



**Mackenzie**  
DISTRICT COUNCIL

**Mackenzie**  
**District Council**  
**2021/22**  
**Annual Report**

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## STATEMENT OF COMPLIANCE

### Compliance

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

The Mackenzie District Council was required under section 98(7)(a) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 31 December 2022. This time frame was not met because Audit New Zealand was unable to complete the audit within this time frame due to an auditor shortage and the consequential effects of COVID-19, including lock downs.

### Responsibility

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

The Council and management of Mackenzie District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Mackenzie District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Mackenzie District Council.



Anne Munro  
Mayor  
May 2023



Angela Oosthuizen  
Chief Executive  
May 2023



Photo credit: Match Sumaya On / Unsplash

## CHIEF EXECUTIVE FOREWORD

This Annual Report provides an overview on what we have achieved in the last financial year compared to what we said we would do in the Annual Plan. It includes our service performance and financial results. It describes our achievements and challenges, and comments on our results compared to our Long-Term Plan 2021-2031, ten-year budget.

The report fulfils our obligations under the Local Government Act 2002 to promote accountability to the community for the decisions made throughout the year, and to report actual performance and activities against those intended.

Our tourism hospitality and accommodation providers faced major economic challenges as a result of the impact of COVID19. Despite this, our Council actively set about focussing on what we said we would deliver for our community.

It is pleasing to note we successfully completed and progressed some key projects:

- We secured \$500,000 grant funding which enabled the placement of 25 youth in employment within the district under the Mayor's taskforce for Jobs Scheme. This scheme allows each council to run a local

employment programme and support workers in their own area. This also comes with its own challenges.

- We completed the Te Manahuna Ki Uta Destination Management plan, a multiagency strategic planning process for the Mackenzie District. The plan creates a 100 year vision for tourism in Te Manahuna. Destination Mackenzie aligns a strong return of visitors with higher value experiences, longer stays and sustainable practices.
- Twizel Events Centre upgrade – we completed essential remedial works addressing fire safety, compliance matters, and roofing repairs. Work was also undertaken to assess the seismic rating of the centre.
- We completed plans to improve the lake front reserve in Lake Tekapo/Takapō. This plan will create a continuous walking and cycling trail around the lakefront from Tekapo Springs to the Maclaren Footbridge over the Tekapo River.
- During March and April 2022 Council invited public feedback about what they expect and want to experience at the Lake Ruataniwha Recreation Reserve. This feedback helped us prepare the Lake Ruataniwha Recreation Reserve Management Plan
- We introduced a kerbside collection for organic waste.

This collects food waste, lawn clippings and garden waste and helps reduce the residual waste to landfill.

- We completed Spatial Plans for all of our townships.
- Activity started on the review of our outdated District Plan. Council agreed to work on a staged approach to the review, with each stage being progressed via a series of Plan Changes. Mackenzie District is a special place with landscapes and natural assets unparalleled anywhere else. The tension between leveraging and protecting these assets manifests regularly. Council is a key party in this conversation and this conversation will be traversed through our review of the current District Plan.
- We have completed projects funded from the stimulus funding and Department of Internal Affairs Tranche 1 Water Services Reform Programme funding including: preliminary design for the Fairlie Water Treatment plant, water pipe replacement in Twizel, Lake Tekapo/Takapō and Fairlie, Rural Water Safety Plans.



Photo credit: Aiden Hickey

## Financial results and position

Council made a net surplus of \$2 million compared to budgeted surplus of \$6.4 million. Revenue for the year is less than forecast mainly due to lower subsidies and grant receipts (\$2.4m) and timber sales (\$0.3m); offset by unbudgeted carbon credits (\$1.5m), higher development and financial contributions (\$0.3m) and vested assets (\$0.9m).

Expenditure higher than forecast included forestry cost (\$0.8m), corporate planning support and consultancy fees (\$1.0m), road floods repairs and signage replacement (\$0.4m). Unbudgeted Mayors Taskforce costs (\$0.3m) were offset by associated grant income and personnel costs were underbudget (\$0.5m) as vacant positions were covered by contractors.

Other gains/(losses) relate to a decrease to the fair value of forestry assets (\$2.2m) offset by an increase to the fair value of investment property (\$0.4m) and the value of property, plant and equipment assets replaced during the year (\$0.7m). These are not budgeted due to difficulty in forecasting market conditions that impact the value of these assets.

Our balance sheet remains strong, with cash and financial investments of \$23.4 million at 30 June 2022. The revaluation resulted in the value of our property, plant and equipment increasing by \$51.9 million, investment property by \$0.8 million, and we received carbon credits worth \$1.5 million from our forestry plantations. This was offset by a decrease in our forestry assets of \$2.9 million due to the decrease in log prices and increase in harvesting costs. We borrowed externally for the first time, for water and wastewater infrastructure projects, but overall our external debt of \$10.4 million at year end was lower than the amount projected.

We continue to see the impacts of climate change through more severe weather events and flooding. We experienced flooding in May 2021 and again in July 2022 causing substantial damage to our network. One of the biggest ongoing challenges we face is being able to fund the building of resilience into our roading network.

Our district continued to deal with the impacts of the loss of international tourism as a result of the global pandemic COVID-19 with many business severely impacted by the drop in economic activity. Tourism is recovering but many businesses are now facing staffing shortages and are struggling to service the demand that is returning. Existing issues such as affordable housing for hospitality workers remains a problem to be addressed.

Uncertainty caused by the ongoing COVID-19 pandemic, supply chain issues, the war on Ukraine, and increasing inflation and interest rates continues to put pressure on the council's operations and finances.

The unprecedented reform agenda being driven by central government includes a review of the ownership of water infrastructure, changes to the Resource Management Act (RMA) and a review of Local Government. We remain concerned about the pace of the reform agenda and the piecemeal approach to the reforms.

The centralised approach will result in the loss of the local voice and this concerns us. Another concern is the affordability of water for our rural and urban communities and whether our smaller districts will be allocated a fair share of capital investment to service growth.

I am proud of the progress we have made delivering for Mackenzie District despite challenges and that we continue to voice our concerns on the reforms. We will remain focussed on making the right choices for our District – remembering that the hard choices today will be the ones that will create tomorrow's future for the next generation.



Angela Oosthuizen  
Chief Executive



Photo credit: Sue Wilkins

SECTION 1

# Year in Review

## Te Arotake O Te Tau

## HOW WE'VE MET OUR PRIORITIES

2021/22 year is the first year of our 2021/31 Long Term Plan

We have balanced the budgeted work plan with shovel ready projects funded by Central Government during a year that continued to present challenges related to COVID-19 including staff illness, supply chain delays and constraints with contractor availability.

These are some of our key achievements for the year.

### Three Waters

#### Fairlie Water Treatment Plant

This year we began pre-construction work on the new Fairlie Water treatment Plant, scheduled for completion in June 2024. This included completing preliminary designs to go out to market for expressions of interest for the design and build contract.

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

#### Compliance with Drinking Water Standards

We completed Water Safety Plans for all five Council owned water supplies and the Albury supply. Water Safety Plans identify areas of risk within a water system. We have begun to implement several key improvements identified in the Water Safety Plans: back-flow prevention, catchment security, improved monitoring, better record keeping systems and on-site instrumentation.

