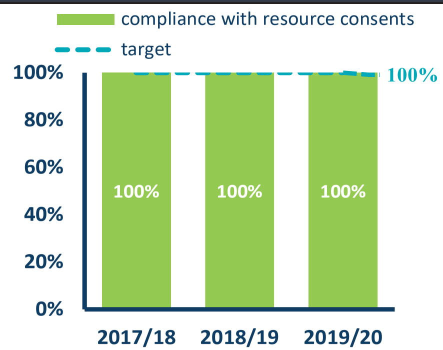
We paused yellow recycling collections for a period and temporarily closed Resource Recovery Parks, followed by limited access. While yellow recycling was placed on hold, we introduced extra red bin collections which led to a decrease in recycling. As our glass is collected in a separate container, we were able to continue to collect glass for recycling.

The resilience of our communities was shown with everyone adapting well to the temporary changes and the returned to yellow bin collections demonstrated commitment to good recycling habits. It is noted that a number of districts have experienced poor recycling after the COVID-19 lockdown, with large volumes of recycling being sent to landfill at high costs to ratepayers. We are proud of our community who have continued with quality recycling.

Looking ahead:
Our current waste services contract ends in October 2021. A new contract was awarded on 11 August 2020 which will be effective from October 2021 to July 2036. This places an importance on minimising waste to landfill. We are also considering options for providing a kerbside organics service, which would allow the district to divert a significant amount of waste from landfill.

Measure 3:
Compliance with resource consent conditions.

Target:
100%



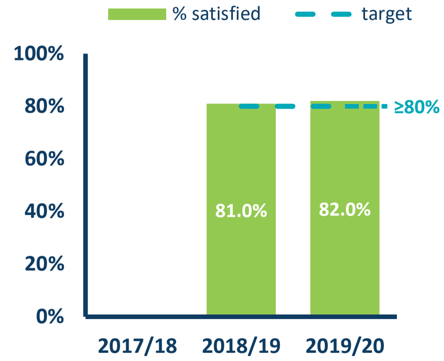
What we did:
We have a number of resource consents associated with our Resource Recovery Parks and Clean Fill sites. During 2019/20 we achieved 100% compliance with the conditions of these consents.

Challenges/issues we experienced:
No significant challenges or issues were experienced.

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

Measure 4:
The percentage of residents satisfied with the rubbish collection and recycling and recovery parks.

Target:
≥80% (new measure in 2018/19)



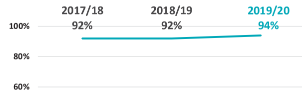
What we did:
Of those surveyed, 82% reported that they were satisfied with our rubbish collection and recycling and recovery parks. We met our target for 2019/20.

Challenges/issues we experienced:
No significant challenges or issues were experienced.

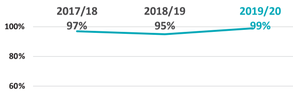
Looking ahead:
We have a new waste services contract in place for when our current contract ends in October 2021. We will be focussing on minimising waste to landfill. We are also looking at options for organics collections, which the community have indicated interest in.

Other feedback

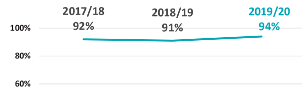
92% of those surveyed were satisfied with our parks, reserves and playground facilities.



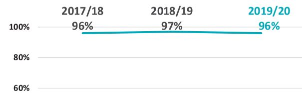
99% of those surveyed were satisfied with our cemeteries and their maintenance.



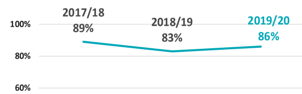
94% of those surveyed were satisfied with our community halls and buildings.



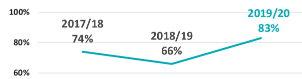
96% of those surveyed were satisfied with our library services.



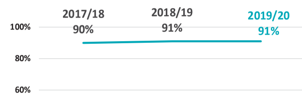
86% of those surveyed were satisfied with our swimming pools.



83% of those surveyed were satisfied with our public toilets.



91% of those surveyed were satisfied with the presentation of our town centres.



Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$3.21m	$3.29m	$729,000
ACTUAL YEAR 2 2019/20	$3.39m	$3.25m	$742,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
General rates		453	721	784
Targeted rates		2,006	1,877	1,910
Subsidies and grants	1	1,107	22	122
Other revenue		657	586	569
Internal investment income		9	8	9
TOTAL REVENUE		4,232	3,214	3,394
EXPENDITURE				
Personnel costs		105	128	169
Consultancy expenses		26	49	86
Administration		252	240	248
Operational and maintenance	2	2,658	2,336	2,263
Interest on capital reserves		68	75	49
Internal expenses		5	9	6
Depreciation		412	456	433
TOTAL EXPENDITURE		3,526	3,293	3,254
OPERATING SURPLUS/(DEFICIT)		706	(79)	140

Key variances to the budget:

1. Subsidies and grants are higher than budgeted due to a grant from MBIE for the Church of the Good Shepherd project.

2. Operational and maintenance costs were less than budgeted as waste disposal fees were lower than budgeted. This was offset by higher costs in Twizel for mowing and gardening, tree maintenance was required in Fairlie due to minimal work done in prior years and mowing in Albury which had not been budgeted for. Unplanned maintenance is also higher than anticipated as the existing retaining walls in the Fairlie Domain playground were replaced as part of the upgrade, soft fall topped up and the entrance gates painted; the Twizel pool has required roof maintenance, replacement pump and other repairs.

Funding Impact Statement

	2018/19 Long Term Plan $000's	2019/20 Long Term Plan $000's	2019/20 Actual $000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	699	615	784
Targeted rates	1,947	2,080	1,909
Subsidies and grants for operating purposes	22	22	122
Fees and charges	0	0	0
Internal charges and overheads recovered	8	8	9
Local authorities fuel tax, fines, infringement fees, and other receipts	581	606	570
TOTAL OPERATING FUNDING (A)	3,257	3,331	3,394
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,775	2,885	2,766
Finance costs	0	0	0
Internal charges and overheads applied	155	196	55
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,930	3,081	2,821
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	327	250	573
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	8
- To replace existing assets	1,093	711	734
Increase (decrease) in reserves	(766)	(461)	(169)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	327	250	573
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(327)	(250)	(573)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

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

	2019/20 Actual $000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	573
Add back:	
Financial contributions	0
Gain on Sale Assets	0
Capital subsidies and grants	0
Less:	
Depreciation	433
Loss on Sale and Assets Written off	0
OPERATING SURPLUS/(DEFICIT)	140

Upgrades to the Lake Tekapo Lakeside Domain including picnic areas, walkways and improvements to flying fox and slide.

Capital Expenditure

Key variances to the budget:

1. The Twizel swimming pool refurbishment was budgeted for in the 2018/19 year. This project will be completed in the 2020/21 year due to Covid-19 delays.

2. The playground upgrades were completed this year while budgeted for over the 2018/19 and 2019/20 years.

3. Initial community consultation for the upgrade of the Community Centre has been undertaken and planning for the completion is underway.

4. An upgrade of the Twizel Market square was budgeted for this year. This project has been delayed due to Covid-19.

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
IMPROVE LEVEL OF SERVICE				
Albury Hall				
Plant and equipment		5	0	4
Fairlie Swimming Pool				
Plant and equipment		0	0	4
TOTAL CAPEX TO IMPROVE LEVEL OF SERVICE		5	0	8
REPLACE EXISTING ASSETS				
COMMUNITY SERVICES				
Fairlie Pensioner Housing				
Buildings		0	7	11
Twizel Pensioner Housing				
Furniture and fittings		0	9	14
Twizel Swimming Pool				
Community asset - public amenities	1	274	0	267
Plant and equipment		0	31	31
Public toilets				
Buildings		419	0	9
RECREATIONAL FACILITIES				
Fairlie Township				
Playground upgrade		6	30	9
Fairlie Domain - Adventure playground	2	0	31	83
Mackenzie Community Centre				
Buildings		0	41	45
Cemeteries				
Buildings		0	0	5
Furniture and fittings	3	0	92	0
Tekapo Township				
Implementation of development plan		181	226	233
Tekapo Community Hall				
Plant and equipment		0	0	2
Twizel Community Centre				
Furniture and fittings		2	0	2

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
Twizel Township and Twizel Reserves				
Implementation of development plan	4	0	66	0
Community assets - public amenities	4	0	114	5
Twizel Community Centre				
Furniture and fittings		76	51	10
SOLID WASTE				
Waste Management				
Resource consent		33	31	8
TOTAL CAPEX TO REPLACE EXISTING ASSETS		991	729	734
TOTAL CAPITAL EXPENDITURE		996	729	742

Upgrades to the Fairlie Domain playground including installation of flying fox, additional playground equipment, picnic tables and benches and drinking fountain.

Tourism, Economic Development and Commercial Activities

KEY FACTS
as at 30 June 2020

6,500 pines planted	$17.03m invested	$580k property sales	$69k ED	$245k promotion spend
(commercial forestry)	in the bond market and on term deposit		economic development support	

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

What we do

Tourism promotion

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

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

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

Economic development

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

Commercial activities

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

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

Key projects for 2019/20

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

Project 1: Alps2Ocean update

Ongoing

In addition to cofounding the maintenance and promotion of the Alps2Ocean cycleway with Waitaki District Council, we have been contributing towards the off-roading of the remaining section of the Hayman Road track. To progress this work, we have split it into two stages. Stage One, a 23.1km section from Mt Cook Station to Bolton Gully is in the consenting stage, with work intended to be completed ahead of the summer season in 2021/22. Following this, we will off-road the remaining section from Bolton Gully to the Tekapo B Powerhouse as Stage Two.

During 2019/20 we relocated the heli pad following flooding of the Tasman River. The move has increased resilience of this asset. We also relocated the alternative start of the track in Lake Tekapo. Now located at the Hamilton Road reserve, the start offers a safer, more aesthetic start to the A2O Lake Tekapo alternative route.

Project 2: Forestry: wilding control

Ongoing

Since 2018/19 we have provided an annual budget to control wilding trees and other pests associated with our commercial forestry activity.

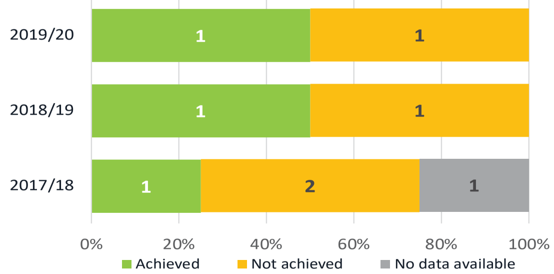
During 2019/20 we undertook a small amount of clearance of wilding pines, however this work was not completed within the year. Unspent budget ($44,000) will be carried forward in addition to the $30,000 budgeted for 2020/21.

As a responsible land owner, we will prioritise our wilding tree and pest control work relating to our forestry operation. As we plan our wilding control works for 2020/21, we will look for funding opportunities to maximise the extent of our control work, while minimising the cost to our communities. We will also continue to work with other agencies and trusts in supporting local and national wilding control programmes and efforts.

Assessment against our performance measures for 2019/20

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

The following table shows how our tourism, economic development and commercial activities group performed as measured against the targets set for the 2019/20 year.



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

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

2017/18	2018/19	2019/20
✗	✗	✗

What we did:
We undertook the quarterly reviews of our investment portfolio throughout the year. While our portfolio outperformed the benchmark in 2 out of 4 quarters measured, we did not achieve our target for 2019/20.

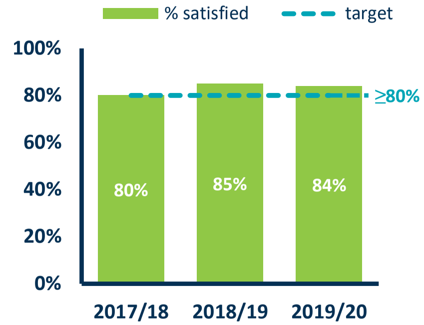
Looking at the year as a whole, we achieved an increase in value of 3.91% compared to the benchmark of 4.54%.

Challenges/issues we experienced:
Our portfolio has been reducing over time as maturities are not replaced due to interest rates remaining low and new bond systems carrying a longer term at lower rates. We only have four bonds in our portfolio and movements at a micro level are magnified. We have shifted to investments in term deposits to enable us to take advantage of upward movements in interest rates.

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

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

Target:
≥80%



What we did:
We met our target for 2019/20 with 84% of ratepayers surveyed satisfied with our tourism promotion and economic development activities.

This year we established an in-house position of Business Liaison Officer to better manage our relationships with businesses across our district. This has also allowed us to better manage and hold accountable South Canterbury Chamber of Commerce and ChristchurchNZ who provide our business support and destination marketing services.

Challenges/issues we w:
We have experienced a wide range of impacts of mass tourism including parking, traffic, toilets and the provision of downstream retail services. The second half of 2019/20 saw international tourism halted due to COVID19 travel restrictions however, our district enjoyed strong support within domestic tourism during the winter months. We are continuing to investing significantly in diversifying our economy and seeking to incentivise job growth.

Looking ahead:
In 2020/21 we will recruit an Economic Development Officer with the aim of developing a strategic pathway to help to broaden and diversify our district economy, providing more resilience.

Financial summary

	Revenue	Operating Expenditure	Capital Expenditure
PLANNED YEAR 2 2019/20	$3.79m	$3.68m	$555,000
ACTUAL YEAR 2 2019/20	$4.78m	$3.15m	$264,000

Cost of Service Statement

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
Targeted rates		412	499	508
Subsidies and grants	1	0	711	250
Dividend		494	465	498
Interest revenue	2	337	349	507
Other revenue	3	877	1,415	1,917
Financial/upgrade contributions		0	0	0
Other gains	4	646	0	621
Gain on sale of assets	5	12	0	205
Real estate sales		1,020	0	68
Internal interest income	6	346	350	204
TOTAL REVENUE		4,144	3,789	4,778
EXPENDITURE				
Personnel costs		88	88	106
Member expenses		54	51	42
Consultancy expenses	7	104	1035	160
Administration		110	251	179
Operational and maintenance	8	685	509	986
Real estate cost of sales		204	0	53
Interest on capital reserves		186	100	124
Internal expenses		1,347	1,448	1,448
Finance costs	9	0	114	0
Asset impairment		34	0	0
Depreciation		60	86	53
TOTAL EXPENDITURE		2,872	3,682	3,151
OPERATING SURPLUS/(DEFICIT)		1,272	107	1,627

Key variances to the budget:

1. Subsidies and grants income is less than budgeted as the Destination Mackenzie project has been delayed.

2. External interest revenue is higher than budgeted as Council now has more money invested in short term bank deposits than was budgeted for.

3. Other revenue is higher than budget as unbudgeted timber sales of $785,000 were received. This was offset by tourism donations of $355,000 budgeted but not received and landing fees at the Pukaki Airport were less than expected.

4. Other gains is higher than budgeted due to an increase in the valuation of our forestry assets.

5. The gain on sale of assets was generated from the sale of the hangar at the Pukaki Airport.

6. Internal interest income is less than budgeted as water, roading and public toilet capital reserve balances were less than anticipated.

7. Consultancy expenses are significantly lower than budget as budget has been allowed for with the Destination Mackenzie project with only minimal spent to date due to delays with this project. Significant legal and consultancy costs had also been allowed for in relation to real estate, however this has yet to be required.

8. Operational and maintenance expenses are higher than budget as real estate, logging and cartage costs were incurred and not budgeted for.

9. Finance costs were budgeted however were not required due to no borrowings occurring this year.

Funding Impact Statement

	2018/19 Long Term Plan	2019/20 Long Term Plan	2019/20 Actual
	$000's	$000's	$000's
SOURCES OF OPERATING FUNDING			
Targeted rates	290	297	508
Subsidies and grants for operating purposes	0	0	250
Fees and charges	0	0	0
Internal charges and overheads recovered	784	882	(124)
Interest and dividends from investments	717	756	1,004
Local authorities fuel tax, fines, infringement fees, and other receipts	855	900	1,824
TOTAL OPERATING FUNDING (A)	2,646	2,835	3,462
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	902	846	1,478
Finance costs	115	244	0
Internal charges and overheads applied	1,577	1,595	1,244
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,594	2,685	2,722
SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	52	150	740
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	148	1,984	0
Gross proceeds from sale of assets	1,500	717	580
Lump sum contributions	0	0	0
Other depreciated capital funding	0	0	0
TOTAL CAPITAL FUNDING (C)	1,648	2,701	580
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve level of service	0	0	0
- To replace existing assets	925	555	264
Increase (decrease) in reserves	775	2,296	1,056
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,700	2,851	1,320
SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(52)	(150)	(740)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Notes:

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

The Annual Plan, LTP and comparatives have been updated to show the General Rates credit as internal charges and overheads recovered. The impact of this update is shown in the Governance and Corporate Services GOA FIS.