#### Water Pipe Replacement in Twizel, Lake Tekapo/Takapō and Fairlie

We replaced 10,256m of asbestos cement, cast iron and galvanised steel water mains in Twizel and Lake Tekapo and 2,876m of asbestos cement, concrete reinforced and galvanized steel water mains in Fairlie as part of an accelerated mains renewal programme.

#### Wastewater Pipe Replacement Programme

During 2021/22 all pre-1970 wastewater mains in Fairlie and Tekapo were inspected using CCTV technology to identify sections that were no longer functioning as designed. CCTV inspection of the Twizel mains will continue in 2022/23. Most mains in Twizel and Tekapo were operating well and did not need upgrades. In Fairlie a total of 900 metres of mains were identified for relining and this work has been scheduled for 2022/23.

### Transportation

#### Streetlighting replacement programme

The streetlight bulbs we use to illuminate our townships are no longer able to be sourced for replacements. In 2020/21 we started replacing all of our street lights, including bollards, with alternative fittings which are both compliant with lighting restrictions within the Mackenzie and support our gold tier international dark sky reserve status.

All of the Council overhead street lights are now upgraded to the new fittings, along with the majority of the bollard lights. Completion of the bollard light fittings will occur in 2022/23 as supply chain delays have held up their delivery.

Waka Kotahi (NZTA) have commenced upgrades to their fittings in our townships and will also continue their work programme for the State Highway Network in 2022/23.

### Regulatory Services

#### District Plan Review

The Mackenzie District Plan is currently under review. In 2017/18 Council resolved to continue the District Plan Review programme (DPR) in two stages. Stage One encompassed changes around two priority issues being, 1) activities on the surface of water; and 2) biodiversity. Stage Two would then encompass all other outstanding issues.

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

A project team has been established with the intent of progressing the plan changes over the coming financial years (2022/23 to 2024/25). Notification of Plan Change 20 is scheduled for July (Stage 1) and Plan Changes 21 and 22 in September (Stage 2). It is anticipated that significant work on Stages 3 and 4 will progress over the 2022/23 financial year, with Stages 5 and 6 to be completed within the 2024/25 financial year, resulting in the completion of a full review of the Mackenzie District Plan.

### Emergency Management

#### Information Technology Upgrade

The EOC software package (DH4H) has been rolled out for use in Mackenzie by the Canterbury CDEM Group as planned. Council has allocated a suite of laptops for use during emergencies by providing four for exclusive CDEM use, supplemented by several others assigned to in-house

first responders. This will ensure the computer replacement programme is maintained in a cost-effective manner.

### **Parks and Community Facilities**

#### **Twizel Events Centre Upgrade**

Council's priority for this year was to address the essential works required to ensure the facility's Certificate of Public Use (CPU) could be maintained. This work has addressed the storage and access improvements required for the building however, we still have some minor items to complete during 2022/23 to obtain the code of compliance certificate required for the Centre.

During the year Council has engaged Beca Consulting to perform a seismic review of the facility and is awaiting the outcome of this work. The evaluation of options leading to a decision about the scale of the kitchen upgrade will occur during 2022/23. Investigation and decisions regarding the scale of the gymnasium recladding will also occur during 2022/23.

#### **Mackenzie Community Centre, Fairlie**

A kind donation by the Jack and Enid Hutt Trust, will assist with modernizing the lounge kitchenette and making aesthetic improvements to the Jack and Enid Hutt Lounge. Due to COVID-19 disruptions and difficulties obtaining contractors for this project, it was not undertaken before 30 June 2022 and is now scheduled for completion in 2022/23.

#### **Lakeside Domain, Lake Tekapo**

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

#### **Lake Ruataniwha Development**

During March and April 2022 Council invited public feedback about what they expect and want to experience at the Lake Ruataniwha Recreation Reserve. This feedback was sought to assist in preparing the Lake Ruataniwha Recreation Reserve Management Plan (in accordance with the Reserves Act 1977).

The preparation of a draft Reserve Management Plan (RMP) was completed in 2021/22 and public consultation on this plan was undertaken from November 2022 to December 2023.

### **District Swimming Pools**

In Twizel, the installation of supplementary heating was completed prior to the pool opening for the 2022/23 summer season.

In Fairlie a heat pump water heating system was selected to replace the old solar heating at the Strathconan pool was installed prior to the start of the 2022/23 summer season.

### **Waste Management and Minimisation**

#### **Introduction of an organics kerbside collection service**

In March 2022, Council introduced green lidded wheelie bins for organic waste for the kerbside collection of food waste, lawn clippings and garden waste. During 2021/22 the green bin has been a successful addition to the existing kerbside service that includes a red bin for rubbish, yellow bin for recycling and a blue crate for glass.

### **Tourism, Economic Development and Commercial Activities**

#### **Alps2Ocean**

During the year we continued to co-fund the maintenance and management of the Alps2Ocean cycleway with Waitaki District Council. Council has also been working on consents and applications for funding to off-road sections of the Alps to Ocean Cycleway on Hayman Road to address significant safety concerns and improve the experience for riders. Council has allocated funds for 1/3 of the project cost but we are reliant on receiving grant funding to meet the balance.

During 2021/22 resource consent was granted for a 23.1km section from Mt Cook Station to Bolton Gully and we finalized a land use easement with LINZ.

#### **Te Manahuna Ki Uta/ Mackenzie Destination Management Plan**

Te Manahuna Ki Uta/Destination Mackenzie has been a multiagency strategic planning process for the Mackenzie District led by Mackenzie District Council. In March 2021 we partnered with Mana Whenua and since then have run community and industry engagement, developed and analysed alternative scenarios of the future, and sought further input from the community on the preferred scenario.

The aspirational vision for tourism in Te Manahuna/ Destination Mackenzie aligns a strong return of visitors with higher value experiences, longer stays and sustainable practices. This would see Te Manahuna become an exemplar of regenerative tourism and with manawhenua and pakeha stories woven together.

Council adopted Te Manahuna Ki Uta/Mackenzie Destination Management Plan as our operational, long-term Destination Marketing Plan on the 23 August 2023.



## FINANCIAL HIGHLIGHTS

### Financial Highlights

- We achieved a before tax surplus of \$2 million, with total revenue of \$31.8 million, and total expenditure of \$29.8 million.
- Subsidies and Grants received totalled \$7.1 million. This was received primarily from Central Government and helped co-fund investment in Tourism, Responsible Camping, the Mayoral taskforce for Jobs initiative as well investing in our roading and 3 waters infrastructure.
- We continue to run a strong balance sheet with cash and financial investments of \$23.4 million at 30 June 2022.
- We invested \$10.7 million in capital expenditure (excluding vested assets).
- We borrowed externally for the first time. At 30 June 2022 external debt was \$10.4 million, lower than what was budgeted of \$17.1 million .
- The value of the of our property, plant and equipment increased by \$51.9 million, investment property by \$0.8 million, and we received carbon credits worth \$1.5 million from our forestry plantations.

### We received Subsidies and Grants of \$7.1 million

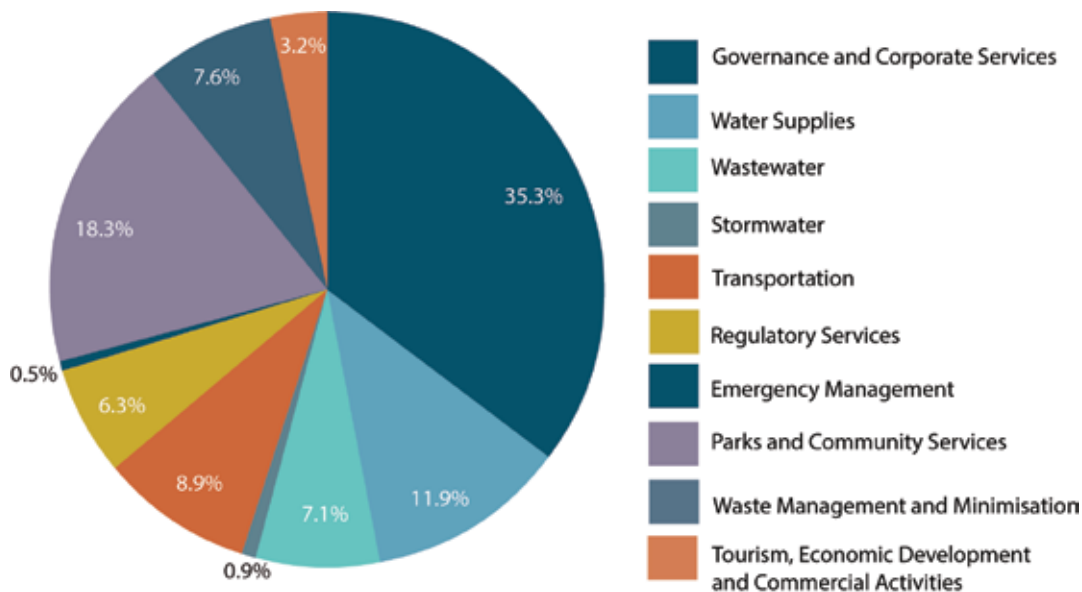
- Roading received funding assistance from Waka Kotahi of \$1.6 million which we used to maintain our roading network and invest in improvements to keep our community safer on the road.
- As part of the Government’s response to COVID-19, we received stimulus funding of \$4.3 million during the year. This has been invested in our 3 Waters activities (wastewater, stormwater and drinking water). All up, we received \$5.2 million to invest in our 3 Waters infrastructure.
- We received \$1.1 million of other Government funding to invest locally into Tourism, apprenticeships for our youth, and ambassadors for our Camping grounds.

### We are growing

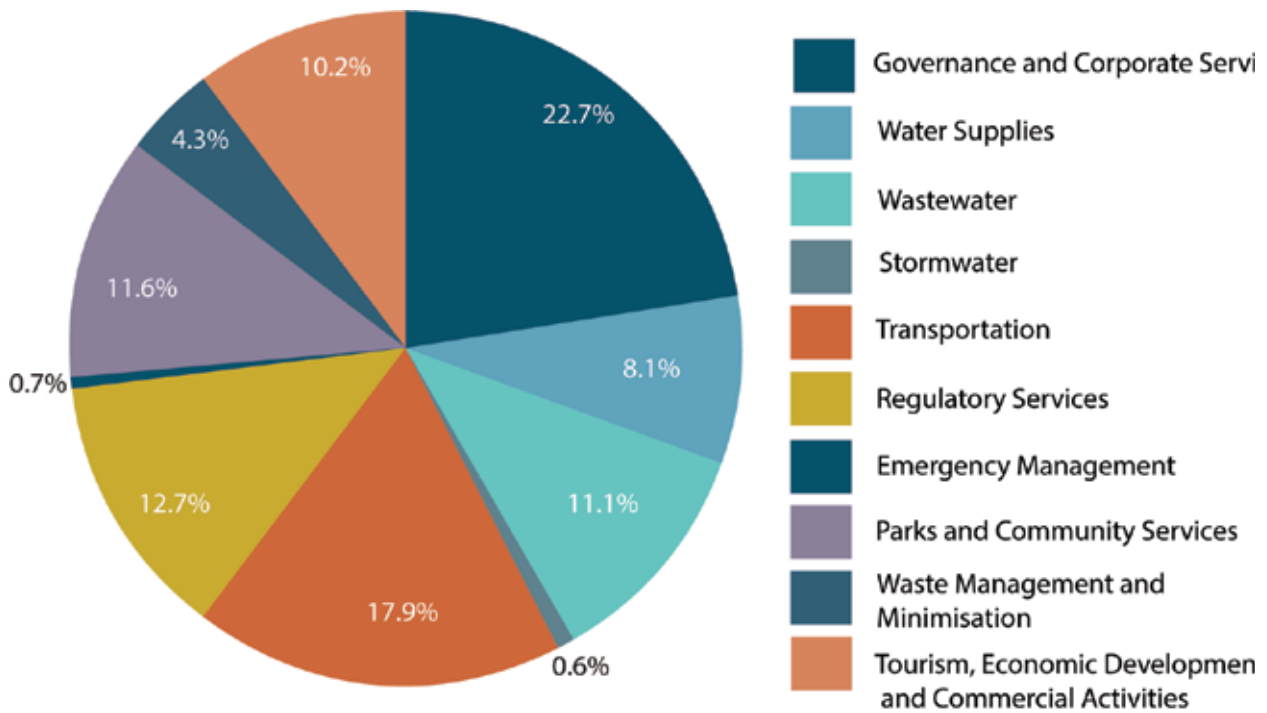
- We have 41 new rating units.
- We processed 312 building consents.
- We processed 151 resource consents.