	2019/20 Actual
	$000's
SURPLUS/(DEFICIT) OF OPERATING FUNDING	740
Add back:	
Financial contributions	0
Other gains/losses	714
Gain on sale of assets	205
Real estate sales	68
	987
Less:	
Depreciation	53
Real Estate cost of sales	53
	106
OPERATING SURPLUS/(DEFICIT)	1,621

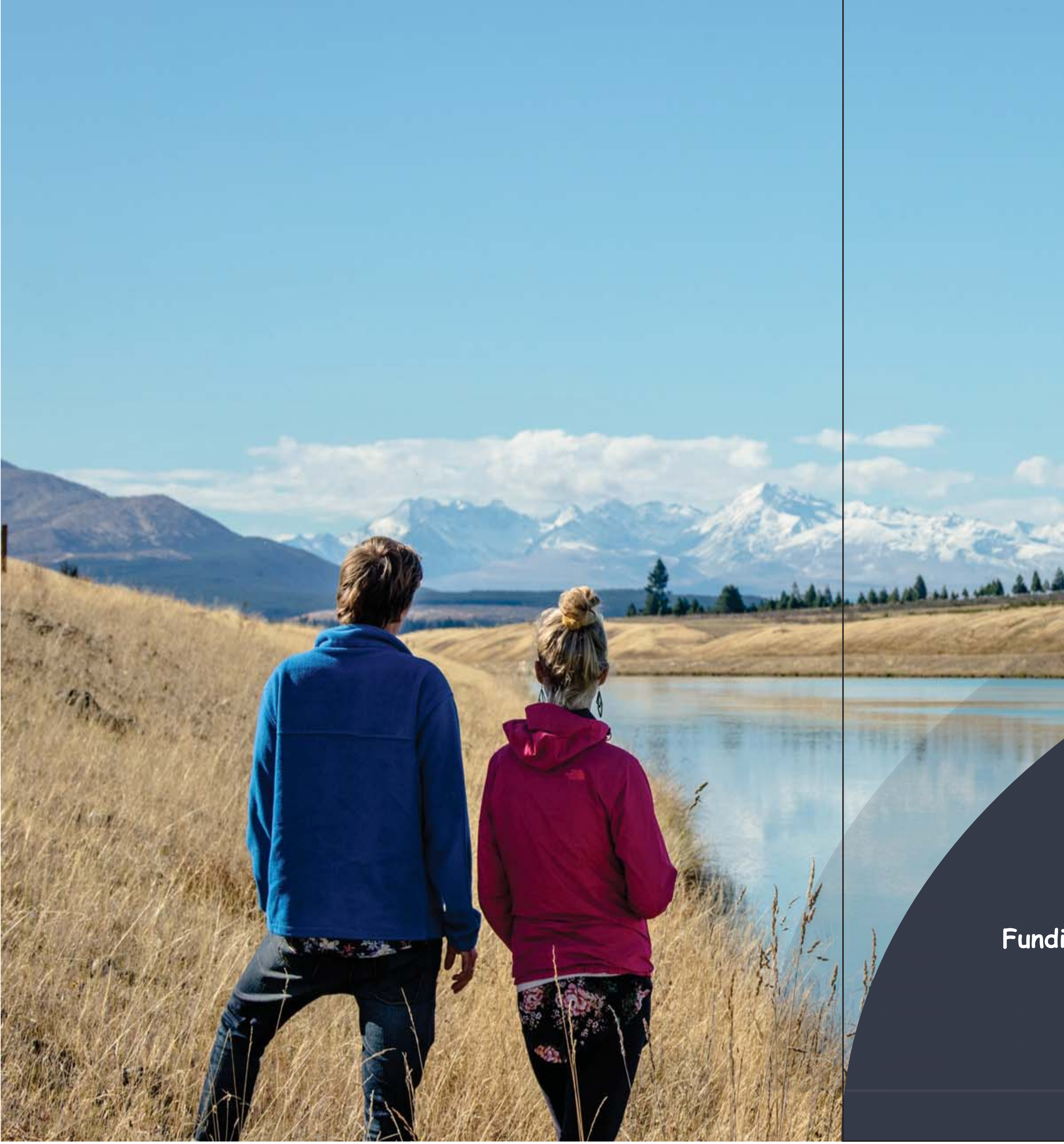
Capital Expenditure

Key variances to the budget:

1. Planned upgrades to the Alps 2 Ocean cycleway have been delayed with land use consent for Stage 1 of the East Pukaki section having just been submitted.

2. Runway resurfacing and edge marking budgeted in 2018/19 was completed this year.

	Notes	2018/19 Actual	2019/20 Annual Plan	2019/20 Actual
		$000's	$000's	$000's
REPLACE EXISTING ASSETS				
Commercial				
Track improvements	1	22	555	12
Pukaki Airport				
Airport development		144	0	0
Plant and equipment		0	0	1
Runway	2	0	0	251
TOTAL CAPEX TO REPLACE EXISTING ASSETS		166	555	264
TOTAL CAPITAL EXPENDITURE		166	555	264



Financials

A guide to the financials

Introduction

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

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

Statement of Accounting Policies

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

Statement of Comprehensive Revenue and Expenditure

The Statement of Comprehensive Revenue and Expenditure shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2020. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs and depreciation. This statement shows how total comprehensive revenue and expenditure is arrived at. Total comprehensive revenue and expenditure is then added or subtracted from the Council's equity as shown in the Statement of Changes in Equity.

Statement of Changes in Equity

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

Statement of Financial Position

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2020. Assets include cash, accounts receivable (money owed to the Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to the Council that are expected to be received within the next 12 months while current liabilities are the Council's debts that are due to be paid within the next 12 months.

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

Statement of Cash Flows

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

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

Notes to the Financial Statements

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

Statement of comprehensive revenue & expenditure

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
REVENUE				
Rates	4	9,556	10,223	10,421
Subsidies and grants	4	2,866	2,609	2,532
Investment revenue	4	833	862	1,011
Real estate sales		1,020	0	68
Contributions		3,426	1,832	3,186
Other revenue	4	3,866	3,975	5,710
Vested assets	4	3,627	2,363	1,528
TOTAL REVENUE		**25,194**	**21,864**	**24,456**
EXPENDITURE				
Employment expenses		3,514	4,143	4,495
Member expenses		379	452	426
Finance costs		0	114	0
Depreciation and amortisation	7	4,020	4,093	4,320
Real estate cost of sales		204	0	53
Asset impairment		34	0	0
Loss on sale of intangible assets		0	0	0
Loss on sale and assets written off		71	0	9
Other expenses	6	8,884	9,826	10,123
TOTAL EXPENDITURE		**17,106**	**18,628**	**19,426**
Surplus/(deficit) before taxation		8,088	3,236	5,030
Income tax expense	13	0	0	0
Net Surplus/(Deficit) After Taxation		8,088	3,236	5,030
OTHER COMPREHENSIVE REVENUE AND EXPENDITURE				
Items that will not be reclassified to surplus/(deficit)				
Financial assets at fair value through other comprehensive revenue and expense		25	468	369
Property, plant and equipment revaluations	32	28,285	8,132	1,400
TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE		**36,398**	**11,836**	**6,799**

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

Statement of changes in equity

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
EQUITY AT THE START OF THE YEAR	32	246,420	240,854	282,928
Gains/(losses) on financial assets valuation		25	468	369
Gains/(losses) on property valuation		28,285	8,132	1,400
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENDITURE		28,310	8,600	1,768
Surplus/(deficit) after taxation		8,088	3,236	5,030
TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE		36,398	11,836	6,799
Property, plant and equipment valuation gains/(losses) taken to equity		110	0	13
TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE FOR THE YEAR		36,508	11,836	6,812
TOTAL EQUITY AT THE END OF THE YEAR	10	282,928	252,690	289,740

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

Statement of financial position

	Notes	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
ASSETS				
Current Assets				
Cash and cash equivalents	11	8,415	3,341	2,897
Receivables	12	2,619	2,516	3,978
Other financial assets	14	7,684	1,526	16,214
Inventories	15, 32	58	2,449	66
Total Current Assets		18,776	9,832	23,154
Non-Current Assets				
Other financial assets	14	11,596	14,133	10,932
Inventories	15, 32	999	0	958
Investment Property	31,32	3,975	0	4,073
Forestry assets	16	6,557	5,557	7,178
Intangible assets	17	432	0	34
Property, plant and equipment	18,32	244,261	231,346	247,552
Total Non-Current Assets		267,820	251,036	270,727
TOTAL ASSETS		286,596	260,868	293,881
LIABILITIES				
Current Liabilities				
Payables and deferred revenue	20	3,330	1,834	3,798
Employee entitlements	21	258	320	260
Provisions	22	3	0	4
Total Current Liabilities		3,591	2,154	4,062
Non-Current Liabilities				
Employee entitlements	21	24	22	29
Provisions	22	52	58	50
Borrowings and other financial liabilities		0	5,944	0
Total Non-Current Liabilities		76	6,024	79
TOTAL LIABILITIES		3,667	8,178	4,141
NET ASSETS		282,929	252,690	289,740
EQUITY				
Accumulated funds	10, 32	120,924	118,167	126,123
Reserves	10, 32	162,004	134,523	163,617
TOTAL EQUITY		282,929	252,690	289,740

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

Statement of cash flows

	2018/19 Actual	2019/20 Annual Plan	2019/20 Actual
	$000's	$000's	$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rates revenue	9,528	10,223	10,287
Receipts from other revenue	6,625	5,807	6,506
Subsidies and grants received	2,866	2,609	3,200
Interest received	350	862	501
Dividends received	494	0	498
	19,863	19,501	20,993
Cash was applied to:			
Payments to suppliers	9,612	14,068	9,563
Payments to employees	3,511	0	4,489
Finance costs	0	114	0
Net GST movement	0	0	373
	13,123	14,182	14,426
NET CASHFLOW FROM OPERATING ACTIVITIES	6,740	5,319	6,568
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipts from sale of property, plant & equipment	976	0	511
Receipts from sale of intangible assets	270	0	8
Receipts from sale of investments	527	0	7,675
	1,773	0	8,194
Cash was applied to:			
Purchase of property, plant and equipment	4,633	5,684	5,101
Purchase of investments	6,803	0	15,180
	11,436	5,684	20,281
NET CASHFLOW FROM INVESTING ACTIVITIES	(9,663)	(5,684)	(12,087)

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

	2018/19 Actual	2019/20 Annual Plan	2019/20 Actual
	$000's	$000's	$000's
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowing	0	2,369	0
	0	2,369	0
Cash was applied to:			
Repayment of borrowings	0	288	0
	0	288	0
NET CASHFLOW FROM FINANCING ACTIVITIES	0	2,081	0
Net Cashflows from operating activities	6,740	5,319	6,568
Net Cashflows from investing activities	(9,663)	(5,684)	(12,087)
Net Cashflows from financing activities	0	2,081	0
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS & BANK OVERDRAFTS	(2,923)	1,716	(5,518)
Cash, cash equivalents & bank overdrafts: 1 July 2019	11,338	1,626	8,415
CASH, CASH EQUIVALENTS & BANK OVERDRAFTS AT 30 JUNE 2020	8,415	3,342	2,896

Recycled glass to be crushed and used in roading materials.

Funding impact statement (whole of Council)

	2018/19 Annual Plan $000's	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	3,351	3,343	4,669	4,756
Targeted rates (excluding water supply)	5,934	6,272	5,610	5,747
Subsidies and grants for operating purposes	874	1,023	1,589	1,433
Fees, charges and targeted rates for water supply	0	0	0	0
Interest and dividends from investments	718	833	862	1,011
Local authorities fuel tax, fines, infringement fees and other receipts	3,043	3,172	4,007	4,771
Total sources of Operating Funding (A)	**13,920**	**14,643**	**16,737**	**17,718**
Application of Operating Funding				
Payments to staff and suppliers	11,743	12,777	14,420	15,044
Finance costs	115	0	114	0
Other operating funding applications	0	0	0	0
Total applications of Operating Funding (B)	**11,858**	**12,777**	**14,534**	**15,044**
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	**2,062**	**1,866**	**2,203**	**2,674**
Sources of Capital Funding				
Subsidies and grants for capital expenditure	938	1,755	931	1,017
Development and financial contributions	150	3,426	1,832	3,186
Increase (decrease) in debt	148	0	2,081	0
Gross proceeds from sale of assets	1,500	1,077	0	608
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of Capital Funding (C)	**2,736**	**6,258**	**4,844**	**4,811**
Application of Capital Funding				
Capital expenditure:				
- To meet additional demand	(1)	0	0	0
- To improve the level of service	1,150	119	0	40
- To replace existing assets	4,838	4,594	5,684	4,787
Increase (decrease) in reserves	(1,189)	3,411	1,363	2,658
Increase (decrease) in investments	0	0	0	0
Total applications of Capital Funding (D)	**4,798**	**8,124**	**7,047**	**7,485**
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	**(2,062)**	**(1,866)**	**(2,203)**	**(2,674)**
FUNDING BALANCE ((A-B)+(C-D))	**0**	**0**	**0**	**0**

	2018/19 Annual Plan $000's	2018/19 Actual $000's	2019/20 Annual Plan $000's	2019/20 Actual $000's
Surplus (deficit) of Operating Funding	**2,062**	**1,866**	**2,203**	**2,674**
Add back:				
Financial contributions	150	3,426	1,832	3,186
Gain on sale of assets	0	24	0	224
Doubtful debts recovered	0	0	0	0
Real estate sales	0	1,020	0	68
Other gains/losses	265	699	0	714
Increase/(decrease) revaluation	0	28,311	8,600	1,769
Subsidies treated as Capital	938	1,755	931	1,017
Vested assets	0	3,626	2,363	1,528
	1,353	38,861	13,726	8,506
Less:				
Depreciation	3,919	4,020	4,093	4,320
Loss on sale and assets written off	0	71	0	9
Asset impairment	0	34	0	0
Real estate cost of sales	0	204	0	53
Other losses	0	0	0	0
	3,919	4,329	4,093	4,382
NET COMPREHENSIVE REVENUE AND EXPENDITURE	**(504)**	**36,398**	**11,836**	**6,799**

Notes to the financial statements

Notes Index

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

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice. The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 23 February 2021, exceeding 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.

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

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

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Annual Report, adopted on 23 February 2021, did not meet the statutory timeframe for adoption by 31 December 2020.

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

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

Presentation currency and rounding

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

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

Changes in accounting policies

There has been one change in accounting policy during the financial year. In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the expired standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019. Council has applied the new standards in preparing the 30 June 2020 financial statements.

Council's interest in the Downlands Water Scheme has been assessed as a Joint Arrangement (Joint Operation) under PBE IPSAS 37, thereby recognizing its share of assets, liabilities, revenue and expenses relating to Council's 4% interest in the scheme.

This is a change from the previous 'joint venture' classification, which saw the application of the proportionate consolidation method of accounting. The impact of this change is negligible. The change has been applied retrospectively.

There is a voluntary change in accounting policy for the Downlands Water Scheme from historical cost to fair value measurement. Refer to PPE note 18 for further details.

There have been no other changes in accounting policies during the year.

Summary of significant accounting policies

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

Joint 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%.

Statement of Cash Flows
Cash and cash equivalents is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts.

Operating activities include cash received from all revenue sources of the Council and record the cash payments made for the supply of goods and services.

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures
The budget figures are those approved by the Council in its 2018-2028 Long Term Plan and 2019-20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical Accounting Estimates and Assumptions
In preparing these financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

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

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

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

Note 2 - Summary revenue & expenditure for groups of activities

Accounting policy

The cost of service for Council groups of activities has been derived using the cost allocation system as below.

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

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

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

	2018/19	2019/20	
	Actual	Annual Plan	Actual
	$000's		$000's
INCOME			
Governance and Corporate Services	3,791	5,049	4,933
Water Supplies	3,148	2,524	3,305
Wastewater	2,237	1,662	1,780
Stormwater	802	515	265
Roading	5,128	3,986	4,074
Regulatory Services	3,616	3,138	3,787
Community and Township Services	4,232	3,214	3,394
Tourism, Economic Development and Commercial Activities	4,144	3,789	4,778
	27,098	23,877	26,316
Less interest on capital reserves	(428)	(427)	(277)
Less internal income	(1,476)	(1,586)	(1,586)
Total Revenue	25,194	21,864	24,456
Less:			
Governance and Corporate Services	4,048	4,833	5,246
Water Supplies	1,739	1,551	1,691
Wastewater	766	791	859
Stormwater	114	122	128
Roading	3,985	4,072	4,032
Regulatory Services	1,960	2,295	2,928
Community and Township Services	3,526	3,293	3,254
Tourism, Economic Development and Commercial Activities	2,872	3,682	3,151
	19,010	20,641	21,289
Less interest on capital reserves	(428)	(430)	(277)
Less internal income	(1,476)	(1,583)	(1,586)
Total Expenditure	17,106	18,628	19,426
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	8,088	3,236	5,030

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

Note 3 - Revenue: Exchange and non-exchange transactions

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

	2018/19	2019/20	
	Actual	Annual Plan	Actual
	$000's	$000's	$000's
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Revenue from rates			
General	3,348	4,613	4,674
Targeted	6,208	5,610	5,747
Penalties	60	56	82
Total revenue from rates	9,616	10,279	10,503
Other revenue			
Vested assets	3,627	2,363	1,528
Fines and infringements	8	2	8
Consents, licences and permits	969	1,168	1,732
Contributions	3,426	1,832	3,186
Operating grants	1,023	1,657	1,403
Capital grants	1,755	952	1,047
Petroleum tax	88	0	82
Other non-exchange revenue	1,109	0	1,139
Total other revenue	12,005	7,974	10,125
Total revenue from non-exchange transactions	21,621	18,253	20,628
REVENUE FROM EXCHANGE TRANSACTIONS			
Water charged by metered supply	64	180	125
Sales of goods and services	1,186	2,176	1,965
Interest revenue	337	397	513
Dividend revenue	494	465	498
Rental revenue	460	393	435
Property, plant and equipment gains on disposal	12	0	224
Inventory land sales	1,020	0	68
Total revenue from exchange transactions	3,573	3,611	3,828
TOTAL REVENUE	25,194	21,864	24,456

Note 4 - Revenue

Accounting policy
Revenue is measured at fair value.

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

Revenue from Non Exchange Transactions

Rates revenue
The following policies for rates have been applied:

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

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

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

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

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

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

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

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

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

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

Revenue from Exchange Transactions

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

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

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

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

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

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

Critical judgements in applying accounting policies

Accounting for suspensory loan from Housing New Zealand (HNZ)
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 25: 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 recognise revenue immediately for such transfers. A liability is not recognised until such time as it is expected that the condition will be breached.