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

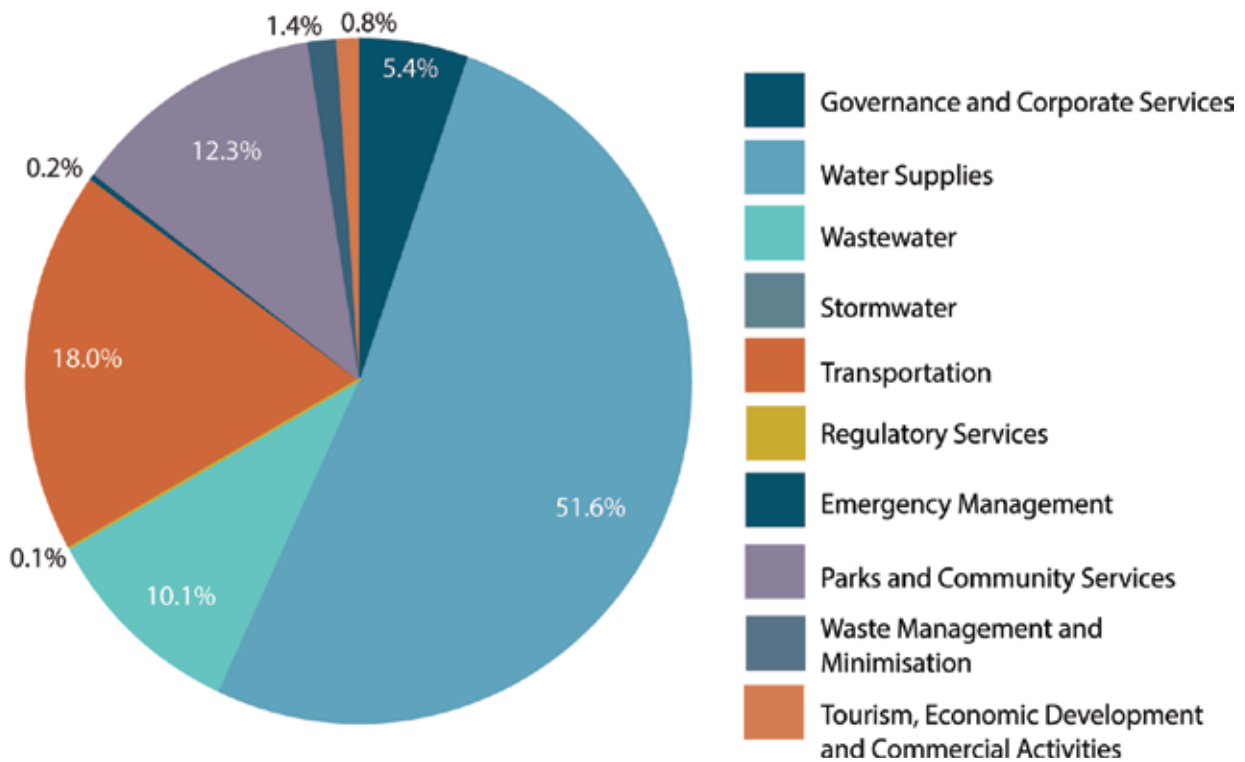
We collected \$12.4 million of rates during the year. Below illustrates how we spread your rates over our activities.



Council incurred operating expenditure, including non cash expenditure such as depreciation, of \$29.8 million during the year. The graphs below illustrates the proportion of expenditure in relation to each activity incurred.



Council incurred capital expenditure to improve the level of service and to replace existing assets of \$10.7 million. The graph below illustrates the proportion of capital expenditure in relation to each activity incurred.



SECTION 2

# Setting the Scene

Whakaritea

Te Wāhi

# Our Strategic Vision

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

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

## Vision

To empower our communities and treasure our environment

## Mission

Strengthening our communities

## Guiding Values

Be fair to everyone

Strive for a better future

Dare to be different

Act with respect and trust

Protect our peace and serenity

## Our Community Outcomes

### A TREASURED ENVIRONMENT

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

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

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

### RESILIENT, SUCCESSFUL COMMUNITIES

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

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

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

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

### STRONG AND INNOVATIVE ECONOMY

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

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

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

### EMBRACE HERITAGE AND DIVERSITY

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

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

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

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

## DEVELOPMENT OF MĀORI CAPACITY

### Ngā papatipu rūnanga

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

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

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

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

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

### Te Rūnanga o Ngāi Tahu

Te Rūnanga o Ngāi Tahu is the governing tribal council of Ngāi Tahu, with their offices based in Christchurch. Currently, Council engages with Te Rūnanga o Ngāi Tahu on a case-by-case basis, on individual matters, recognising that local matters should be addressed through fostering relationships and collaboration with ngā papatipu rūnanga. Council is working to ensure that closer liaison with Te Rūnanga o Ngāi Tahu is sought when appropriate to maintain an ongoing and active relationship.

### Te Manahuna Ki Uta / Destination Mackenzie

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

### Te Mana o Te Wai and Three Waters

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

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

Te Mana o Te Wai imposes a 3-stage hierarchy with six principles. The first is prioritising the health and well-being of water. The second is the health needs of people (such as drinking water). The third is the ability of people and communities to provide for their social, economic and cultural well-being.

### Result for the year

During the 2021/2022 year, Council continued work with and foster the relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu through a series of formal quarterly meetings and informal meetings held throughout the year. Our target of two formal meetings was exceeded due to these quarterly meetings and the various Council projects being undertaken including Three Waters, District Plan review, Te Manahuna Ki Uta, the direction from Te Mana o Te Wai and the Aoraki Environmental Consultancy Limited contract renewal.

In 2021, Council renewed the Service Level Agreement (SLA) with Aoraki Environmental Consultancy Limited. This

continues the capacity for Council employees to directly consult, liaise and engage with ngā papatipu rūnanga on issues that are relevant to Māori and to our district – Manahuna. Cultural and Monitors Consultants partnered with Council for the Spatial Planning Project, and two cultural consultants were present at all of the public sessions and also assisted in the delivery of project team workshops.

Key projects on Spatial Planning included:

- Issue identification meetings
- Optioneering workshops
- Presentation workshop

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

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

Our SLA with Aoraki Environmental Consultancy Limited will continue to be key in assisting us with our work.

We will continue to progress the development of a SLA with both Te Rūnanga o Waihao and Te Runanga o Moeraki.

## SECTION 3

# Our Activities in Depth

## Ko Te Hohonutanga Ō Ā Tātou Mahi

Set out on the following pages are the activities we undertook and the associated financial forecasts and actuals for the year ended 30 June 2022.

Set out on the following pages are the activities we undertook and the associated financial forecasts and actuals for the year ended 30 June 2022.

## GROUPS OF ACTIVITIES, LEVELS OF SERVICE AND PERFORMANCE MEASURES

Within this document we report on our proposed output targets under groups of activities, which we believe summarises the key issues we need to address, or the key activities we undertake. The groups of activities are:

1. Governance and Corporate Services
2. Three Waters
3. Transportation
4. Regulatory Services
5. Emergency Management
6. Parks and Community Facilities
7. Waste Management and Minimisation
8. Tourism, Economic Development and Commercial Activities

We manage our work in activities and these activities aggregate up to our management structure. Each programme area contains a statement which shows which of our activities delivers the programmes, the cost thereof, and the combined funding sources involved. The funding arrangements are in accordance with the Revenue and Financing Policy as set out in the 2021-2031 Long Term Plan.

### Effects of activities

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

### Performance measures

Performance measures are included in the activities which are combined into the organisation's work plan. Management control over each activity is based on project briefs, which record outputs to be delivered and detail of budgeted costs and performance targets to be met. If you wish to know more about our projects or activities, please contact us.

### Our performance is measured in terms of:

- **Timeliness** - completion of activities by 30 June 2022, unless otherwise stated.
- **Cost** - completion of activities within the planned costs.
- **Quantity** - completion of outputs to the quantity standards specified.
- **Quality** - completion of all activities to meet quality expectations of elected Councillors and quality control procedures in place.
- **Location** - in all cases where a location is specified, the target is to deliver the service in that location.

## RESULTS

The results against the performance measures and targets for the 2021/22 year are shown as met, did not meet, exceeded or not applicable, if the target relates to a different time period.

### OVERALL RESULTS FOR 2021/22

Achieved	47%
Not Achieved	46%
No Data Available	7%

Overall, the year-end result for the 2021/22 performance targets is a 47% achievement level. This compares with 75% (2020/21) and 63% (2019/20). This is the first financial year reporting against the performance targets set in the 2021/31 Long Term Plan and includes new measures compared to previous years. These results also reflect the changes to our annual survey as outlined below.