	2018/19 Actual $000's	2019/20 Actual $000's
i) Breakdown of rates and further information[1]		
General rates	3,348	4,674
Targeted rates attributable to activities		
Governance and Corporate Services	32	38
Other water rates	1,417	1,460
Wastewater	660	741
Stormwater	131	123
Roading	1,614	967
Regulatory Services	0	0
Community and Township Services	2,006	1,910
Tourism, Economic Development and Commercial Activities	412	508
TOTAL TARGETED RATES REQUIRED:	6,272	5,747
Less distribution of investment income		
Budgeted contribution to rates from commercial activities	(64)	0
Total rates struck	**9,556**	**10,421**
Rates charged on Council owned properties (not eliminated from Revenue & Expenditure)	189	205
ii) Breakdown of subsidies and grants		
Grants[2]	1,107	587
NZTA subsidies[3]	1,671	1,863
Petroleum tax	88	82
Total subsidies and grants	**2,866**	**2,532**
iii) Breakdown of investment revenue		
Dividend	494	498
Interest revenue	339	513
Total investment revenue	**833**	**1,011**
iv) Breakdown of other revenue		
Carbon credits additions	410	425
Gain on sale of carbon credits	0	232
Gain on changes in fair value of forestry assets	646	621
Gain on Investment Property revaluation	53	93
Property, plant and equipment gains on disposal	12	224
Rental income	460	435
User fees and donations	1,723	2,008
Water charged by metered supply	63	125
Other	499	1,547
Total other revenue	**3,866**	**5,710**

[1]Targeted rates revenue

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

[2]Grants

Grants received from the Ministry of Business, Innovation & Employment (MBIE) in 2019/20 totalling $759,011 include:

- Tourism Infrastructure funding of $294,000 for constructing a new carpark and install new walkways to redirect pedestrian and vehicle traffic around the Church of the Good Shepherd in Tekapo.
- Provincial Development funding of $250,000 to determine a pathway towards a sustainable destination and district - destination management plan.
- Tourism Facilities Development grant funding of $215,011 for promoting responsible camping.

(2018/19 Donations and grants included $1,078,000 from the Regional Mid-sized Tourism Facilities Grant Fund.)

Funding received from Creative Communities NZ to the amount of $17,802 to support and encourage communities throughout NZ to create and present diverse opportunities for accessing and participating in local arts activities.

[3]NZTA Subsidies

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

Assets Vested

Council has had vested to it certain infrastructural assets and land as part of the subdivisional process. Council recognises the value of these assets as revenue in the Statement of Comprehensive Revenue and Expense with an equivalent increase in property, plant and equipment in the Statement of Financial Position. There were infrastructural assets totalling $1,527,902 vested in Council during 2020 (2018/19: $3,626,630).

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.

Rates remissions are comprised of:	2018/19 Actual $000's	2019/20 Actual $000's
Land held for conservation or preservation purposes	0	0
Community sporting and non-profit organisations	17	12
Maori freehold land	0	0
Land affected by a natural calamity	0	0
Rating units occupied/owned in common (includes residential and rural)	0	0
Wastewater charges for schools	0	0
Rating units containing two separately habitable units (second dwelling)	0	0
New residential subdivisions	0	0
Unusable land	0	0
Total rates remissions	**17**	**12**

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled $12,311 (2019: $16,593).

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

Rating base information	2019/20
Rating units within the district or region of the local authority at the end of the preceding financial year:	As at 30 June 2020
The number of rating units	5,025
The total land value of rating units	2,306,776,900
The total capital value of rating units	4,336,046,220

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

	2018/19 Actual $000's	2019/20 Actual $000's
Not later than one year	227	177
Later than one year, not later than five years	917	484
Later than five years	1,805	1,431
Total non-cancellable operating leases as lessor	**2,949**	**2,093**

No contingent rents have been recognised during the year.

Note 5 - Personnel and Elected Member costs

Accounting policy
Superannuation schemes

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

Breakdown of personnel costs and further information
During the year to 30 June 2020, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

	2018/19 Actual $000's	2019/20 Actual $000's
Salary	195	203
Vehicle (market value)	10	10
Telephone	0	0
Superannuation	6	6
Total remuneration of Chief Executive	**211**	**219**

Elected representatives
Elected representatives received the following remuneration:

	2018/19 Actual $000's	2019/20 Actual $000's
Present Council		
Mayor Graham Smith	65	80
Councillor Stuart Barwood	23	30
Councillor Emily Bradbury	0	13
Councillor Murray Cox	0	21
Councillor James Leslie	23	30
Councillor Anne Munro	23	30
Councillor Matt Murphy	0	13
	134	217
Previous Council		
Councillor Russel Armstrong	19	6
Councillor Chris Clarke	18	6
Councillor Paul Hannagan	20	6
	57	18

	2018/19 Actual $000's	2019/20 Actual $000's
Community Boards		
Twizel Community Board	12	10
Tekapo Community Board	10	10
Fairlie Community Board	10	10
	32	30
TOTAL REMUNERATION PAID TO ELECTED REPRESENTATIVES	223	265

Council remuneration by band

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

	2019/20 Actual $000's
<$60,000	19
$60,000 - $79,999	15
$80,000 - $119,999	9
$120,000 - $179,999	7
$180,000 - $239,999	2
TOTAL EMPLOYEES	52

	2018/19 Actual $000's
<$60,000	9
$60,000 - $79,999	13
$80,000 - $99,999	5
$100,000 - $139,999	6
$140,000 - $219,999	4
TOTAL EMPLOYEES	37

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

At balance date, the Council employed 52 (2018/19: 37) staff: 39 (2018/19: 28) full-time employees, with the balance of staff representing 7.16 (2018/19: 5) full-time equivalent employees. A full-time employee is determined on a basis of a 37.5 hour working week.

Severance agreements

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to terminate his or her employment with Council, over and above the usual employee entitlements. For the year ended 30 June 2020, the Council made no severance payments to employees (2018/19: $44,526).

Note 6 - Other expenses

Accounting Policy

Grant Expenditure

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

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

Operating Leases

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

	2018/19 Actual $000's	2019/20 Actual $000's
Audit fees		
Fees to Audit New Zealand for audit of financial statements	93	94
Fees to Audit New Zealand for audit of Long Term Plan[4]	26	0
Fees to Audit New Zealand for assurance review of the debenture trust deed	2	2
Contractors	1,454	1,802
Consultants and legal fees	1,482	1,991
Donations and grants[5]	128	102
Impairment of trade receivables	1	1
Insurance	186	223
Landfill provision: discount unwind (Note 22; Provisions)	2	6
Repairs and maintenance	396	441
Roading	1,279	1,229
Subscriptions	51	74
Waste cartage and transport	806	900
Other operating expenses	2,978	3,258
TOTAL OTHER OPERATING EXPENSES	8,884	10,123

[4]Fees to Audit New Zealand for Other Services

The fees to Audit New Zealand for other services in the year ending 30 June 2020 were for the audit of the Council's 2018-2028 Consultation Document and Long-Term Plan.

[5]Donations and Grants

Council allocated $9,101 through Rural travel and Creative Communities grants (2018/19: $19,041).

Operating leases as lessee

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

	2018/19 Actual $000's	2019/20 Actual $000's
Not later than one year	23	4
Later than one year, not later than two years	11	33
Later than two years, not later than five years	3	0
Later than five years	0	0
TOTAL NON-CANCELLABLE OPERATING CONTRACTS	37	37

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

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

Contractual commitments

These are commitments for which a formal contract has been entered at 30 June 2020.

	2018/19 Actual $000's	2019/20 Actual $000's
Utilities maintenance	886	5,460
Road maintenance	3,249	1,520
Refuse operations	1,383	780
Township maintenance	755	0
Twizel building upgrades	0	175
Pukaki Airport Water supply	0	112
Watermain Renewals	0	157
TOTAL NON-CANCELLABLE OPERATING CONTRACTS	6,273	8,204

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

Joint Operation - Operating Lease Commitments

There are no operating lease commitments associated with the joint operation Downlands Water Supply, as at 30 June 2020 (2018/19: Nil).

Note 7 - Depreciation and amortisation

Depreciation and amortisation for each Group of Activities:

	2018/19 Actual $000's	2019/20 Actual $000's
Governance and Corporate Services	194	237
Water supplies	697	721
Sewerage	345	461
Stormwater	57	63
Roading	2,251	2,346
Regulatory Services	4	6
Community and Township Services	412	433
Tourism, Economic Development and Commercial Activities	60	53
TOTAL DEPRECIATION AND AMORTISATION	4,020	4,320

Note 8 - Reconciliation of internal income and expenses

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

Internal expenses

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

	2018/19	2019/20
	Actual	Actual
	$000's	$000's
INTERNAL INCOME		
Governance and Corporate Services	1,473	1,583
Water Supplies	3	3
Wastewater	0	0
Stormwater	0	0
Roading	0	0
Regulatory Services	0	0
Community and Township Services	0	0
Tourism, Economic Development and Commercial Activities	0	0
Total internal income	**1,476**	**1,586**
INTERNAL EXPENSES		
Governance and Corporate Services	48	(114)
Water Supplies	3	0
Wastewater	0	0
Stormwater	0	0
Roading	23	19
Regulatory Services	50	227
Community and Township Services	5	6
Tourism, Economic Development and Commercial Activities	1,347	1,448
Total Internal Expenses	**1,476**	**1,586**

Note 9 - Internal borrowing

	2019/20				
	Opening balance	Repayments	Borrowings	Closing Balance	Interest Paid
	$000's	$000's	$000's	$000's	$000's
Governance and Corporate Services Activity Group					
Administration	40	2	0	38	1
Water Supplies Activity Group					
Allandale Water	298	9	0	289	8
Regulatory Services Activity Group					
Animal Control	5	0	0	5	0
Resource Management	2,611	102	151	2,660	70
Community and Township Services Activity Group					
Twizel Township	248	75	0	173	5
Waste Management	105	104	0	1	3
TOTAL INTERNAL BORROWING	**3,307**	**292**	**151**	**3,166**	**87**

	2019/20				
	Opening balance	Repayments	Borrowings	Closing Balance	Interest Paid
	$000's	$000's	$000's	$000's	$000's
Governance and Corporate Services Activity Group					
Administration	41	1	0	40	0
Water Supplies Activity Group					
Allandale Water	311	13	0	298	8
Regulatory Services Activity Group					
Animal Control	6	1	0	5	0
Resource Management	2,514	0	97	2,611	66
Community and Township Services Activity Group					
Twizel Township	341	93	0	248	8
Waste Management	359	289	35	105	13
TOTAL INTERNAL BORROWING	**3,572**	**397**	**132**	**3,307**	**95**

Note 10 - Equity

Accounting policy

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

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

Operating reserves

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

Capital reserves

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

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

Asset revaluation reserves

This reserve relates to:

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

Other Reserves & Special Funds Reserves

Other reserves

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

Restricted reserves

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

Council-created reserves

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

Accumulated General Funds

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

	2018/19 Actual $000's	2019/20 Actual $000's
ACCUMULATED FUNDS		
Balance 1 July	116,520	120,924
Surplus/(deficit) for the year	8,088	5,030
Transfers from asset revaluation reserve	17	(1)
Transfers from special funds	22	245
Transfers to special funds	(1,940)	(972)
Transfers from other reserves	0	0
Transfers to other reserves	(2)	(3)
Transfers from restricted and Council created reserves	10,981	8,294
Transfers to restricted and Council created reserves	(12,762)	(7,394)
Balance at 30 June	**120,924**	**126,123**
ASSET REVALUATION RESERVES		
Balance 1 July	119,932	148,225
Transfer to accumulated funds on disposal of assets	(45)	(70)
Revaluation gains/(losses) - financial assets	25	369
Revaluation gains/(losses) - property, plant and equipment	28,285	1,400
Other movements - transfer to accumulated funds	28	71
Balance at 30 June	**148,225**	**149,994**
SPECIAL FUNDS		
Balance 1 July	7,021	9,049
Interest earned from accumulated funds	15	4
Bequests received	0	0
Bequests expenditure	0	0
Transfers from accumulated funds	2,035	981
Transfers to accumulated funds	(22)	(245)
Balance at 30 June	**9,049**	**9,789**
OTHER RESERVES		
Balance 1 July	50	52
Interest earned from accumulated funds	2	3
Expenditure	0	0
Transfers to accumulated funds	0	0
Transfers from accumulated funds	0	0
Balance at 30 June	**52**	**55**

Reserves	Activity to which the fund relates	Purpose	2018/19 Opening Balance	2018/19 Movements into Reserve	2018/19 Movements from Reserve	2018/19 Closing Balance	2019/20 Opening Balance $000's	2019/20 Movements into Reserve	2019/20 Movements from Reserve $000's	2019/20 Closing Balance $000's
ACCUMULATED FUNDS			116,520	19,108	(14,704)	120,924	120,924	13,569	(8,370)	126,123
TOTAL ACCUMULATED FUNDS			116,520	19,108	(14,704)	120,924	120,924	13,569	(8,370)	126,123
SPECIAL RESERVE FUNDS										
Albury water fund	Communities and Township Services	Fund Albury water	40	0	0	40	40	0	0	40
Ashwick/Opuha water fund	Communities and Township Services	Fund Ashwick/Opuha water	(40)	0	0	(40)	(40)	0	0	(40)
Housing replacement	Communities and Township Services	Fund district housing	7	0	0	7	7	0	0	7
Insurance	Governance and Corporate Services	Fund disaster cover	200	0	0	200	200	0	0	200
Land subdivision	Communities and Township Services	Fund district wide projects	2,541	2,035	(20)	4,556	4,556	981	(245)	5,292
Pensioner housing amenities	Communities and Township Services	Fund pensioner housing amenities	2	0	0	2	2	0	0	2
Watertight building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	0	0	44	44	0	0	44
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	86	2	(2)	86	86	2	0	88
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	24	13	0	37	37	2	0	39
Real estate investment	Tourism, Economic Development & Commercial	Accumulate operating results from Council's real estate activities	4,115	0	0	4,115	4,115	0	0	4,115
Strathconan pool capital	Communities and Township Services	Fund Strathconan Pool capital	2	0	0	2	2	0	0	2
TOTAL SPECIAL RESERVE FUNDS MOVEMENT			7,021	2,050	(22)	9,049	9,049	985	(245)	9,789
OTHER RESERVES										
Albury war memorial	Communities and Township Services	Fund maintenance of war memorials	4	0	0	4	4	0	0	4
Ashwick/Allandale war memorial	Communities and Township Services	Fund maintenance of war memorials	5	1	0	6	6	0	0	6
Davidson bequest: cemetery	Communities and Township Services	Bequest for cemetery maintenance	2	0	0	2	2	0	0	2
Gillingham bequest: library	Communities and Township Services	Bequest for library books	0	0	0	0	0	1	0	1
Gould bequest: cemetery	Communities and Township Services	Bequest for cemetery maintenance	2	0	0	2	2	0	0	2
Paterson ponds	Communities and Township Services	Fund maintenance at Paterson Ponds	10	0	0	10	10	0	0	10
Enid Hutt Fairlie beautifying fund	Communities and Township Services	Fund expenditure in the Fairlie township	27	1	0	28	28	2	0	30
TOTAL OTHER RESERVES			50	2	0	52	52	3	0	55

Reserves	Activity to which the fund relates	Purpose	2018/19 Opening Balance	2018/19 Movements into Reserve	2018/19 Movements from Reserve	2018/19 Closing Balance	2019/20 Opening Balance $000's	2019/20 Movements into Reserve	2019/20 Movements from Reserve $000's	2019/20 Closing Balance $000's
ASSET REVALUATION RESERVES										
Share revaluation	Tourism, Economic Development & Commercial	Accumulate changes in share investments value	6,214	0	0	6,214	6,214	376	0	6,590
Investment revaluation	Tourism, Economic Development & Commercial	Accumulate movements in long-term investments	61	25	0	86	86	(7)	0	79
Infrastructural assets revaluation reserves										
- Land	Governance and Corporate Services	Accumulate changes in value of land holdings	29,322	8,133	0	37,455	37,455	1,211	0	38,666
- Water supplies	Water supplies	Accumulate value of changes in water infrastructure	13,489	3,582	0	17,071	17,071	0	0	17,071
- Downlands water supply	Water supplies	Accumulate changes in value of Downlands water infrastructure	0	648	0	648	648	0	0	648
- Wastewater schemes	Wastewater	Accumulate changes in value of wastewater infrastructure	7,365	3,842	0	11,207	11,207	0	0	11,207
- Stormwater schemes	Stormwater	Accumulate changes in value of stormwater infrastructure	2,641	442	0	3,083	3,083	0	0	3,083
- Roading	Roading	Accumulate changes in value of roading infrastructure	45,236	15,996	0	61,232	61,232	0	0	61,232
- Plant	Communities and Township Services	Accumulate changes in value of plant assets	35	0	0	35	35	0	0	35
- Buildings	Governance and Corporate Services	Accumulate changes in value of buildings	10,508	732	(45)	11,195	11,195	259	(70)	11,384
TOTAL REVALUATION RESERVES			114,871	33,400	(45)	148,226	148,226	1,839	(70)	149,995
CAPITAL RESERVES										
Administration	Governance and Corporate Services	Fund capital replacement of administration assets	(50)	2	0	(48)	(48)	3	0	(45)
Allandale water	Water supplies	Fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement	(299)	0	(7)	(306)	(306)	35	(38)	(309)
Animal control	Regulatory Services	Fund capital requirements of animal control	(6)	11	0	5	5	24	0	29
Ashwick/Opuha water	Water supplies	Fund capital requirements of Ashwick/Opuha Water scheme	71	11	0	82	82	2	0	84
Civil defence	Regulatory Services	Fund capital requirements of Civil Defence	9	0	(27)	(18)	(18)	6	(120)	(132)
District Council	Governance and Corporate Services	Fund capital requirements of Governance activities	(2)	1	0	(1)	(1)	0	0	(1)
Council building: Fairlie	Governance and Corporate Services	Fund replacement of Council's administration office in Fairlie	(32)	0	0	(32)	(32)	50	(547)	(529)
Council building: Twizel	Governance and Corporate Services	Fund replacement of Council's administration office in Twizel	20	22	0	42	42	26	(6)	62
District general	Communities and Township Services	Fund capital requirements of the district	6	1	(181)	(174)	(174)	0	(48)	(222)

Reserves	Activity to which the fund relates	Purpose	2018/19 Opening Balance	2018/19 Movements into Reserve	2018/19 Movements from Reserve	2018/19 Closing Balance	2019/20 Opening Balance $000's	2019/20 Movements into Reserve	2019/20 Movements from Reserve $000's	2019/20 Closing Balance $000's
District wide roading	Roading	Fund roading capital works district-wide	(1,568)	3,488	(3,554)	(1,634)	(1,634)	2,225	(3,303)	(2,712)
Downlands water	Water supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	93	0	0	93	93	0	(38)	55
Eversley sewer	Wastewater	To fund capital requirements of the Eversley water scheme	(1)	0	0	(1)	(1)	0	0	(1)
Fairlie Medical Centre	Communities and Township Services	Fund replacement of medical facilities in Fairlie	28	5	0	33	33	4	0	37
Fairlie pensioner housing	Communities and Township Services	Fund eventual replacement of pensioner housing stock in Fairlie	115	8	0	123	123	9	0	132
Fairlie township	Communities and Township Services	Fund capital works in the Fairlie township	0	0	0	0	0	0	(47)	(47)
Forestry	Tourism, Economic Development & Commercial	Fund operations of Council's forestry assets	6,300	835	0	7,135	7,135	1,169	0	8,304
Information technology department	Governance and Corporate Services	Fund capital replacement of IT assets	(41)	78	(46)	(9)	(9)	58	(642)	(593)
Kimbell water	Water supplies	Fund capital requirements of the Kimbell water scheme	20	1	0	21	21	1	0	22
Lake Tekapo Community Hall	Communities and Township Services	Fund replacement of Tekapo Community Hall	(42)	11	(1)	(32)	(32)	12	(2)	(22)
Lake Tekapo township	Communities and Township Services	Fund capital works in the Lake Tekapo township	0	0	0	0	0	128	(12)	116
Mackenzie community centre	Communities and Township Services	Fund the capital works at the Fairlie community centre	75	68	0	143	143	22	(74)	91
Manuka Terrace water	Water supplies	Fund investigation and construction of a new water supply for Manuka Terrace	21	0	0	21	21	1	0	22
Plant account	Governance and Corporate	Fund capital replacement of Councils Motor Vehicle assets	98	0	(78)	20	20	108	(209)	(81)
Public Toilets	Communities and Township Services	Fund replacement of Public Toilets within the district	(876)	936	(419)	(359)	(359)	76	(40)	(323)
Real estate	Tourism, Economic Development & Commercial	Fund subdivision of Councils real estate assets	78	31	0	109	109	0	(68)	41
Resource planning	Regulatory Services	Fund capital requirements of the Resource Planning Business unit	(2,514)	0	(97)	(2,611)	(2,611)	102	(151)	(2,660)
Roading professional business unit	Roading	Fund capital requirements of the Roading Business unit	(17)	4	0	(13)	(13)	4	0	(9)
School Road water	Water supplies	Fund capital requirements of the School Road Water scheme	20	3	0	23	23	3	0	26
Sherwood Downs hall	Communities and Township Services	Fund capital requirements of the Sherwood Downs Reserves	21	5	0	26	26	0	(3)	23
Sherwood Downs recreation reserve	Communities and Township Services	Fund capital requirements of the Sherwood Downs Hall	37	0	0	37	37	0	0	37
Spur Road water	Water supplies	Fund Spur Road capital debt	(4)	0	(8)	(12)	(12)	12	0	0

Reserves	Activity to which the fund relates	Purpose	2018/19 Opening Balance	2018/19 Movements into Reserve	2018/19 Movements from Reserve	2018/19 Closing Balance	2019/20 Opening Balance	2019/20 Movements into Reserve	2019/20 Movements from Reserve	2019/20 Closing Balance
							$000's		$000's	$000's
Swimming Pool: Strathconan	Communities and Township Services	Fund replacement of the Fairlie swimming pool	26	9	0	35	35	5	(16)	24
Swimming Pool: Twizel	Communities and Township Services	Fund replacement of Twizel swimming pool	(91)	4	(251)	(338)	(338)	4	(343)	(677)
Twizel Community Centre	Communities and Township Services	Fund replacement of Twizel Events Centre	270	57	(75)	252	252	92	0	344
Twizel pensioner housing	Communities and Township Services	Fund eventual replacement of pensioner housing stock in Twizel	35	8	(2)	41	41	6	(12)	35
Twizel township	Communities and Township Services	Fund capital works in the Twizel township	(341)	93	0	(248)	(248)	75	0	(173)
Urban wastewater	Wastewater	Fund district wastewater capital works	3,329	2,104	(2,675)	2,758	2,758	979	(154)	3,583
Urban stormwater	Stormwater	Fund district stormwater capital works	752	99	0	851	851	136	(37)	950
Urban water	Water supplies	Fund district water capital works	(1,237)	2,617	(1,050)	330	330	1,671	(517)	1,484
Waste management	Communities and Township Services	Fund district solid waste capital works	(361)	289	(33)	(105)	(105)	142	(8)	29
TOTAL CAPITAL RESERVES			**3,950**	**10,801**	**(8,512)**	**6,239**	**6,239**	**7,190**	**(6,435)**	**6,994**
OPERATING RESERVES										
Albury hall	Communities and Township Services	Fund operations at Albury Hall	19	0	(4)	15	15	3	0	18
Albury water supply	Water supplies	Accumulate surpluses/deficits from Albury Water Supply Rate funded activities	196	45	(72)	169	169	23	(16)	176
District general	Governance and Corporate Services	Accumulate surpluses/deficits from General Rate funded operations	(2,300)	1,184	(2,259)	(3,375)	(3,375)	0	(1,229)	(4,604)
Downlands Water supply	Water supplies	Accumulate surpluses/deficits from Downlands Water Supply Rate funded activities	129	51	0	180	180	0	0	180
Eversley/Punaroa water races	Water supplies	Accumulate surpluses/deficits to fund Eversley/Punaroa operating activities	(1)	0	0	(1)	(1)	0	0	(1)
Fairlie works and services	Communities and Township Services	Accumulate surpluses/deficits from Fairlie Works & Services rate funded operations	163	5	0	168	168	0	(2)	166
Lake Tekapo works and services	Communities and Township Services	Accumulate surpluses/deficits from Fairlie Works & Services rate funded operations	166	1	(119)	48	48	49	(213)	(116)
Other reserves	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	389	50	0	439	439	2	0	441
Pukaki Airport Board	Tourism, Economic Development & Commercial	Fund operations of Council's airport assets	649	503	0	1,152	1,152	89	(233)	1,008
Roading professional services business unit	Roading	Accumulate operating results of Council's roading business unit	(233)	0	(4)	(237)	(237)	0	0	(237)

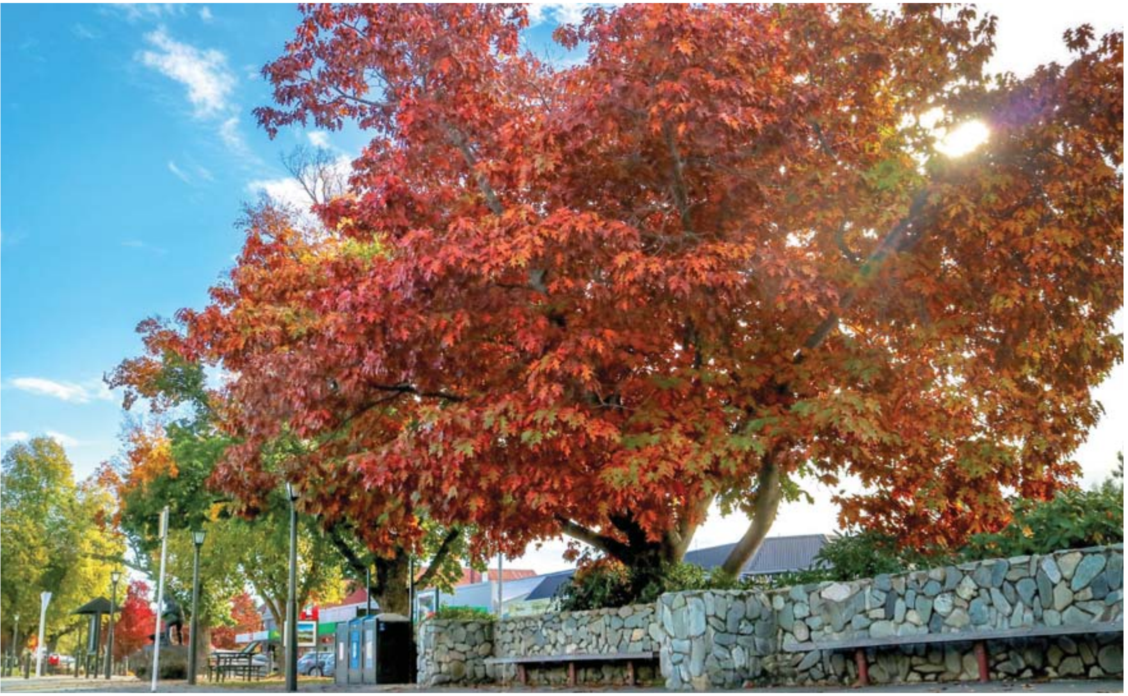
Reserves	Activity to which the fund relates	Purpose	2018/19 Opening Balance	2018/19 Movements into Reserve	2018/19 Movements from Reserve	2018/19 Closing Balance	2019/20 Opening Balance	2019/20 Movements into Reserve	2019/20 Movements from Reserve	2019/20 Closing Balance
							$000's		$000's	$000's
Rural works and services	Communities and Township Services	Accumulate surpluses/deficits from Rural Works & Services rate funded operations	(93)	39	0	(54)	(54)	0	0	(54)
Tourism and development	Tourism, Economic Development & Commercial	Accumulate operating results from the ownership of the Pukaki Visitor Centre	(315)	27	0	(288)	(288)	15	(12)	(285)
Twizel works and services	Communities and Township Services	Accumulate surpluses/deficits from Twizel Works & Services rate funded operations	151	56	(11)	196	196	0	(12)	184
Waste management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's Solid Waste operation	27	0	0	27	27	23	(142)	(92)
TOTAL OPERATING RESERVES			(1,053)	1,961	(2,469)	(1,561)	(1,561)	204	(1,859)	(3,216)
TOTAL EQUITY			241,359	67,322	(25,752)	282,929	282,929	23,790	(16,979)	289,740

Note 11 - Cash and cash equivalents

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

	2018/19 Actual $000's	2019/20 Actual $000's
BREAKDOWN OF CASH AND CASH EQUIVALENTS AND FURTHER INFORMATION		
Cash at bank and in hand	4,281	2,897
Short-term deposits maturing three months or less from date of acquisition	4,134	0
TOTAL CASH AND CASH EQUIVALENTS	8,415	2,897

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



Note 12 - Receivables

Accounting policy
Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	2018/19 Actual $000's	2019/20 Actual $000's
Rates	376	526
Dividend receivable	0	0
Interest receivable	41	53
Other taxes receivable (e.g. GST and FBT)	0	305
Prepayments	93	95
Other receivables	2,109	3,007
	2,619	3,985
Less: provision for uncollectability	0	(7)
TOTAL RECEIVABLES	2,619	3,978
Total receivables comprise:		
Receivables and prepayments from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates	2,286	2,422
Receivables and prepayments from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	333	1,556
TOTAL RECEIVABLES	2,619	3,978

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.

Movements in the provision for uncollectability of receivables are as follows:

	2018/19 Actual $000's	2019/20 Actual $000's
Opening balance 1 July	(19)	0
Additional provisions made during the year	0	(7)
Receivables written-off during the period	19	0
Receivables recovered during the period	0	0
CLOSING BALANCE 30 JUNE	0	(7)

Note 13 - Tax

Relationship between tax expense and accounting surplus:

	2018/19 Actual $000's	2019/20 Actual $000's
Surplus/(deficit) before tax	8,088	5,030
Tax at 28% (2019: 28%)	2,265	1,409
Prior period adjustment	0	0
Movements in unrecognised tax losses	0	(2)
Non-taxable income/expenditure	(2,265)	(1,407)
TAX EXPENSE	0	0
Components of tax expense:		
Adjustments to current tax in prior years	0	0
Current taxation	0	0
Deferred taxation	0	0
TAX EXPENSE	0	0

The Council has unrecognised tax losses of $158,716 (2019: $39,362), with a tax effect $44,440 at 28% (2019: $11,021) available to carry forward to offset assessable revenue in future years.

Note 14 - Other financial assets

Accounting policy

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

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

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

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

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

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

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

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

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

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

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

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

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

	2018/19 Actual $000's	2019/20 Actual $000's
Current	7,684	16,214
Non-current	11,596	10,932
TOTAL OTHER FINANCIAL ASSETS	19,280	27,145

Investments are comprised of:

	2018/19 Actual $000's	2019/20 Actual $000's
CURRENT PORTION		
Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months		
Bonds	0	1,025
Strongly rated corporate bonds	0	0
Eversley Sewerage Loan	9	9
Term deposits with maturities of 3-12 months	7,675	15,180
TOTAL CURRENT PORTION	7,684	16,214
NON-CURRENT PORTION		
Investment in CCO's and similar entities		
Eversley Sewerage	107	100
Total investments in CCO's and similar entities	107	100
Investment in other entities		
Community loans	0	0
Bonds	1,042	0
Strongly rated corporate bonds	819	829
Unlisted shares	9,628	10,003
Term deposits	0	0
Total investments in other entities	11,489	10,832
TOTAL NON-CURRENT PORTION	11,596	10,932
TOTAL OTHER FINANCIAL ASSETS	19,280	27,145

Fair Value

Term deposits

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

Bonds

The fair value of bonds is $1,024,639 (2019: $1,041,897). 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 0.49% and 3.25% (2019: 2.64% and 3.43%).

Local authority stock

No local authority stock was held at balance date (2019: $Nil). Fair value has been determined by discounting cash flows from the stocks using a discount rate derived from relevant market inputs.

Strongly rated corporate bonds

The fair value of corporate bonds is $829,062 (2019: $818,944). Fair value has been determined by discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates used are 1.11% and 1.51% (2019: 3.19% and 3.46%).

Unlisted shares

Unlisted shares are recognised at fair value.

The Council holds 2,049,870 fully paid shares (2019: 2,049,870) of $4.88 (2019: $4,69) in Alpine Energy Ltd. The shares are recognised at fair value as assessed by Ernst & Young for the year ending 31 March 2020. There were no other significant changes from the previous year.

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

"The DCF method involves:

- Estimating the EBITDA from FY21 to FY25 (when the fourth regulatory period ends) based on our analysis of the maximum allowable revenue (MAR) for the regulatory period.
- Deducting the capital expenditures and depreciation provided by AEL management to derive the cash flows.
- Deducting the net debt as of the valuation date and added the fibre network business and the market value of AEL's rental property as surplus assets."

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

- A DCF of the free cash flows until the end of the current regulatory period on the basis that income can be determined with a reasonable degree of certainty.
- Using an estimated EBITDA from FY21 to FY25 (when the fourth regulatory period ends) and applying the observed market multiples.
- The discounted cash flows use a nominal post-tax weighted average cost of capital (WACC) mid-point of 4.2% (2019: 5.35%), a rate based on the market risk premium 7.5% and beta of 0.6.
- The computed implied EBITDA multiple of 9.8x (mid-point) falls within the range of multiples for comparable publicly listed companies.
- The risk-free rate used for 31 March 2020 was 0.7% (2019: 2.72%)."

As at 31 March 2020, Alpine Energy Ltd had net tangible assets per share of $7.25 (2019: $7.09) and the earnings per share were $52.40 (2019: $33.30) according to the annual report of the company.

Alpine Energy Limited

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. This is carried at fair value.

	2018/19		2019/20	
	Number of shares held	Value per share	Number of shares held	Value per share
Other financial assets	2,049,870	$4.69	2,049,870	$4.88

Shares in Alpine Energy Limited	2018/19 Actual $000's	2019/20 Actual $000's
OPENING BALANCE	9,628	9,628
Plus revaluations	0	376
CLOSING BALANCE	9,628	10,003

INTEREST RATES - the weighted average effective interest rates on:	2018/19 Actual	2019/20 Actual
Call accounts and term deposits	1.00-3.5%	0.05-2.98%
Local authority stock	0.00%	0.00%
State owned enterprises and strongly rated corporates	4.05%	4.05%
Trading bank stock	4.78%	4.78%

Note 15 - Inventories

Accounting policy

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

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

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

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

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

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

Breakdown of inventory and further information:

	2018/19 Actual $000's	2019/20 Actual $000's
Current	58	66
Non-current	999	958
TOTAL INVENTORIES	1,057	1,023
Inventories are comprised of:		
CURRENT PORTION		
Held for distribution or consumption	58	66
Commercial inventory - land developed for sale[4]	0	0
Total current portion	58	66
NON-CURRENT PORTION		
Held for distribution or consumption:	0	0
Commercial inventory - land developed for sale[4]	999	958
Total non-current portion	999	958
TOTAL INVENTORIES	1,057	1,023

No inventories are pledged as security for liabilities (2018/19: $Nil).

Held for distribution inventory

Inventories held for distribution or consumption include:

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

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2020 amounted to $65,585 (2018/19: $58,572).

The write-down of inventory held for distribution because of a loss in service potential amounted to $Nil (2018/19: $Nil). There have been no reversals of write-downs (2018/19: $Nil).

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

Commercial inventory

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

The write-down of commercial inventory to net realisable value amounted to $Nil (2018/19: $Nil). There have been no reversals of write-downs (2018/19: $Nil).