		NOT ACHIEVED	NO DATA AVAILABLE
Governance & Corporate Services	5	4	1
Water	1	6	0
Wastewater	2	3	0
Stormwater	5	1	0
Transportation	5	4	0
Regulatory Services	5	3	0
Emergency Management	3	5	3
Parks & Community Facilities	2	4	0
Waste Management & Minimisation	4	1	0
Tourism, Economic Development & Commercial Activities	2	2	1
<b>Totals</b>	<b>34</b>	<b>33</b>	<b>5</b>



## RESIDENTS OPINION SURVEY 2022

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

This year's residents' opinion survey differs from prior years in two respects, these being:

1. The survey was primarily conducted through a web portal administered by our survey partner Research First, and supplemented with paper versions available for collection in Twizel, Tekapo and Fairlie. Previously Council has engaged Research first to conduct phone surveys. The community participation in our first web-based survey compared favourably with previous respondent numbers.
2. The mid-point of the Likert scale used to measure many of the question responses has been re-categorized as neutral and as such is not included in the tallies for either positive or negative performance ratings.

In the 2020/21 Annual Report the neutral responses were included in the positive tallies. To improve comparisons against this prior year's results we have noted the neutral response percentage where relevant.



Photo credit: Sue Wilkins

## 3.1 GOVERNANCE AND CORPORATE SERVICES

The Governance and Corporate Services activity supports and guides all the activities carried out by the Mackenzie District Council. These services enable the Council to function and provide stable, transparent, effective, efficient and accountable local governance to the district.

### Key Facts (as at 30 June 2022)

2 Wards – Mayor elected at large and six councillors from two Wards Pukaki and Opuha.

3 Community Boards – Twizel, Tekapo and Fairlie

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

Council-wide 33 fulltime staff and 9 part time staff.

### What we Do

#### Governance

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

The Mackenzie District Council 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. From the 2022 election in October Councillors will represent three wards of Pukaki (3), Opuha (3) and Tekapo (1). 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 2021/22

As well as business as usual administration and support for Council activities, we had planned several projects for the 2021/22 year within our Governance and Corporate Services activity area.

#### Project 1 – Vehicle Renewals

What we did: The annual budget of \$120,000 combined with

the proceeds of existing vehicle sales were planned to fund 2022 fleet renewals. To begin the transformation of Council's vehicle carbon footprint three Mitsubishi Eclipse PHEV vehicles and a Toyota Rav4 Hybrid were purchased within this renewal cycle. The timing of two existing vehicle sales has extended into the 2022/23 financial year

#### Project 2 – Network Infrastructure (progressing)

Our goals are to enable remote support of all MDC sites and standardise the end user experience for staff members, contractors, elected members and community members. This work will also streamline trouble shooting and maintenance across our network and systems, and will help manage capacity requirements.

The Tekapo Community Hall, Fairlie Council office and Fairlie Community Centre network upgrades have been completed with the Twizel Council Office and Twizel Recreation Centre fit outs due for completion in 2022-23.

#### Project 3 – Building Upgrade (commenced)

A budget of \$1,000,000 was set aside for 2021/22 for the structural improvements to the Fairlie Council office building to ensure all compliance requirements are met. Beca Consultants have done the required project scoping for this workstream and have been authorised to prepare building consent plans and specifications and tender documents for the proposed upgrade requirements.

Due to unexpected issues with the existing electrical switchboard during the 2021/22 year we have been required to upgrade all the circuit breakers and establish output monitoring on the switchboard to ensure suitable capacity exists for the requirements of the entire building upgrade

### Assessment of performance against measures and targets for 2021/22

We achieved 50% of our non-financial performance standards in the governance and corporate services activity.

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure satisfaction questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

	2019/20	2020/21	2021/22
<b>Achieved</b>	100%	80%	50%
<b>Not Achieved</b>		20%	40%
<b>No Data Available</b>			10%

The following tables show how our governance and corporate services activity performed as measured against the targets set for the 2021/22 year.

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

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

**What we did:** The Council is usually required to adopt its Annual Reports by 31 October each year, however Government has extended this date to 31 December for both the 2021 and 2022 Annual Reports. For the 2020/21 Annual Report, the Council received an unmodified audit opinion, and adopted the Annual Report on 12 April 2022. Therefore, we did not fully meet this target for the last year.

**Challenges/issues we experienced:** A delay in obtaining an unmodified audit opinion resulted in Council not meeting the statutory timeframes for the adoption of the Annual Report 2020/21.

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

2019/20	2020/21	2021/22
2018/19 AR ✘	2019/20 AR ✘	2020/21 AR ✘

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

**Target:** The annual plan is prepared within statutory timeframes.

**What we did:** The Council is usually required to adopt its Annual Plans by 30 June each year. The Annual Plan 2021/22 is year 1 of the Long Term Plan which was adopted on 14 December 2021. A modified audit opinion was issued consistent with the rest of the sector relating to uncertainty about assumptions over three waters ownership and service delivery from 1 July 2024. The Annual Plan 2021-22 was not adopted within the statutory time frame.

The subsequent Annual Plan 2022/23 (year 2 of the Long Term Plan) was adopted on 28 June 2022 which met the statutory deadline. An audit of this plan was not required as there were no significant changes to the Long Term Plan forecasts.

**Challenges/issues we experienced:** Staff and project management constraints delayed progress on the Long Term Plan 2021-31 which created flow on delays in obtaining the Long Term Plan audit opinion and ultimately resulted in Council not meeting the target for the year ended 31 June 2021. However, in the year ended 31 June 2022 the target was met.

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

2019/20	2020/21	2021/22
2020/21 AP ✓	2021/22 AP ✘	2022/23 AP ✓

### 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 2021/22, 32% of residents surveyed were satisfied with Council's overall performance, which did not meet our target for the year. Survey results were impacted by the change in the survey's Likert scale to include a neutral respondent choice. Survey respondents who returned a neutral stance on Council's overall performance tallied 39%, with dissatisfied respondents tallied at 29%.

**Challenges/issues we experienced:** Robust service delivery, staff retention and effective consultation with our community has been challenging as COVID-19 has interrupted and re-framed business- as-usual.

**Looking ahead:** Council will review operations in light of the current operating environment and adapt to supply chain disruptions and the tight labour market.

	2019/20	2020/21	2021/22
<b>Target</b>	≥ 60%	≥ 60%	≥ 60%
<b>Result</b>	89%	72%*	32%

\* This figure includes a 37% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 39% was excluded from the 'Achieved' result.

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

**Target:** ≥2.

**What we did:** During the 2021/2022 year, Council continued to foster the relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu through a series of formal and informal meetings held throughout the year. We exceeded our target with three formal meetings held during the year; engagement on the various Council projects being undertaken including Three Waters, District Plan review and Te Manahuna Kit Uta and the direction from Te Mana o Te Wai; and the Aoraki Environmental Consulting Limited contract review.

Aoraki Environmental Consulting Limited partnered with

Council for the Spatial Planning Project, and we had two Cultural and Monitors Consultants from their team at all of the public sessions, who also assisted in the delivery of project team workshops.