Note 16 - Forestry

Accounting policy

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

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

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

	2018/19 Actual $000's	2019/20 Actual $000's
OPENING BALANCE	5,910	6,557
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	650	583
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	47	(817)
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to log cartage rate changes	0	0
Increase/(decrease) in recoverable volume estimates (Woodburn)	0	606
Increase/(decrease) due to discount rate change	0	562
Increase/(decrease) due to harvesting and fire	(51)	(313)
TOTAL INVENTORIES	6,557	7,178

During the financial period 16.6 hectares were harvested and 4.9 hectares were replanted (2018/19: 44.6 hectares replanted, no harvesting took place).

Valuation assumptions

Independent registered valuer, Terry O'Neill (Bachelor of Forestry Science) Forestry Consultant, with Ashburton District Council have valued forestry assets as at 30 June 2020 in accordance with PBE IPSAS 27: Agriculture.

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

- The Net Present Value method has been used which values mature stands with inventory information at their realisable ("immediate liquidation") value.
- A discount rate of 7.0% (2018/19: 7.5%) has been used in discounting the present value of expected future cash flows.
- Land value is expressed as an annual rental and included in the annual overhead cost. Reserves vested to the Council by the crown that have been planted in trees (42% of the Council's plantations) have a nil land value. The remaining land has an average value of $1,500/ha, the annual cost of this land has been set as a rental of 4% on this value that is $60/ha/year.
- Radiata Pine Gross log prices have decreased by 6.8% (2018/19: increased by 0.3%).

Costs include the following:

- Log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the mill or wharf. The harvesting costs used for the valuation are derived from the current average cost for operations.
- Logging costs for Council's plantations are reasonably high due to varied terrain and small stand size. All plantations are able to be harvested using conventional ground based systems.
- Logging, loading and roading costs have remained unchanged at $29.00/tonne (ground based) and $38 (steepland)
- Log sale management commission has been Included in overheads
- Log cartage is well serviced in Canterbury. This year cartage fixed rates have remained $3.50 per tonne (2018/19: $3.50) and the variable rate of $0.20 per tonne/km (2018/19: $0.20 per tonne/km) . The average cartage distances are: Cave/Albury 60km, Downlands 100km & 130km Mackenzie Basin.
- Point-of-sale costs: Commissions on assets of significant value can generally be discounted with a rate of 2% (2018/19: 2%).
- The sales agent commission could therefore cost between $30,000 and $55,000. For valuation purposes $50,000 has been used.
- The Sales Memorandum for a scattered forest estate such as this one, would be complex and relatively expensive to put together, therefore a cost of $15,000 has been allowed.

Note 17 - Intangible assets

Accounting policy

Software acquisition and development

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

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

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

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

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

Easements

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

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

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

Carbon Credits

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

Amortisation

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

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

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

For the year ending 30 June 2020	1 July 2019			30 June 2020								30 June 2020		
	Cost	Accum amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposal amortisation	Current year impairment charges	Amortisation charge	Closing carrying amount	Cost	Accum Amortisation and impairment charges	Carrying amount
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Computer software	326	270	56	0	0	6	0	0	0	35	27	332	305	27
Carbon emissions	376	0	376	2	0	425	796	0	0	0	7	7	0	7
Capital work in progress	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTANGIBLE ASSETS	702	270	432	2	0	431	796	0	0	35	34	339	305	34

For the year ending 30 June 2019	1 July 2018			30 June 2019								30 June 2019		
	Cost	Accum amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposal amortisation	Current year impairment charges	Amortisation charge	Closing carrying amount	Cost	Accum Amortisation and impairment charges	Carrying amount
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Computer software	301	226	75	0	0	25	0	0	0	44	56	326	270	56
Carbon emissions	270	0	270	(34)	0	410	270	0	0	0	376	376	0	376
Capital work in progress	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INTANGIBLE ASSETS	571	226	345	(34)	0	435	270	0	0	44	432	702	270	432

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Impairment

Carbon Credits

There was a $232,015 gain on sales of carbon credits during the year (see Note 4).

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.

Note 18 - Property, plant and equipment

Accounting policy

Property, plant and equipment consist of:

Operational assets

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

Restricted assets

Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the financial statements because there 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. The measurement base for each class of asset is described below.

Operational assets	Is the class revalued?	Valuation basis
Buildings	Yes	Fair value
Computer hardware	No	Depreciated historical cost
Furniture and fittings	No	Depreciated historical cost
Heritage assets	No	Deemed cost
Land	Yes	Fair value
Motor vehicles	No	Depreciated historical cost
Office equipment	No	Depreciated historical cost
Plant and machinery	No	Depreciated historical cost
Resource recovery parks	No	Depreciated historical cost

Restricted assets	Is the class revalued?	Valuation basis
Land	Yes	Fair value

Infrastructural assets	Is the class revalued?	Valuation basis
Flood protection and control works	No	Not applicable
Landfills	No	Depreciated historical cost
Village projects	No	Depreciated historical cost
Alps2Ocean cycleway	No	Deemed cost
Land under roads	No	Not applicable
Roads and footpaths	Yes	Optimised depreciated replacement cost
Resource consents	No	Depreciated historical cost
Stormwater	Yes	Optimised depreciated replacement cost
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 expenditure and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenditure but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenditure.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-today servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Depreciation method	Life (years)
Buildings	Straight line	13-80
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles	Straight line	5
Office equipment	Straight line	5-10
Light plant and machinery	Straight line	10-25
Plant and machinery	Straight line	10-25
Resource recovery parks	Straight line	10-33

Infrastructural assets	Depreciation method	Life (years)
Flood protection and control works	Not applicable	-
Landfills	Straight line	30-50
Village projects	Straight line	5-80
Alps2Ocean cycleway	Straight line	50
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths	Straight line	6-80
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17
Kerb and channelling	Straight line	10-100
Street signs	Straight line	13
Streetlighting	Straight line	20-40
Bridges	Straight line	80-100
Resource consents	Straight line	10-33
Stormwater		
Lines	Straight line	60-150
Manholes	Straight line	150
Open drains	Not depreciated	-
Wastewater		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	80

Infrastructural assets	Depreciation method	Life (years)
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	25
Service lines	Straight line	80-100
Hydrants	Straight line	80
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Valuation Partners. The valuation is effective as at 30 June 2020.

Land (operational, restricted, and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational)

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 2020 valuation include:

The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.

The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs based on a modal rate of $2,961 per square metre (includes an 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 $2,875 per square metre and a multiple range of 0.2 to 1.7.

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 2020 valuation do not include market rents and capitalisation rates.

Infrastructural asset classes: wastewater, stormwater, water and roads

The most recent valuation of infrastructural assets was performed by an independent registered valuer, Mark Gordon (BE(Hons), MBA, SMEngNZ, CPEng), performed the Roading revaluation with an effective date of 30 June 2019. Miles Wyatt (DipBus(InfoSys), CMEngNZ, MIAM, REAcap) performed the three waters valuation with an effective date of 30 June 2019.

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

Determination of quantities and sizes of assets are optimised to relate to those acquired for current service delivery and foreseeable demand with the constraint that both sizes and quantities may only be reduced to reflect restrictions in need. Expansions are matters to be considered in capital improvement budgets.

Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern engineering equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed 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 expenditure.

To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Critical judgements in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

For the year ending 30 June 2020	1 July 2019			30 June 2020									30 June 2020		
	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
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
OPERATIONAL ASSETS															
Buildings	17,319	20	17,300	(121)	380	494	0	307	0	0	381	17,365	17.386	21	17,365
Computer hardware	386	350	36	0	0	47	0	17	7	0	19	55	417	362	55
Furniture and fittings	621	479	142	0	0	60	0	3	3	0	22	180	677	497	180
Heritage assets	30	17	13	0	0	0	0	0	0	0	0	13	30	17	13
Land	30,232	0	30,232	881	0	0	0	0	0	0	0	31,113	31,113	0	31,113
Motor vehicles	464	221	243	0	0	225	0	85	76	0	107	352	604	252	352
Office equipment	146	125	21	0	0	0	0	0	0	0	4	17	146	129	17
Plant and machinery	840	503	337	0	0	70	0	0	0	0	49	358	910	552	358
Resource recovery parks	171	122	49	0	0	0	0	0	0	0	8	41	171	130	41
Total Operational Assets	50,209	1,837	48,373	760	380	896	0	412	86	0	590	49,492	51,454	1,962	49,492
RESTRICTED ASSETS															
Land	9,334	0	9,334	325	0	66	0	0	0	0	0	9,725	9,725	0	9,725
Total Restricted Assets	9,334	0	9,334	325	0	66	0	0	0	0	0	9,725	9,725	0	9,725
INFRASTRUCTURAL ASSETS															
Flood protection and control works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landfills	136	77	59	0	0	0	0	0	0	0	4	55	136	81	55
Village projects	2,952	1,025	1,927	0	0	474	0	67	67	0	88	2,312	3,359	1,047	2,312
Alps2Ocean cycleway	740	84	656	0	0	0	0	0	0	0	15	641	740	99	641
Land under roads	6,104	0	6,104	0	0	6	0	0	0	0	0	6,110	6,110	0	6,110
Roads and footpaths	116,795	0	116,795	0	0	3,366	63	0	0	0	2,341	117,884	120,224	2,341	117,884
Resource consents	472	124	348	0	0	0	0	0	0	0	20	328	472	144	328
Stormwater: drainage	7,402	0	7,402	0	0	109	0	0	0	0	62	7,449	7,511	62	7,449
Wastewater: treatment plants and facilities	2,449	14	2,435	0	0	72	0	0	0	0	24	2,483	2,521	38	2,483
Wastewater: other assets	19,180	0	19,180	0	0	254	0	0	0	0	424	19,010	19,433	424	19,010
Water supplies: treatment plants and facilities	189	0	189	0	0	34	0	0	0	0	9	214	223	9	214
Water supplies: rural	1,173	296	877	0	0	0	0	0	0	0	28	849	1,173	324	849
Water supplies: other assets	28,899	0	28,899	0	0	339	0	0	0	0	647	28,591	29,238	647	28,591
Total Infrastructural Assets	186,491	1,620	184,871	0	0	4,653	63	67	67	0	3,662	185,926	191,140	5,215	185,926
Capital Work in Progress	517	0	517	0	0	800	(63)	0	0	0	0	1,253	1,253	0	1,253
Joint Operation Assets	1,173	5	1,168	0	0	21	0	0	0	0	33	1,156	1,194	38	1,156
TOTAL PROPERTY, PLANT AND EQUIPMENT	247,724	3,462	244,263	1,085	380	6,436	0	478	153	0	4,285	247,552	254,767	7,215	247,552

For the year ending 30 June 2019	1 July 2018			30 June 2019									30 June 2019		
	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
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
OPERATIONAL ASSETS															
Buildings	16,263	13	16,250	316	371	574	171	5	0	0	378	17,299	17,319	20	17,299
Computer hardware	358	334	24	0	0	28	0	0	0	0	16	36	386	350	36
Furniture and fittings	537	462	75	0	0	84	0	0	0	0	17	142	621	479	142
Heritage assets	30	16	14	0	0	0	0	0	0	0	1	13	30	17	13
Land	27,182	0	27,182	2,914	0	126	10	0	0	0	0	30,232	30,232	0	30,232
Motor vehicles	327	162	165	0	0	137	0	0	0	0	59	243	464	221	243
Office equipment	143	121	22	0	0	3	0	0	0	0	4	21	146	125	21
Plant and machinery	782	458	324	0	0	58	0	0	0	0	45	337	840	503	337
Resource recovery parks	171	114	57	0	0	0	0	0	0	0	8	49	171	122	49
Total Operational Assets	45,793	1,680	44,113	3,230	371	1,010	181	5	0	0	528	48,372	50,209	1,837	48,372
RESTRICTED ASSETS															
Land	9,075	0	9,075	194	0	65	0	0	0	0	0	9,334	9,334	0	9,334
Total Restricted Assets	9,075	0	9,075	194	0	65	0	0	0	0	0	9,334	9,334	0	9,334
INFRASTRUCTURAL ASSETS															
Flood protection and control works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landfills	136	73	63	0	0	0	0	0	0	0	4	59	136	77	59
Village projects	2,903	943	1,960	0	0	49	0	0	0	0	82	1,927	2,952	1,025	1,927
Alps2Ocean cycleway	740	69	671	0	0	0	0	0	0	0	15	656	740	84	656
Land under roads	6,085	0	6,085	0	0	19	0	0	0	0	0	6,104	6,104	0	6,104
Roads and footpaths	103,600	4,067	99,533	9,544	6,438	3,527	0	0	0	0	2,247	116,795	116,795	0	116,795
Resource consents	383	110	273	0	0	0	89	0	0	0	14	348	472	124	348
Stormwater: drainage	6,471	100	6,371	286	156	645	0	0	0	0	56	7,402	7,402	0	7,402
Stormwater: schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wastewater: treatment plants and facilities	1,921	96	1,825	(526)	131	779	275	0	0	0	49	2,435	2,449	14	2,435
Wastewater: other assets	14,853	542	14,311	3,407	830	920	0	0	0	0	288	19,180	19,180	0	19,180
Water supplies: treatment plants and facilities	1,503	5	1,498	(1,332)	75	18	0	0	0	0	70	189	189	0	189
Water supplies: rural	1,571	348	1,223	(467)	87	69	0	0	0	0	35	877	1,173	296	877
Water supplies: other assets	24,564	1,114	23,450	3,484	1,720	827	0	0	0	0	582	28,899	28,899	0	28,899
Total Infrastructural Assets	164,730	7,467	157,263	14,396	9,437	6,853	364	0	0	0	3,442	184,871	186,491	1,620	184,871
Capital Work in Progress	743	0	743	0	0	392	(618)	0	0	0	0	517	517	0	517
Joint Operation Assets	775	232	544	403	245	0	0	5	0	0	18	1,169	1,173	5	1,169
Properties where use is to be determined	41	0	41	0	0	4	0	45	0	0	0	0	0	0	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	221,157	9,379	211,779	18,223	10,053	8,324	(73)	55	0	0	3,988	244,263	247,724	3,462	244,263

Valuation

Operational assets

Buildings are measured at fair value less accumulated depreciation with subsequent additions recorded at cost. Buildings were revalued at 30 June 2020 by Valuation Partners. Future revaluations will be carried out on a three yearly basis. Buildings have been valued using market values where a market value exists for that asset, or at depreciated replacement cost. Each building has also been componentised into:

- Structure;
- Services; and
- Internal fitout.

Land is valued at fair value. This is determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Valuation Partners, and the valuation is effective as at 30 June 2020. Any subsequent additions from this date have been recorded at cost.

Plant and machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2010 by the registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage assets have been recorded at cost less accumulated depreciation. Other assets are valued at the lower of cost less accumulated depreciation.

Infrastructural assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable.

Infrastructural assets include wastewater, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents and Alps 2 Ocean Cycleway, have been included in this document at their 30 June 2019 (roading) and 30 June 2019 (water, wastewater and stormwater) valuations, plus additions at cost, less accumulated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis was conducted by a registered valuer, AECOM, and these assets have been valued at depreciated replacement cost as at 30 June 2019 (roading) and 30 June 2019 (water, wastewater and stormwater). 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.

The measurement basis for Downlands Water Scheme has 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 and peer reviewed by Brian Smith Advisory Services (B Com CA), using a replacement cost basis and valuation is effective at 30 June 2019.

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.

Impairment

Impairment losses during the 2019/20 financial year in relation to property, plant and equipment were $9,435 (2018/19: $71,000).

Work In Progress

The total amount of property, plant and equipment in the course of construction is $1,253,179 (2018/19: $516,851). Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date and depreciated from the following year.

Restrictions

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both.

This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Core Assets

Included within the infrastructure assets above are the following core Council assets:

	2019/20			
	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Replacement cost
	$000's	$000's	$000's	$000's
Water supply				
Treatment plants and facilities	214	34	0	345
Other assets	28,591	192	146	44,759
Rural	849	0	0	882
Wastewater				
Treatment plants and facilities	2,483	72	0	3,217
Other assets	19,010	33	221	31,717
Stormwater				
Drainage	7,449	48	61	9,801
Flood protection	0	0	0	0
Roading				
Roads and footpaths	117,884	2,402	1,027	170,565
TOTAL	**176,480**	**2,781**	**1,455**	**261,286**

The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 1 July 2019 plus additions during 2019/2020 at cost. Comparatives for the roading assets have been adjusted to include street lights and similar roading assets previously excluded.

	2018/19			
	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Replacement cost
	$000's	$000's	$000's	$000's
Water supply				
Treatment plants and facilities	189	18	0	311
Other assets	28,899	375	452	44,421
Rural	877	69	0	882
Wastewater				
Treatment plants and facilities	2,435	1,053	0	3,121
Other assets	19,180	94	826	31,426
Stormwater				
Drainage	7,402	0	645	9,692
Flood protection	0	0	0	0
Roading				
Roads and footpaths	116,795	3,528	1,592	166,902
TOTAL	**175,777**	**5,137**	**3,515**	**256,755**

Note 19 - Subsidiary

Mackenzie Holdings Limited

Mackenzie Holdings Limited is now a dormant company from the perspectives of the Inland Revenue Department and Companies Office. Council resolved, on 20 July 2017, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future. This decision was reconfirmed by Council on 23 June 2020.

Mackenzie Tourism and Development Trust

The Mackenzie District Council holds 100% control of Mackenzie Tourism and Development Trust.

Mackenzie Tourism and Development Trust is now a dormant company from the perspective of the Inland Revenue Department. Council is in the process of dissolving the Trust. Council resolved, on 13 June 2013, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation. Mackenzie Tourism and Development Trust will be wound up at some time in the future. This decision was reconfirmed by Council on 31 October 2019.

Note 20 - Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	2018/19 Actual $000's	2019/20 Actual $000's
CURRENT PORTION		
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	1,867	2,758
Revenue in advance	532	104
Deposits on Land Sales	601	821
Total	3,000	3,683
Payables and deferred revenue under non-exchange transactions		
Other taxes payable (e.g. GST and FBT)	212	0
Grants payable	0	0
Rates in advance	118	115
Total	330	115
TOTAL CURRENT PAYABLES AND DEFERRED REVENUE	3,330	3,798

Fair Value

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 21 - Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits expected be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and
- The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	2018/19 Actual $000's	2019/20 Actual $000's
Current	258	260
Non-current	24	29
Total employee entitlements	**282**	**289**

Employee entitlements are comprised of:

	2018/19 Actual $000's	2019/20 Actual $000's
CURRENT PORTION		
Accrued salaries and wages	147	35
Annual leave	111	225
Long service leave	0	0
Sick leave	0	0
TOTAL CURRENT PORTION	**258**	**260**
NON-CURRENT PORTION		
Retirement gratuities	24	29
TOTAL NON-CURRENT PORTION	**24**	**29**
TOTAL EMPLOYEE ENTITLEMENTS	**282**	**289**

Note 22 - Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Critical accounting estimates and assumptions

As the former owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment.

The Council has obtained resource consents for the closure of the following landfills:

- Burkes Pass landfill - granted until 27 July 2031
- Fairlie landfill - granted until 27 July 2031
- Tekapo landfill - granted until 27 July 2031
- Twizel landfill - granted until 27 July 2031
- Haldon landfill - granted until 27 July 2031
- Albury landfill - granted until 27 July 2031

The cash outflows for landfill post-closure costs are expected to occur for up to 11 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is $56,972 (2018/19: $63,896).

The following significant assumptions have been made in estimating the provision:

- The remaining capacity of the site is 0.5 million cubic metres (refuse, clean fill, and cover).
- The estimated remaining life is 11 years, based on current projected waste volumes. Projected waste volumes have been estimated by using historical waste trend information.
- An annual inflation factor of 0.97% (2019: 1.74%) has been applied in estimating the future cash outflows.
- Discount rates of 0.97% (2019: 1.74%) has been used to discount the estimated future cash outflows. These rates have been determined using 30 June 2020 Treasury risk-free discount rate forecast.

The management of the landfill will influence the timing of recognition of some liabilities. For example, the current landfill will operate in two stages. A liability relating to stage two will be created only when this stage is commissioned and when refuse begins to accumulate in this stage. Estimates of the life and future expenditure are reviewed annually by Council.

	2018/19 Actual $000's	2019/20 Actual $000's
Current	3	4
Non-current	52	50
Total provisions	55	54

CURRENT PROVISIONS	2018/19	2019/20
Landfill aftercare liability	3	4
Mackenzie Tourism and Development Trust	0	0
TOTAL CURRENT PROVISIONS	3	4

NON-CURRENT PROVISIONS	2018/19	2019/20
Landfill aftercare liability	52	50
TOTAL NON-CURRENT PROVISIONS	52	50
TOTAL PROVISIONS	55	54

Movements from each class of provisions are as follows:

LANDFILL AFTERCARE LIABILITY	2018/19	2019/20
Opening balance	58	55
Additional provisions made	0	(2)
Amounts used	0	0
Unused amounts reversed	(5)	(4)
Discount unwind (Note 6; Other expenses)	2	6
TOTAL LANDFILL AFTERCARE LIABILITY	55	54

Note 23 - Surplus property

LAND	2018/19 Actual $000's	2019/20 Actual $000's
Opening balance	1,244	999
Add/less:		
Disposals	(245)	(41)
CLOSING BALANCE	999	958
TOTAL SURPLUS PROPERTY	999	958

Total surplus properties are comprised of:

	2018/19	2019/20
Inventory (Note 15; Inventories)	999	958
Current portion of Property intended for disposal	0	0
TOTAL SURPLUS PROPERTIES	999	958

Note 24 - Related party transactions

Mackenzie District Council collects rates on behalf of the Downlands Water Scheme and distributes them exactly to the Downlands Water Scheme committee.

Mackenzie District Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

James Leslie leases premises on Lot 42, Pukaki Airport on a month to month basis. Transactions between James Leslie and Council total $616 for the year. No amounts were outstanding at balance date.

Russel Armstrong has an interest in High Country Auto Services. Council has transactions in the year totalling $1,634 incl GST with High Country Auto Services with no payments outstanding at balance date.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2020 (2019: Nil). No related party debts have been written off or forgiven during the period (2019: Nil).

Key Management Personnel Compensation

	2018/19 Actual $000's	2019/20 Actual $000's
COUNCILLORS		
Remuneration	191	236
Full-time equivalent members	7	7
SENIOR MANAGEMENT TEAM, INCLUDING THE CHIEF EXECUTIVE		
Remuneration	980	589
Full-time equivalent members	6	3

Senior Management Team remuneration for 2019/20 includes Nil termination payments (2018/19: $44,526)

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Key Management personnel include the Mayor, Councillors, Chief Executive and other Senior Management personnel.

There are no close family members of key management personnel employed by the Council.

An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 5.

Note 25 - Contingent liabilities and assets

	2018/19 Actual $000's	2019/20 Actual $000's
CONTINGENCIES		
Housing New Zealand contribution to the Fairlie Pensioner Housing Units	516	516
TOTAL CONTINGENT LIABILITIES	516	516

Contingent Liabilities

Housing New Zealand Contribution

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the Pensioner Housing units in Fairlie. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. This liability will cease on 12 June 2028.

Contingent Assets

There are no contingent assets (2018/19: $nil).

Note 26 - Events after balance date

No post balance date events have occurred up to the date of report adoption that are known to have a material effect on the Financial Statements and Notes to the Financial Statements of Council (2018/19: Nil).

Land sales: Pukaki Airport Board

During the year, one section sale settled with third parties for the disposal of a parcel of land held for a total cash consideration of $580,000 (2018/19: $1,029,400). The initial deposit received for the one property was $58,000 which is included in Note 20: Payables and Deferred revenue as deposits on land sales as at the end of the financial year. The Disposals are expected to be completed by the end of the 2021/22 financial year.

The remaining amounts receivable (including sales from previous years) prior to settlement are collectible as follows:

	2018/19 Actual $000's	2019/20 Actual $000's
Not later than one year	724	403
Later than one year, not later than two years	79	122
Later than two years, not later than five years	79	0
Total loans and receivables	**882**	**525**

Land sales: Mackenzie District Council

One section sale settled in September 2020 for a total of $602,915. This will be reported in the 2020/21 financial year.

New contract agreements

- On 24 June 2020 Council entered into a contract with Whitestone contracting for the maintenance of the Water, Wastewater and Piped Storm water for the period 1 August 2020 to 31 July 2025.
- In December 2018, Council received a $712,000 grant from the Provincial Growth fund (MBIE) approved for destination management planning in collaboration with the Department of Conservation (DOC). On 25 August 2020, Council approved the appointment of a consortium led by BECA to progress work on Te Manahuna Ki Uta / Destination Mackenzie project.
- On 1 Aug 2020 Council entered into a contract with Whitestone Contracting for district wide township maintenance for the period 1 Sep 2020 to 30 June 2025.
- Three Water Reform: In July 2020, the Government announced initial funding to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements. The Council has agreed on 25th August 2020 to sign the MOU (Memorandum of Understanding). The Funding Agreement was countersigned by the DIA (Department of Internal Affairs) on 30 Oct 2020 and the Delivery Plan was countersigned on 16 Nov 2020. The total maximum amount payable under the Funding Agreement is $5.12m, with an initial payment of $2.94m received in Nov 2020.
- A New waste services contract was awarded on 11 Aug 2020 which will be effective from Oct 2021 to July 2036. This places an importance on minimising waste to landfill.

Alpine Energy Limited

The Directors of Alpine Energy Limited signed the solvency certificate for the final dividend fully imputed on 23 July 2020. As the declaration for the final dividend was after balance date, Council has not included the revenue in 2019/2020. The revenue will be recognised in 2020/2021 financial year.

Note 27 - Financial instruments

	2018/19 Actual $000's	2019/20 Actual $000's
FINANCIAL ASSETS:		
Loans and receivables		
Cash and cash equivalents	8,415	2,897
Receivables	2,526	3,579
Other financial assets		
Eversley Loan	116	109
Term deposits	7,675	15,180
Total loans and receivables	**18,732**	**21,764**
Fair value through other comprehensive revenue and equity		
Bonds	1,042	1,025
Strongly rated corporate bonds	819	829
Local authority stock	0	0
Unlisted shares	9,628	10,003
Fair value through other comprehensive revenue and equity	**11,489**	**11,857**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost		
Payable	1,867	2,758
Total financial liabilities at amortised cost	**1,867**	**2,758**

Note 28 - Explanation of major variances against budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2019-2020 Annual Report are as follows:

Statement of Comprehensive Revenue and Expense

Council's net comprehensive revenue and expenditure of $6,799,000 was $5,037,000 lower than the budgeted net comprehensive revenue and expenditure of $11,836,000. This is due to the net effect of the following variances in revenue and in expenditure as detailed below:

Revenue - Refer to Note 4: Revenue.

Revenue was $24,456,000 compared to the budgeted revenue of $21,864,000.

Contributions
Contributions are generated as a result of developers giving effect to subdivision plans and have contributed $3,186,000 in revenue for the year. The budget was $1,832,000, therefore revenue from contributions is $1,354,000 higher than expected due to increased development in the District.

Other revenue
Other revenue totals $5,710,000, which is $1,735,000 more than the budget of $3,975,000. This is largely due to unplanned income received from:
- A forestry revaluation gain of $621,000
- Carbon credits were issued to Council during the year worth $425,000
- Gain on sale of carbon credits of $232,000
- Timber sales of $785,000
- Gain on sale of other assets $224,000
- Investment revaluation increase of $93,000

Vested assets
Infrastructural assets and land vested in Council this year totalled $1,528,000 from Fairlie, Tekapo and Twizel developers, including water assets of $147,000, sewer assets $221,000, stormwater assets $61,000, roading assets $1,032,000 and land $66,000. The variance of Vested Assets ($835k lower than budget) is largely attributed to lower than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non-cash item and is subject to the number of subdivisions that are completed.

Financial assets at fair value through other comprehensive revenue and expenditure
The value of Alpine Energy shares increased by $375,000. This was offset by a small decrease in the value of Council's investment stock.

Property, plant and equipment revaluations
Property, plant and equipment revaluations were $1,400,000; being $6,732,000 below the budget of $8,132,000.

Council revalue its infrastructural assets on a three-yearly cycle. Due to the level of revaluation increase this was included in the 2019 year, while it was budgeted for in the 2020 year.

Council undertook the revaluation of its land and buildings again this year due to the continuing increasing values across the District. The resulting unrealised gain from the Land and Buildings revaluation was $1,465,000. The revaluation was not budgeted due to the inherent difficulties in forecasting market conditions which affect fair value.

Expenditure - Refer to Note 5, Personnel and Elected Member expenses and Note 6, Other Expenses.

Expenditure was $19,426,000, compared to the budgeted expenditure of $18,628,000.

Personnel costs
Personnel costs of $4,495,000 is $352,000 higher than the budget of $4,143,000. This is due to further staff employed as a result of the organisational restructure and the IT department being brought back in-house. Camping ambassadors were employed over the busy summer season, these were unbudgeted and were funded from an MBIE grant. Temporary staff were also required to assist in the planning department.

Depreciation and amortisation
Depreciation of $4,320,000 is $227,000 higher than the budget of $4,093,000. This is due to the higher value of assets resulting from the infrastructure asset revaluation in the previous year.

Other expenses
Costs for the year are $10,123,000; $297,000 more than the budgeted cost of $9,826,000. The main reasons are:
- Consultancy expenses of $711,000 allowed for in the Destination Mackenzie project with only minimal spend due to delays.
- Administration expenses were less than budget by $99,000 with $100,000 allowed for in the building inspectorate and communication costs being less than budgeted.
- The operational and maintenance costs were higher than budget by $750,000 due to:
    - Contractor costs on repairs and maintenance for the water supply and bin hire were $118,000 higher than anticipated. IT costs were $257,000 higher as the backscanning and server migration projects were undertaken this year.
    - Unbudgeted forestry logging and cartage costs were $417,000.

An explanation for this and other operating expenditure variances are reported in detail by significant activity in the cost of service statements in the Group Activities section.

Note 29 - Insurance contracts

Insurance of Assets

	2018/19 Actual $000's	2019/20 Actual $000's
The total value of all Council assets covered by insurance contracts	250,820	254,730
The maximum amount to which insured assets are insured	51,876	51,264
The total value of all Council assets covered by financial risk sharing arrangements	0	0
Maximum amount available to the Council under financial risk sharing arrangements	0	0
Total value of assets that are self-insured	175,777	176,479
The value of funds maintained for self-insurance	3,000	3,000

The maximum amount to which assets are insured under Council insurance policies are calculated at cost to reinstate the asset.

In addition to Council's insurance, in the event of natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, drainage and sewerage assets and provide a subsidy of 55-75% towards the restoration of roads.

An insurance reserve of $200,000 (2018/19: $200,000) exists to meet the costs of claims that fell below deductible levels under Council insurance policies. Refer to Note 10: Special Fund Reserve.

Note 30 - COVID-19 impacts on Mackenzie District Council

On 11 March 2020, the World Health Organisation declared the outbreak of the COVID-19 pandemic. On 25 March, the New Zealand Government declared a State of National Emergency. New Zealand was placed into lockdown in Alert Level 4 from 26 March to 27 April, and then Alert Level 3 until 13 May 2020.

During this period, the Council:

- Activated its Civil Defence Emergency Operations Centre (EOC) in support of the health led response to the pandemic. The EOC was open 8am to 5pm business days and on-call on public holidays and weekends. The Welfare 0800 number was manned 7am to 7pm, 7 days a week from 3 April to 8 May 2020, and 8am to 5pm from 9 May to 12 June.
- Developed systems to enable governance decisions to be made remotely via the internet (e.g. Zoom) and work streams were assessed to establish what levels of service across the organisation would look like in the different Alert Levels.
- All staff were able to work from home using existing online services. A small number of staff required improved internet connections, equipment or service licenses which were provided over the lockdown period.
- Some areas of service delivery were put on hold during the lockdown, others had statutory and/or essential services requirements to be provided, such as Resource Planning, Animal Control, 3 waters, Waste Management and Building Control. Even though statutory functions continued, some restrictions resulted in a change to level of service (eg. closure of facilities and changes to rubbish and recycling).

What did this mean for specific Council operations?

- The Council Offices were closed to the public from 25 March 2020 with Twizel re-opening on 19 May 2020 and Fairlie on 9 June 2020. Phone calls were diverted to staff operating from home while the offices were closed.
- All halls, community centres, the Twizel Events Centre were closed from 25 March and reopened 9 June. The community libraries were closed for the duration of Alert Levels 3 and 4, re-opening on 18 May 2020.
- Public Toilets (excluding Twizel, Pukaki lookout, Lake Tekapo western carpark and Fairlie township) were closed for the duration of Alert Levels 4 and 3, re-opening at Alert Level 2.
- Solid waste was identified as an essential service during COVID-19 although some restrictions affected our operation. Under Alert Level 4, we postponed all kerbside yellow bin recycling collections and closed Resource Recovery Parks (except to essential businesses), fortnightly kerbside red bin waste collection continued. From 13 April, we moved to weekly kerbside red rubbish bin and blue glass crate collections, to assist residents with their waste management. We also utilised the pay-per-use compacting rubbish bins in the district, with one bin in each of the three main towns to provide rubbish disposal for residents who are not on the kerbside service. Under Alert Level 3, we reopened the Resource Recovery Parks to customers with accounts to allow contactless payment. Kerbside yellow bin recycling collections recommenced on Wednesday 13 May, following the reopening of EcoCentral where our recycling is sorted. Normal operations resumed in Alert Level 2.
- Remote building inspections commenced 19 May and are continuing to be provided where appropriate.
- Planning for capital works projects was undertaken during the lockdown period but could not be progressed to the implementation phase, resulting in some works being uncompleted. Operational and maintenance were also impacted by the lockdown. Where appropriate, these works have been deferred to 2020/21.

With the move to Alert Levels 2 and then 1, Council reopened a number of facilities including Council Offices, halls, public toilets and community libraries which re-opened with the moves to Alert Levels 2 and 1. This allowed time to ensure appropriate systems and equipment were in place prior to opening, including sneeze guards, physical distancing protocols, sanitisers, contract tracing and all related signage and information to ensure the safety of staff and the public. Guideline for returning to work under COVID-19 Alert Level 2 was announced to staff by the Chief Executive on 12 May 2020, which included integrating staff back to the office, a staggered approach by department, from 19 May 2020.

The effect on our operations is reflected in these financial statements, based on the information available to the date these financial statements are signed. At this time, it is difficult to determine the full, ongoing effect of COVID-19 and therefore some uncertainties remain. There could also be other matters that affect the Council in future, of which we are not yet aware.

The main impacts on the Council's financial statements due to COVID-19 are explained below:

Revenue

Rates Revenue

- There was no impact on the rates revenue recognised for the 2019/20 financial year due to rates being set at the start of the year. There was a minor impact on cash flow for rates revenue relating to instalment 4, with outstanding rates being $150,000 higher than in 2018/19.

Waka Kotahi (NZTA) subsidies

- As the majority of road maintenance and capital works programme was put on hold, Council had a reduced monthly spend, as well as reduced funding income from Waka Kotahi (NZTA). There was a small carry forward required to the 2020/21 financial year along with the associated Waka Kotahi (NZTA) income.

Financial contributions

- Financial contribution relief totalling $22,114 was approved where the charges were applied at 2019/20 rate instead of the 2020/21 rate.
- Deferment of a total of $51,188 of financial contributions were approved, where these contributions will be paid at a later date.