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

**Looking ahead:** We recognise the importance and value of building strong, effective, enduring and open relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu. As such, our goal is to achieve that of a true partnership with mana whenua so that we can continue to work together towards shared outcomes for greater results. Our service level agreement (SLA) with Aoraki Environmental Consultancy Ltd will continue to be key in assisting us with our work. We will continue to progress the development of a SLA with both Te Rūnanga o Waihao and Te Runanga o Moeraki.

	2019/20	2020/21	2021/22
<b>Target</b>	≥ 2	≥ 2	≥ 2
<b>Result</b>	2	3	3

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

**Target:** 40 or more.

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

**What we did:** During the 2021/22 year, Council met in public 16 times, Committees of Council were held 19 times, and there were 22 Community Board meetings held. A total of 26 other public forums were held, including drop-in session for community feedback on the Long Term Plan, the District Plan and Te Manahuna Ki Uta. A combined total of 83 public forums were held during the year, well exceeding our target of 40.

**Challenges/issues we experienced:** Several large projects requiring public consultation were carried out close together in the 2021/22 year, including the Long Term Plan and destination management plan, Te Manahuna Ki Uta.

This resulted in a degree of public “consultation fatigue”. This was addressed by improved communication practices such as the introduction of the Let’s Talk website and other initiatives to engage with the public.

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

	2019/20	2020/21	2021/22
<b>Target</b>	≥ 40	≥ 40	≥ 40
<b>Meetings</b>	64	66	83

#### Measure 6: Council provides a centralized service point for all customers

New measure in 2021/22.

**Target:** Two to three service centres operating Monday to Friday 8.30am to 5pm providing first point of contact for customer service via face to face, phone and e-mail. The number of service centres, and hours operated to be informed by performance statistics, population growth, demand and customer feedback.

**What we did:** During the 2021/22 year, Council operated services centres in both Fairlie and Twizel, Monday to Friday 8.30am to 5pm. In addition, our customers are supported by an afterhours telephone answer service which prioritises calls and either contacts Council staff directly by phone or by email dependent on severity and urgency of the issue.

**Challenges/issues we experienced:** During the 2021/22 year the Fairlie office was closed to the public during the national COVID-19 lockdown in August/September 2021 with staff operating remotely to continue providing Council services and operations. During this period, the Twizel office remained open to provide NZ Post services only, with all other face-to-face services supplemented with remote working technology capabilities.

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

2019/20	2020/21	2021/22
N/A	N/A	✘

COVID-19 lockdown

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

New measure in 2021/22.

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

**What we did:** A targeted customer satisfaction survey addressing this measure was not scheduled during 2021/22 so we did not measure performance against this target. The results of our annual Residents’ Opinion survey show half of

the respondents agree that Council was easy to deal with (51%), treated them fairly (49%), were responsive (50%), and listened to residents' needs (54%). However, Council received poorer ratings for keeping respondents informed during and after the process (28%) and operating transparently (28%).

**Challenges/issues we experienced:** During the national COVID-19 lockdown in August/September 2021 the year face-to-face services were supplemented with remote working to continue to provide Council services and operations.

**Looking ahead:** Council will align our annual survey to provide feedback relating to this measure; and benchmark results for future reference. We will also continue to invest in technology and staffing to improve our customer service across all our departments.

	2019/20	2020/21	2021/22
<b>Target</b>	N/A	N/A	≥ 85%
<b>Result</b>	N/A	N/A	No data available

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

New measure in 2021/22.

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

**What we did:** Finance reports were tabled at six of the seven ordinary Council meetings held during 2021/22 which meant we did not meet this target. However, during the year the content and format of the report was reviewed and improved to highlight significant information supported by relevant tables.

**Challenges/issues we experienced:** The workload associated with the preparation of the 2021/2031 Long Term Plan for adoption in December 2021 meant the Financial Report was not placed on the agenda in that month.

**Looking ahead:** We will work with our software providers to continue refining reports that can be generated automatically from our financial systems to provide timely and pertinent financial reports.

	2019/20	2020/21	2021/22
	N/A	N/A	x

**Measure 9: Collect rates revenue for Council managing funds to ensure availability for Council requirements**

New measure in 2021/22.

**Target:** Issue rates invoices by no later than twenty calendar

days prior to invoice due date every quarter and ensure collection procedures followed to maximise prompt payments.

**What we did:** Rates invoices were issued on time for each instalment but due to the delay in adoption of the 2021/2031 Long Term Plan instalment 1 was the same as instalment 4 for the previous financial year. The rates for 2021/2022 were struck on instalment 2 with any adjustments apportioned over the remaining three instalments.

**Challenges/issues we experienced:** The first rates instalment was raised under the provisions of section 50 of the Local Government (Rating) Act 2022 because the late adoption of the 2021/2031 Long Term Plan delayed Council's rates strike for the 2021/22 financial year.

**Looking Ahead:** Council has invested in staff and systems to improve the timeliness of our Annual Plan and Long Term Plan preparation and adoption to meet our statutory deadlines.

	2019/20	2020/21	2021/22
	N/A	N/A	✓

**Measure 10: Ensure that staff and suppliers are paid on a timely basis to ensure continuity of Council operations**

New measure in 2021/22.

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

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

**Challenges/issues we experienced:** During the national COVID-19 lockdown in August/September 2021 internal systems were adapted to ensure timely distribution and authorisation of documents for payment continued while staff were working remotely.

**Looking Ahead:** Robust control systems and Information Technology solutions remain in place to support both in-house and remote processing of staff and supplier payments.

	2019/20	2020/21	2021/22
	N/A	N/A	✓

**Significant Financial Variances between Actual and**

**the Long Term Plan****Payments to staff and suppliers \$608,000 above LTP**

An additional \$719,000 was spent in regards the completion and audit of the 2021-2031 Long Term Plan adopted on 14 December 2021 and the 2020-2021 Annual Report adopted 12 April 2022.

**Capital expenditure – to replace existing assets \$691,000 below LTP**

The LTP included \$1,000,000 for the Fairlie Administration Building upgrade. The project has been delayed and has been rebudgeted in the 2022-2023 financial year. Actual expenditure incurred was \$110,000.

The LTP had a net budget for plant operations of \$120,000. Actual proceeds from sale of assets have now been broken out from the expenditure and included separately.

**Increase / (decrease) in reserves \$335,000 above LTP**

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

**Capital Expenditure by activity**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Information and Engagement	-	76	64
IT Support	44	88	129
Fairlie Administration Building	-	1,000	110
Twizel Administration Building	2	2	16
Plant Operations	35	120	255
<b>Total</b>	<b>81</b>	<b>1,286</b>	<b>575</b>

## FUNDING IMPACT STATEMENT – GOVERNANCE AND CORPORATE SERVICES

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	2,456	4,282	4,355
Targeted rates	33	34	34
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	167	102
Internal charges and overheads recovered	1,499	836	1,130
Local authorities fuel tax, fines, infringement fees and other receipts	76	374	100
<b>Total operating funding</b>	<b>4,064</b>	<b>5,693</b>	<b>5,722</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,711	6,160	6,768
Finance costs	-	4	5
Internal charges and overheads	164	(758)	(845)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>3,875</b>	<b>5,406</b>	<b>5,928</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>189</b>	<b>287</b>	<b>(206)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	1,037	1,038
Gross proceeds from the sale of assets	-	-	117
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>1,037</b>	<b>1,155</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	116	96
Capital expenditure - to replace existing assets	81	1,170	479
Increase/(decrease) in reserves	108	39	374
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>189</b>	<b>1,325</b>	<b>949</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(189)</b>	<b>(288)</b>	<b>206</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Internal charges and overheads recovered in the LTP 2021-22 column can not be compared to the actuals as is understated by 250. Local authorities fuel tax, fines, infringement fees and other receipts is overstated by the same amount.

## 3.2 WATER SUPPLIES

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

### Key Facts (as at 30 June 2022)

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

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

3,675 properties connected to Council water systems

381km water mains in addition to 21km of service lines and 115km water races

556 hydrants for firefighting water supply

### What We Do

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

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

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

### Key Projects for 2021/22

As well as the routine maintenance and operations required to provide our community water supplies, Council had planned to undertake some significant workstreams in 2021/22.

#### Project 1 – Water main replacements – Twizel and Lake Tekapo/Takapō (completed)

We replaced 10,256m of asbestos cement, cast iron and galvanised steel water mains in Twizel and Lake Tekapo as part of an accelerated mains renewal programme.

#### Project 2 – Water main replacements – Fairlie (progressing)

We replaced 2876m of asbestos cement, concrete reinforced and galvanized steel water mains in Fairlie as part of an accelerated mains renewal programme.

#### Project 3 – Fairlie Water Treatment Plant (progressing)

This year we began pre-construction work on the new Fairlie Water Treatment Plant, scheduled for completion prior to June 2024. This included completing preliminary designs to go out to market for expressions of interest for the design and build contract.

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

#### Project 4 – Compliance with Drinking Water Standards (commenced)

We completed Water Safety Plans for all five Council owned water supplies and the Albury supply. Water Safety Plans identify areas of risk within a water system. We have begun to implement several key improvements identified in the Water Safety Plans: backflow prevention, catchment security, improved monitoring, better record keeping systems and onsite instrumentation.

#### Assessment of performance against measures and targets for 2021/22

We achieved 14% of our non-financial performance standards in the water supply activity.

	2019/20	2020/21	2021/22
<b>Achieved:</b>	70%	60%	14%
<b>Not Achieved:</b>	30%	40%	86%
<b>No Data Available:</b>			

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most responses. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

#### Measure 1: Compliance with Drinking Water Standards (part 4) – Bacterial Compliance\*

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≥95%	≥95%	≥95%
<b>Result:</b>	75%	25%	17%

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

**What we did:** An independent review of our monitoring documentation found that only Burkes Pass water supply complied with this standard. In Twizel, Tekapo, Fairlie, Albury and Allandale, insufficient monitoring frequency, elevated turbidity and insufficient chlorine contact time for some



residents on the Fairlie supply, meant our independent auditor scored us as non-compliant at these five treatment facilities. Our result of 17% has been calculated based on one compliant supply out of six supplies operated by Council.

**Challenges/issues we experienced:** Record keeping in the three larger supplies was not sufficient to demonstrate to the independent auditor that these systems were correctly meeting the minimum requirements of the Drinking Water Standards New Zealand (DWSNZ).

**Looking ahead:** We have put in place a new process to ensure adequate recordkeeping is maintained going forward. This includes installing an electronic dashboard reporting system which will be ready for use in late 2022 as well as further monitoring to remotely monitor parameters such as pH and residual chlorine.

### Measure 2: Compliance with Drinking Water Standards (part 5) – Protozoal Compliance\*

\*Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≥50%	≥75%	≥40%
<b>Result:</b>	0%	0%	0%

**Target:** 2 of 5 supplies compliant.

**What we did:** All five of our Water supplies are required to be compliant with this standard, however the target set in the 2021/2031 LTP for this financial year was for two compliant supplies (40%). Council has deferred installation of the necessary protozoa treatment equipment in Fairlie to be incorporated within the new Fairlie water treatment plant project. In Twizel and Tekapo, the necessary equipment is in place and is operating correctly however insufficient monitoring documentation relating to UV treatment, meant our independent auditor scored us as non-compliant at these two treatment facilities.

As a result we did not meet our target for 2021/22 as no supplies could be assessed as compliant by independent review.

**Challenges/issues we experienced:** Record keeping in the two supplies that had UV treatment was not sufficient to prove to our independent auditor that these systems were meeting the minimum requirements of the DWSNZ. The water treatment process in Fairlie is not sufficient to ensure protozoal protection and will not be compliant until the treatment plant construction is completed in 2024.

**Looking ahead:** We have put in place a new process to ensure adequate recordkeeping is maintained going forward. This includes installing an electronic dashboard reporting system which will be ready for use in late 2022. The new treatment plant for the Fairlie supply is scheduled for completion in June 2024 and will be designed to achieve protozoal compliance.

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

\*Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤25%	≤25%	≤25%
<b>Result:</b>	21%	26%	35%

**What we did:** We did not meet this target for 2021/22 with approximately 35% of recorded treated water loss from our networks.

The water loss calculated in Twizel (by measuring winter night time flow) is most likely not due to leaks in public mains as we have renewed over 60% of this public reticulation. It is more likely due to leaks in private water laterals and unusual overnight water use like residents leaving a tap running overnight in the winter to prevent pipes freezing and cooling of commercial refrigeration units in the summer.

**Challenges/issues we experienced:** No significant challenges or issues were experienced during the 2021/22 year. We do not have meters at each connected property (universal metering) so are unable to track where water is being used and lost from the reticulation system. Installation of water meters during 2021/22 was delayed at the procurement stage owing to supply chain constraints.

**Looking ahead:** Our universal metering installation programme will commence during 2022/23. Water metering is a fundamental tool in water demand management, water loss monitoring and water conservation. It is Council's intention to install metering in Twizel initially, followed by water loss analysis. We will then roll out water meters to the wider district.

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

\*Mandatory performance measure

(Hours)	2019/20	2020/21	2021/22
<b>Attendance for urgent call outs ≤2hrs</b>			
<b>Target:</b>	≤2	≤2	≤2
<b>Result:</b>	1.4	0.9	0.5
<b>Resolution of urgent call outs ≤12 hrs</b>			
<b>Target:</b>	≤12	≤12	≤12
<b>Result:</b>	1.4	2.0	1.9
<b>Attendance for non-urgent call outs ≤72 hrs</b>			
<b>Target:</b>	≤72	≤72	≤72
<b>Result:</b>	24.7	3.1	19.3

(Hours)	2019/20	2020/21	2021/22
<b>Resolution of non-urgent call outs ≤120 hrs</b>			
<b>Target:</b>	≤120	≤120	≤120
<b>Result:</b>	26.0	25.3	28.8

**What we did:** During 2021/22, our median attendance time for urgent call-outs was 0.5 hours, our median resolution time for urgent call-outs was 1.9 hours, our median attendance time for non-urgent call-outs was 19.3 hours, our median resolution time for non-urgent call-outs was 28.8 hours. Therefore, we achieved 100% of the targets for median response and resolution of faults during the 2021/22 year.