Fees and charges revenue

- Income from the operation of Council facilities, including the Pukaki Airport, have been lower than expected due to lockdown restrictions.
- Six tenants who were impacted by COVID-19 were offered a rent free period for April, and a 33% discount for May and June to the value of $12,646.

Operating expenses

As a result of COVID-19, Council has incurred additional expenditure:

- The Emergency Operations Centre (EOC) was activated for 52 days, from 25 March to 15 May 2020. During this time the EOC was available 24/7 with staff on call. Staffing of the EOC totalled $26,570. Some EOC staff were required to work additional hours, outside their normal contracts, to a value of $7,864. These hours are to be taken as time-in-lieu leave at a later date.
- Additional Health and Safety Costs were incurred to the amount of $6,185 for the purchase of PPE, signage etc.
- Unrecoverable Costs related to Welfare assistance to the amount of $297 were incurred.
- Council was not charged for kerbside recycling collections while this service was placed on hold. When weekly residual kerbside collections were introduced 13 April, these extra rubbish collections were charged for in lieu of recycling collections.

Forestry

The impact of COVID-19 was considered for the forestry valuation. The valuation uses AgriHQ log prices. In 2020 COVID-19 led to a price drop. The NZ/US$ exchange rate was stable for most of the period, however since March 2020 financial problems associated with COVID-19 has seen the NZ$ drop as low as $0.56. The dollar has stabilized around the mid 60's and export log markets have seen a very short price spike when we came out of lockdown, followed by another drop in prices.

It is noted that there is still much uncertainty with regards to the full effects of Covid-19. The effects on log prices are likely to be lingering and will be reviewed again for the 2021 annual valuation.

In 2019/20 we had planned to harvest some of our forestry. This was delayed due to Covid-19 (and international market). The harvesting and some additional areas will now be completed in 2020/2021.

Alpine Energy Shares

To reflect the heightened uncertainty in the market conditions due to COVID-19, a specific risk adjustment range of 0.2% - 0.4% was assumed in calculating the Weighted Average Cost of Capital calculation used in the valuation. There was no significant impact on the resulting share valuation due to COVID-19.

Land & Buildings

The land and buildings valuation was undertaken at a time of substantial market uncertainty. The reduced business activity during alert levels, combined with the effects of a loss of international tourists for the foreseeable future has had a significant impact on the Mackenzie District property market. There is however not yet any evidence of a reduction in values.

Infrastructural Assets

A fair value assessment was performed 30 June 2020 using indices provided by Statistics New Zealand. Any impact from COVID-19 has been included in the movement of these indices. The consumer goods price index for pipelines had increased by 2.3%, while for transport a decrease of 2.6% was noted. This has minimal impact on the value of Mackenzie District Council infrastructure assets.

Annual Plan 2020/21

Council decided to reduce average rates increases for the 2020/21 year from 8% to 4.48% in a response to the extraordinary circumstances of COVID-19. This reduction of $291,000 will be funded by the utilisation of forestry harvesting revenue that is forecast for the year. Council also resolved to reduce rates penalties from 10% to 5% in 2020/21.

Council approved proposals to bring forward approximately $10m of capital projects that were included in future years of the 2018-28 LTP, to stimulate the district economy. The funding for these projects is via external debt.

Note 31 - Investment Property

Investment Property	2018/19 Actual $000's	2019/20 Actual $000's
Balance as at 1 July	3,912	3,975
Add/Less		
Transfer to operational land	0	0
Change in valuation	63	98
CLOSING BALANCE	3,975	4,073
TOTAL INVESTMENT PROPERTY	3,975	4,073

Mackenzie District Council's investment properties were valued this year at fair value by Valuation Partners. The valuation was effective 30 June 2020. 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 Property Institute of New Zealand cost 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. 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 caused by the COVID-19 pandemic.

There are no contractual obligations in relation to investment properties at balance date (2018/19: Nil)

Accounting Policy

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.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Note 32 - Restatement of Comparative Information

The Council has adjusted its comparative year financial statements for the year ended 30 June 2019 for the correction of two prior period misstatements related to classification of Property, Plant and Equipment and Revaluation of Infrastructure.

A number of properties are reclassified to more appropriately reflect the rationale for owning properties at 1 July 2018. The reclassification are as follows:

- From "properties where use is to be determined" to Land (operational assets), Land (restricted assets), Land Under Roads (infrastructural assets) and Investment Property.
- From inventory to land (operational assets).
- From land and buildings (operational assets) to investment property.

Revaluation of these assets were performed, but not recognised at 1 July 2018. The valuations have been applied to the reclassified Land (operational and restricted assets) and Investment Property. At 30 June 2019 property plant and equipment and property, plant and equipment revaluations increased by $415,000, investment property and other revenue increased by $53,000.

Infrastructure revaluations were performed, effective 1 July 2019 for inclusion in the 2019/2020 financial statements. It was assessed that the increase was not material to 2018/19 amounts. However, Council subsequently received a revaluation of the Downlands Water Supply Joint Operation Infrastructure, which increased the amount so that it became material. Therefore, an adjustment to prior period figures is required to increase the infrastructure asset values by $24.5 million at 30 June 2019.

The financial statements for 2019, which are presented as comparative information in the 30 June 2020 financial statements, have been restated to amend these as outlined below:

	30 June 2018			30 June 2019		
	Previously reported	Correction of error	After adjustment	Previously reported	Correction of error	After adjustment
	$000's	$000's	$000's	$000's	$000's	$000's
STATEMENT OF FINANCIAL POSITION						
Non-current assets						
Inventory	2,428	(1,225)	1,203	2,224	(1,225)	999
Plant, property and equipment	209,405	2,374	211,779	217,002	27,260	244,262
Investment property	-	3,912	3,912	-	3,975	3,975
Equity						
Accumulated funds	(115,436)	(1,084)	(116,520)	(119,787)	(1,137)	(120,924)
Reserves	(125,923)	(3,977)	(129,900)	(133,132)	(28,872)	(162,004)
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE						
Revenue						
Total revenue	-	-	-	25,141	53	25,194
Other comprehensive revenue and expenditure						
Plant, property and equipment revaluations	-	-	-	3,415	24,896	28,310

Note 33 - Statutory deadlines

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 passed legislation in August to extend the statutory reporting timeframes by two months and Local Authorities new deadline was extended from 31 October to 31 December 2020.

Council was unable to meet this requirement for the year ending 30 June 2020 and the Annual Report was not adopted until 23 February 2021.

What is the Purpose of this Statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates Affordability Benchmark

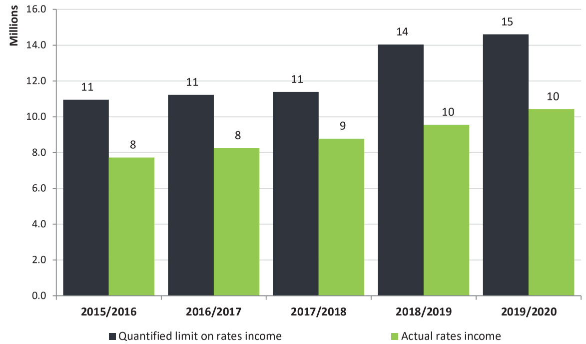
The Council meets the rates affordability benchmark if:

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (Revenue) Affordability

This graph compares Council's actual rates revenue (income) with a quantified limit on rates contained in the financial strategy included in Council's LTP 2018-28. The quantified limit is that total rates will not exceed 0.35% of the total capital value of the District.

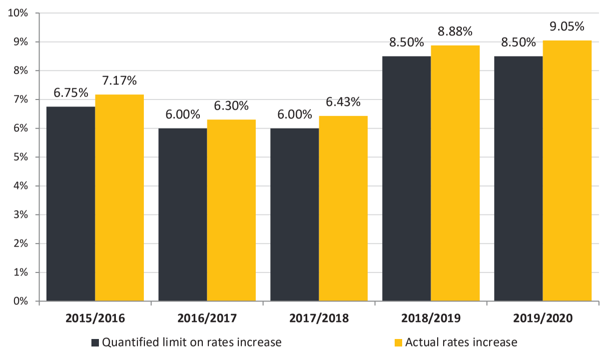
Council has achieved this benchmark for 2019/20.



Rates (Increases) Affordability

This graph compares Council's actual rates increases with a quantified limit on rates increases specified in the financial strategy included in Council's LTP 2018-28. The quantified limit is that rates increases should not exceed 6.00% + LGCI (Local Government Cost Index). This graph shows the actual rates increase against this limit (8.50% for 2019/20).

With a rates increase of 9.05%, Council did not meet this target for 2019/20. This is due to increased growth in capital value between the time that rates were budgeted and when the rates were struck.



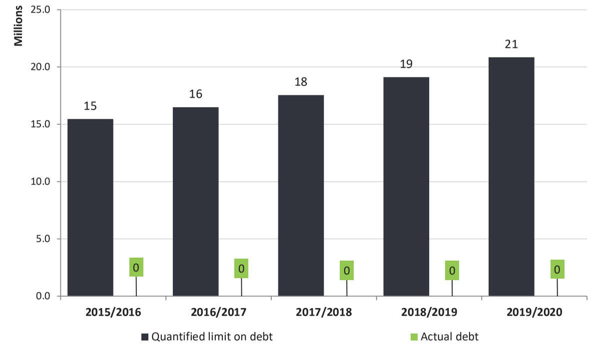
Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limits on borrowing as stated in the financial strategy included in the Council's LTP 2018-28.

Debt Affordability

This graph compares Council's actual borrowing with the quantified limit that the maximum debt level is no more than two times Council's rates income.

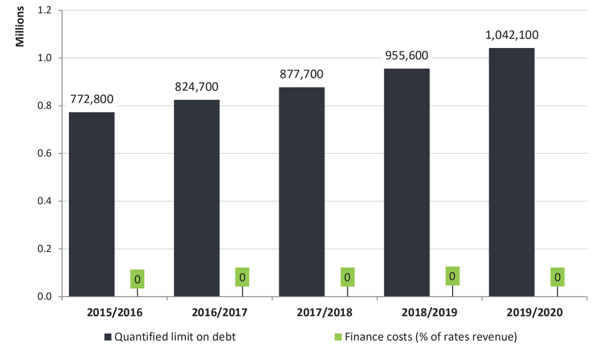
As at 30 June 2020, Council has no debt and has therefore, achieved this benchmark for 2019/20.



Financing Costs

This graph compares Council's financing costs of borrowing with the quantified limit that financing costs will be no more than 10% of total rate income.

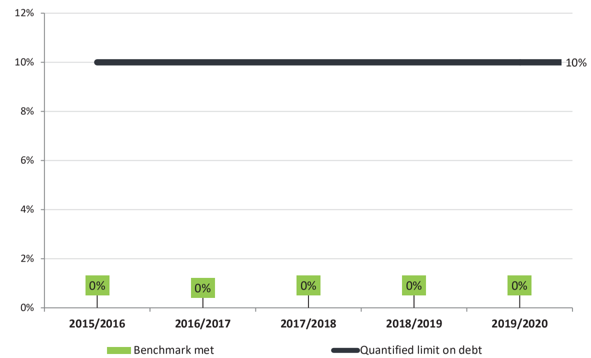
As at 30 June 2020, Council has no debt and has therefore, achieved this benchmark for 2019/20.



Debt Servicing

This graph compares 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). Council meets the debt servicing benchmark if its borrowing costs equal to or less than 10% of revenue as defined above.

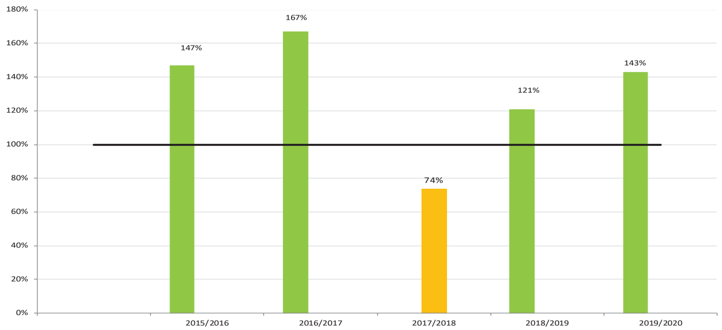
As at 30 June 2020, Council has no debt and has therefore, achieved this benchmark for 2019/20.



Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Mathematically, the results shown in the graph are correct. The graph shows "benchmark met" whenever the Council is better off (either less indebted or with greater net assets) than planned. In this case, there is no net debt, so figures are comparing actual net assets against budgeted net assets.

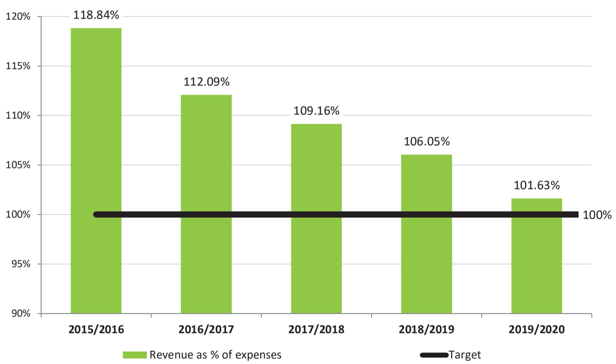


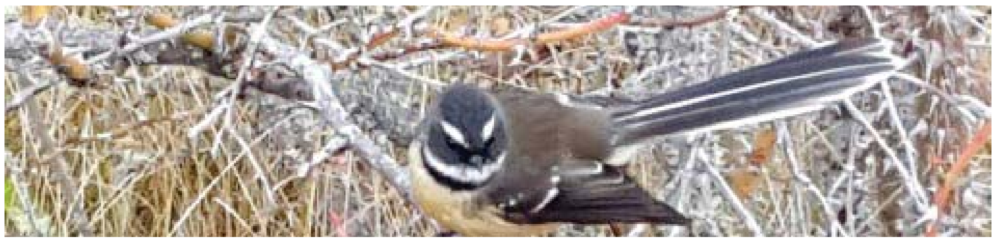
Balanced Budget Benchmark

Council is permitted to not fully fund all expenditure (including depreciation) provided it can be demonstrated that this is financially prudent. Council meets the balanced budget benchmark if its revenue equals or is greater than operating expenditure.

This graph shows Council's revenue (excluding development and financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (losses on derivative financial instruments and revaluations of property, plant and equipment).

With revenue of $19.742m and expenses of $19.426m, Council achieved this benchmark for 2019/20.



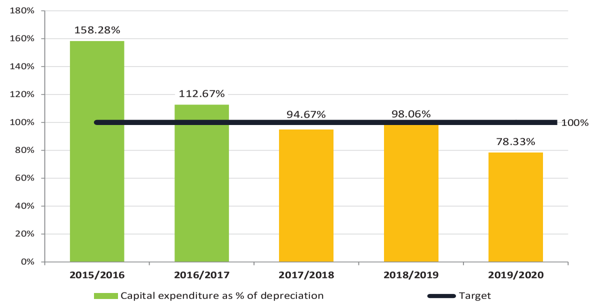


Essential Services Benchmark

Council meets its Essential Services 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.

This graph shows Council's capital expenditure on network services (as defined above) as a proportion of depreciation on these network services.

With $2.795m of capital expenditure compared to $3.568m depreciation of network services in 2019/20, Council did not achieve this benchmark.

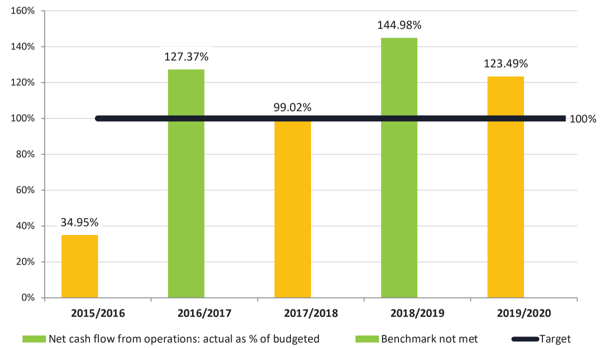


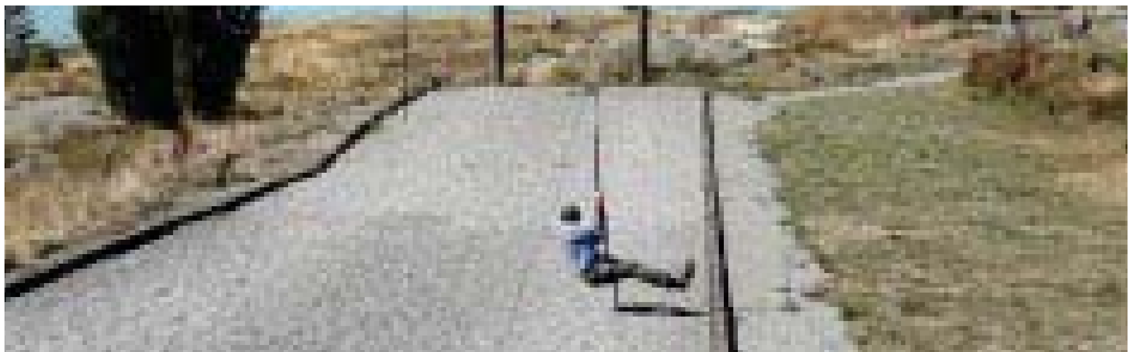
Operations Control Benchmark

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

This graph shows Council's actual net cash flow from operations as a proportion of it budgeted net cash flow from operation.

During 2019/20 cash flow from operations was $6.568m, which was higher than the budgeted cash flow from operations of $5.319m. Therefore, Council did achieve this benchmark for 2019/20.





Mayor Graham enjoys the flying fox at the Lake Tekapo Domain.

Other information

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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

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 23 February 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 124 to 128 and pages 132 to 206:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2020; 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 the Public Benefit Entity Standards Reduced Disclosure Regime.
- the funding impact statement on pages 129 to 130, 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 provision on pages 36 to 116;
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, 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 46 to 120 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 45 to 119 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 207 to 210 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's Long-term Plan and annual plans.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council and Group as set out in Note 30 to the financial statements, and the commentary in pages 36 to 116 of the Statement of Service Provision.

We draw specific attention to the following matter due to the significant level of uncertainty caused by Covid-19:

- ***Investment property***

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

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 or 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 provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council 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.

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 35, 121 to 123 and 211 to 225, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council 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 (Revised): Code of Ethics for Assurance Practitioners 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.

C Genet

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

Council controlled organisations

The Mackenzie District Council has two Council Controlled Organisations, Mackenzie Holding Limited and Mackenzie Tourism and Development Trust.

Mackenzie Holdings Limited

The Mackenzie District Council holds 100% control of Mackenzie Holdings Limited.

Mackenzie Holdings Limited is now a dormant company from the perspectives of the Inland Revenue Department and Companies Office. Council resolved, on 20 July 2017, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future. This decision was reconfirmed by Council on 23 June 2020.

Mackenzie Tourism and Development Trust

The Mackenzie District Council holds 100% control of Mackenzie Tourism and Development Trust.

Mackenzie Tourism and Development Trust is now a dormant company from the perspective of the Inland Revenue Department. Council resolved, on 13 June 2013, to exempt the Company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation. Mackenzie Tourism and Development Trust will be wound up at some time in the future. This decision was reconfirmed by Council on 31 October 2019.

Development of Māori capacity

Section 81 of the Local Government Act 2002 requires all local authorities to establish and maintain processes to provide opportunities for Māori to contribute to Council's decision-making processes.

The Act also requires Councils to consider ways to foster the development of Māori capacity to contribute to these processes and to provide Māori with relevant information about the above.

Ngā papatipu rūnanga

Three papatipu rūnanga have their rōhe within the Mackenzie District: Te Rūnanga o Arowhenua at Arowhenua, Temuka; Te Rūnanga o Waihao north of the Waitaki River, South Canterbury; and Te Rūnanga o Moeraki based at Moeraki, North Otago. Council considers it important to further develop relationships with the papatipu rūnanga who have interests in the district, as the fostering of these relationships is key to assisting the contribution of Māori to decision-making processes. Council will endeavour to extend and promote opportunities for involvement as far as practicable, and as available resources allow.

Council provides copies of all plans, including the long term plans and annual plans, providing opportunities for papatipu rūnanga to make submissions. Early consultation on resource management plans and relevant policies is also undertaken, and opportunities considered for appointments on planning and resource consent hearing committees. Council will continue to work with ngā papatipu rūnanga where processes and decisions will involve or are relevant to mana whenua.

To maintain good working relationships, Council seeks to meet with papatipu rūnanga a minimum of twice a year to discuss matters of common interest. Council's Executive Management Team 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 papatipu rūnanga. Council is working to ensure that closer liaison with Te Rūnanga o Ngāi Tahu is sought when appropriate, to maintain an ongoing and active relationship.

Result for the year

During the 2019/20 year, Council has continued to engage with ngā papatipu rūnanga and Te Rūnanga o Ngai Tahu as appropriate, seeking opportunities to foster these relationships. We had two formal meetings between Council representatives and representatives of ngā papatipu rūnanga or Te Rūnanga o Ngāi Tahu during the year.

Council has worked with ngā papatipu rūnanga, or their representatives on District Plan Review. No mana whenua appointments to hearing panels were made during the year. A joint hui was held regarding the Destination Mackenzie study, from which the name Te Manahuna Ki Uta was offered. Representatives of ngā papatipu rūnanga have been supportive of Council staff training and development work.

In 2017, Council signed a Service Level Agreement with Aoraki Environmental Consultancy Limited, a consultant organisation working on behalf of Te Rūnanga o Arowhenua. This has enabled Council to establish a process for efficient and effective engagement, with staff continuing to directly consult and liaise with papatipu rūnanga where decisions involve and are relevant to Māori.

Discussions have also been held with Te Rūnanga o Waihao, initiating work on establishing a Service Level Agreement between Mackenzie District Council, Te Rūnanga o Waihao and Aukaha (1997) Ltd being the environmental entity of Te Rūnanga o Waihao.

Council, Committee and Community Board Structure

Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the District's activities. This responsibility includes areas of stewardship such as:

- Formulating the District's strategic direction;
- Managing principle risks facing Mackenzie District;
- Administering various regulations and upholding the law;
- Ensuring the integrity of management control systems;
- Safeguarding the public interest;
- Ensuring effective succession of elected members; and
- Reporting to ratepayers.

Structure of the Council

Following a review of its representation and subsequent determinations by the Local Government Commission, the Council has, since 2004 been made up of a Mayor and six Councillors elected from two wards.

Council has six committees of the whole:

- Audit and Risk Committee - Chair: Bruce Mincham (appointed member); and
- Chief Executive Performance Committee (established 30 June 2020) - Chair: Councillor Leslie.
- Commercial and Economic Development Committee - Chair: Councillor Cox;
- Engineering and Services Committee - Chair: Councillor Barwood;
- Planning and Regulations Committee - Chair: Councillor Munro;
- Strategy Committee - Chair: Councillor Leslie;

Two of these committees (Audit and Risk Committee and Commercial and Economic Development Committee) allow for independent membership.

Full Council meets on a six weekly basis. Committees generally meet quarterly with additional extraordinary meetings as required. The Chief Executive Performance Committee meet three times per year.

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to the Chief Executive Officer as required under Section 119c(1)(a) of the Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Community Boards

Community boards service the communities of Twizel, Lake Tekapo and Fairlie, and make recommendations to Council regarding the management of township services. Each community board meets six weekly, with additional meetings held as required.

As at 30 June 2020

MACKENZIE DISTRICT COUNCIL

JOINT COMMITTEES

- Alps2Ocean Committee
- Canterbury Regional Transport Committee
- Canterbury Joint Waste Committee
- Canterbury Civil Defence and Emergency Management Committee
- Downlands Joint Standing Committee
- Upper Waitaki Zone Water Management Committee
- Opihi Temuka Orari Pareora Zone Water Management Committee

COMMITTEES OF COUNCIL

- Audit and Risk Committee
- Chief Executive Performance Committee
- Commercial and Economic Development Committee
- Engineering and Services Committee
- Planning and Regulations Committee
- Strategy Committee

WATER USER COMMITTEES

- Allandale Water Supply Committee
- Ashwick/Opuha Water Races Ratepayers Committee
- Kimbell Rural Water Supply Committee
- School Road Water Race Ratepayers Committee

COMMUNITY BOARDS

Full details about our three Community Boards can be found on **Page 10**.

Division of responsibility

Governance Framework - division of responsibility between Council and management

Independent Election

Council believes that its democratic election by the Mackenzie District residents and ratepayers ensures that it is able to operate in the best interests of the District and to function independently of management.

Legislative Compliance

As a regulatory body, Council administers various regulations and laws. As such, it is vital that it complies with all relevant legislation. The Council makes use of external lawyers and consultants as appropriate to ensure it does comply with all legislative requirements.

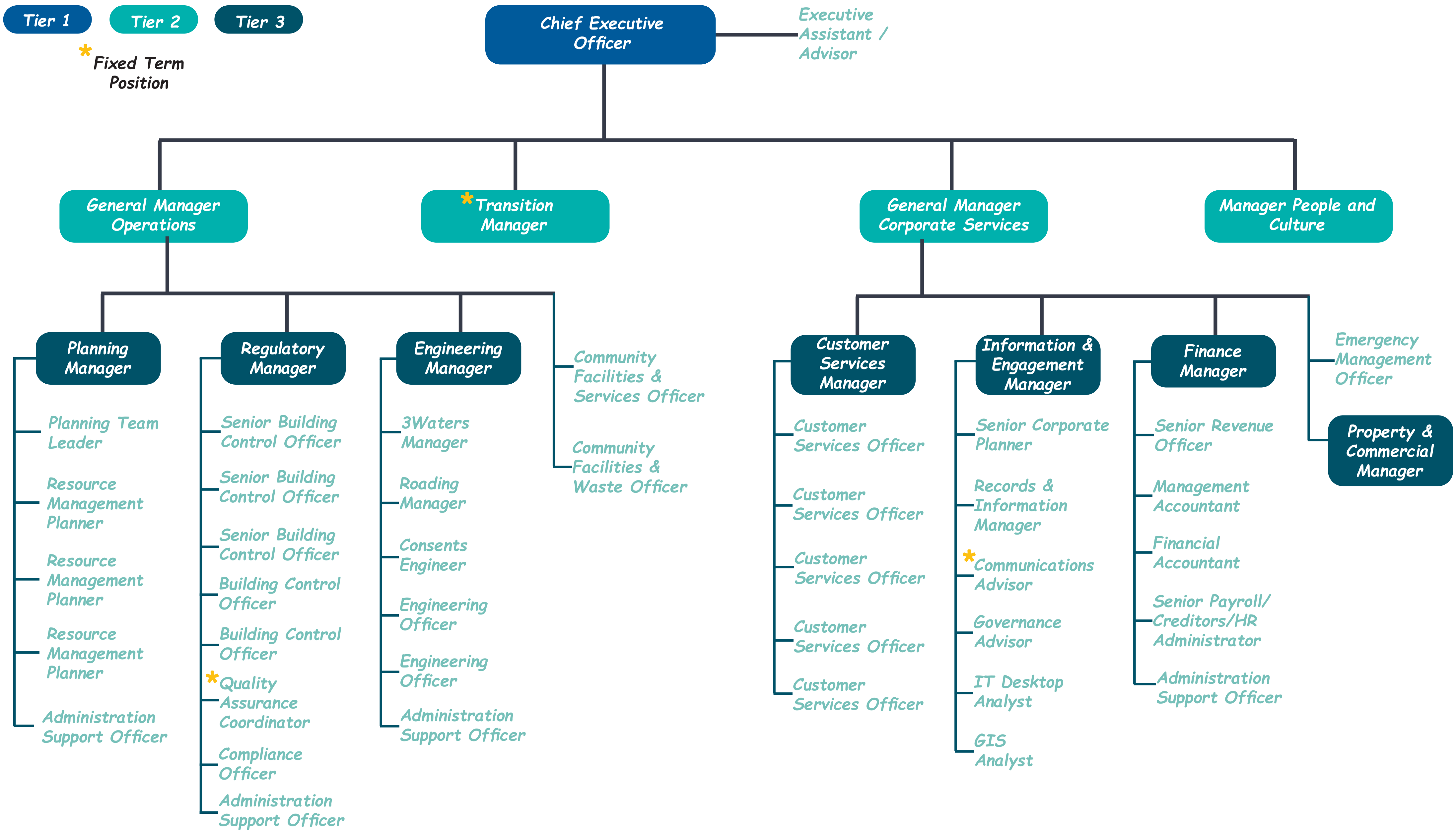
Communication/Reporting

Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of "good citizenship" and high standards of ethical behaviour. A key to the efficient running of Council is to maintain a clear division between the role of the elected representatives and that of management. The Council of the Mackenzie District concentrates on setting policy and strategy, and then reviews progress. Management is concerned with implementing these policies and strategies.

While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with Council. Council helps discharge this responsibility by maintaining effective systems of internal control including, the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved.

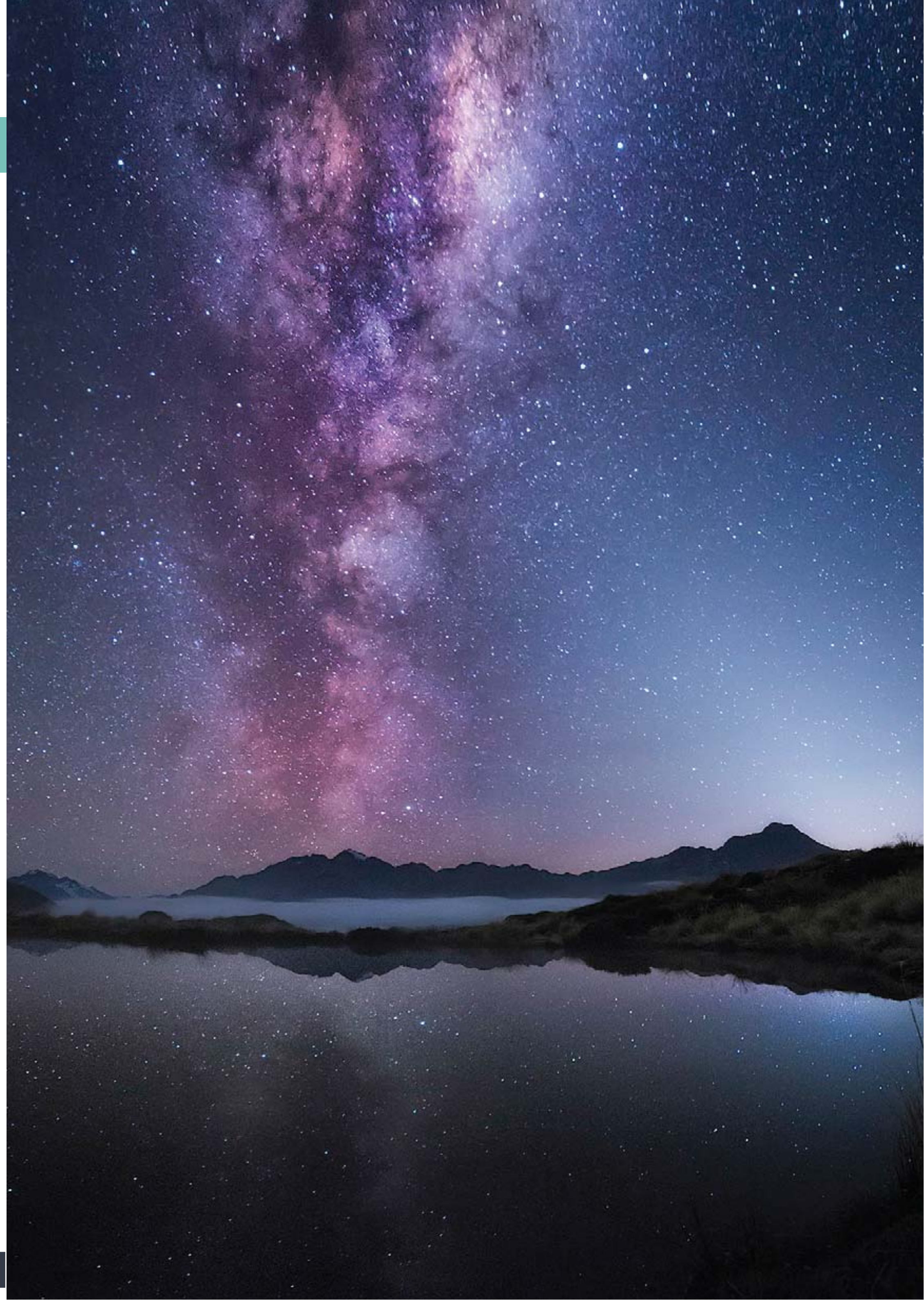
Organisation chart

As at 30 June 2020



Glossary

Activity	Services provided by Council
Annual Plan	A document produced annually by Council to inform stakeholders of our intended activities, performance, income and expenditure for one financial year
Annual Report	A document produced annually that reports performance against the Annual Plan or Long Term Plan, including significant differences from what was planned
Asset	An item of value, usually of physical nature, that Council owns on behalf of the people of the Mackenzie - that has a useful life of more than 12 months and creates future economic benefits over a period of time, such as roads. drains, parks and buildings
Activity Management Plan	A plan developed for the management of each of Council's groups of activities
Capital Expenditure	What we spend on capital projects
Depreciation	Assets lose their value over time as a result of wear and tear, age or obsolescence (in other words, they depreciate) and must be replaced once the end of their useful life is reached. Depreciation is an accounting method to spread the replacement cost of items over their useful lives
District Plan	A plan under the Resource Management Plan 1991 that manages through objectives, policies and rules, the adverse impact of land uses on the environment of the District. The Mackenzie District Plan became operative in 2004
Environment Canterbury Regional Council (ECAN)	The authority responsible for protecting the Canterbury region's air, soil and water resources from pollution and ensuring their sustainable use
Expenditure	The outflow of resources (usually cash) in return for goods and/or services
Fees and charges	What a user pays for a service (e.g pool entrance fee)
Financial contributions	Contributions from developers collected under the District Plan for developing public facilities. Contributions might be in cash or in the form of land
General rate	A levy by Council to fund its general services, but not services funded by targeted rates, fees or charges
Interest	Interest payable on bank overdrafts and debt
Local Government Act 2002	The primary legislation governing Council's operations and actions
Long Term Plan (LTP)	A ten year plan which sets out what Council will do over the ensuring decade, how it will be funded and what level of service the community can expect to receive
Operation expenditure	Expenditure through Council's activities on such items as salaries, materials and electricity
Operating revenue	Money earned through activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include NZTA subsidies, rental income, permits and fees.
Operating surplus (deficit)	Accounting terms meaning the excess of income over expenditure and the excess of expenditure over income (deficit). It includes non-cash items such as income and expenditure owing by not paid (debtors and creditors) and depreciation.
Rates	A property tax to fund Local Government activities. The amount of rates varies between properties because of difference in capital values and differences in services provided. Property valuation changes, which Council has no control over, will also affect the rates paid
Revenue	Income received by the Council to fund its services. Sources include rates, fees and charges, and grants and subsidies
Subcommittee	Formed by the elected Council or standing committee as needs arise, such as for major projects
Targeted rate	Paid by a specific group who receive a specific service
To improve levels of service	Capital projects that upgrade existing assets (e.g upgrading pipes to perform better)
To meet additional demands	Capital projects that are predominately to enable new growth (e.g new reservoir)
To replace existing assets	Capital projects that replace an asset with a like-for-like item



Today's
choices,
tomorrow's
Mackenzie

MACKENZIE
DISTRICT COUNCIL

TWIZEL:
Market Place, Twizel

(03) 685 9010
0800 685 8514

FAIRLIE:
Main Street, Fairlie

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