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

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

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

- drinking water clarity
- drinking water taste
- drinking water odour
- drinking water pressure or flow
- continuity of supply
- MDC response to any of the above

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤5	≤5	≤5
<b>Result:</b>	1.4	2.7	8.7

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

**What we did:** We continue to work with our contractor to minimise any issues than may cause a complaint. During the year, we received 28 complaints. This equates to 8.7 complaints per 1,000 connections, meaning we did not meet our target.

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

However, some large scale rain events experienced in our water supply catchment areas during the year temporarily increased turbidity and discoloured the treated water supply. Council also experiences complaints about the odour and taste of compulsory chlorine treatment.

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

#### Measure 6: Average consumption of drinking water per day per resident within the district\*

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤1.2m <sup>3</sup>	≤1.2m <sup>3</sup>	≤1.2m <sup>3</sup>
<b>Result:</b>	1.6m <sup>3</sup>	1.7m <sup>3</sup>	1.3m <sup>3</sup>

**Target:** ≤1.2m<sup>3</sup>/resident/day.

**What we did:** The average consumption for 2021/22 was 1.34m<sup>3</sup> (2020/21 1.2m<sup>3</sup>) which meant we did not meet our target.

**Challenges/issues we experienced:** Our residents and visitors do not have sufficient understanding of the need to reduce consumption of water. We need to develop educational communication strategies to raise awareness about water consumption and conservation.

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

#### Measure 7: The percentage of ratepayers satisfied with the water supply service

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥80%
<b>Result:</b>	80%	86%*	57%

\* This figure includes a 29% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 22% was excluded from the 'Achieved' result.

**What we did:** Of the residents who responded to our survey, 57% stated they were satisfied with Council's water supply service during 2021/22 with 22% returning a neutral opinion. This did not meet the annual target of a 80% satisfaction level.

**Challenges/issues we experienced:** Reliable remote site record keeping and supply chain constraints were the two key challenges during 2021/22.

**Looking ahead:** We will continue to improve our remote site data capture and associated standards and protocols, to ensure that our focus remains on high levels of service.

**Capital Expenditure by activity**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Allandale / Spur Road Water Supply	-	55	-
Downlands Water Supply	-	488	530
Urban Water Supply	108	10,843	4,082
Water Services Reform Programme – Stimulus Projects	-	498	926
<b>Total</b>	<b>108</b>	<b>11,884</b>	<b>5,538</b>

**Significant Financial Variances between Actual and the Long Term Plan****Subsidies and grants for operating purposes \$226,000 below LTP**

Stimulus Funding received for 3 Waters work funded 100% by the Crown was budgeted to be \$535,000. Projects were approved to be swapped from operating to capital during the year and the funding reflects this movement.

**Subsidies and grants for capital expenditure \$428,000 above LTP**

Stimulus Funding received for 3 Waters work funded 100% by the Crown was budgeted to be \$498,000. Projects were approved to be swapped from operating to capital and also from stormwater and wastewater during the year and the funding received reflects these movements.

**Increase / (decrease) in debt \$4,512,000 below LTP**

Due to delays with the Fairlie Water Supply upgrade the full loan of \$8,424,000 was not required to be raised. The project has been rebudgeted in the 2022-2023 financial year.

**Capital expenditure – to improve the level of service \$9,761,000 below LTP**

The LTP included a budget for the Fairlie Water Supply upgrade to be compliant to the New Zealand Drinking Water Standards. Work on this project has been delayed with expenditure on scoping and design being incurred. The project has been rebudgeted in the 2022-2023 financial year.

**Capital expenditure – to replace existing assets \$3,589,000 above LTP**

Expenditure on Water Services Reform Program Stimulus funded project was carried over from the previous financial year and projects were approved to be swapped out from wastewater and stormwater to water. Pipe renewals were also undertaken during the year that were budgeted for in prior years.

**Increase / (decrease) in reserves \$2,144,000 above LTP**

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

**FUNDING IMPACT STATEMENT – WATER SUPPLIES**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,466	1,461	1,479
Subsidies and grants for operating purposes	-	535	309
Fees and charges	-	120	165
Internal charges and overheads recovered	5	5	5
Local authorities fuel tax, fines, infringement fees and other receipts	195	26	19
<b>Total operating funding</b>	<b>1,666</b>	<b>2,147</b>	<b>1,976</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	717	1,344	1,353
Finance costs	-	39	11
Internal charges and overheads	190	49	95
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>907</b>	<b>1,432</b>	<b>1,459</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>759</b>	<b>715</b>	<b>517</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	498	926
Development and financial contributions	764	707	787
Increase/(decrease) in debt	-	8,424	3,912
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>764</b>	<b>9,629</b>	<b>5,625</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	174	-
Capital expenditure - to improve the level of service	-	11,418	1,657
Capital expenditure - to replace existing assets	108	292	3,881
Increase/(decrease) in reserves	1,415	(1,539)	605
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,523</b>	<b>10,345</b>	<b>6,143</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(759)</b>	<b>(715)</b>	<b>(517)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### 3.3 WASTEWATER

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

#### Key Facts (as at 30 June 2022)

- 4 treatment facilities: each of the four schemes use oxidation ponds to treat the wastewater
- 110km sewer lines
- 1,092 manholes
- 6 pump stations
- 3,023 properties connected to Council wastewater systems

#### What We Do

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

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

#### Key Projects for 2021/22

Council identified key wastewater scheme priorities within the 2021/31 Long Term Plan.

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

An upgrade of the wastewater treatment plant is required to cater for community growth, including the Station Bay subdivision, and improve disposal options. We have completed a feasibility study to determine the physical plant requirements, proposed plant location and disposal site. Planning and design for the new treatment plant will continue in 2022/23.

#### Project 2 Lake Tekapo/Takapō upgrades – Lakeside Drive (completed)

The Lakeside Drive pump station has been completed by the developer.

#### Project 3 – Pipe replacement programme (progressing)

During 2021/22 all pre-1970 wastewater mains in Fairlie and Tekapo were inspected using CCTV technology to identify sections that were no longer functioning as designed. CCTV inspection of the Twizel mains will continue in 2022/23. Most mains in Twizel and Tekapo were operating well and did not need upgrades. In Fairlie a total of 900 metres of mains were identified for relining and this work has been scheduled for 2022/23.

#### Project 4 – Mackenzie Park, Twizel (completed)

A new rising main and pumping station was installed to improve the reticulation capacity to the sewage treatment ponds.

#### Project 5 – Compliance with Discharge Consents (progressing)

In September 2021, Environment Canterbury Regional Council (ECAN) officials conducted an annual inspection of our wastewater treatment plants to check we comply with our resource consents. As a result ECAN required us to either provide more information about our operations or take specific actions relating to the Twizel, Tekapo and Fairlie wastewater treatment plants. We have responded to these issues and await ECAN's follow up.

There were six minor non-compliances recorded at the Burkes Pass wastewater treatment ponds which we have actioned or are progressing

#### Project 6 – Desludging of wastewater treatment ponds

During 2021/22 we completed the desludging of our wastewater treatment oxidation ponds in Twizel, Tekapo and Fairlie. Desludging of oxidation ponds is a recurring maintenance activity typically undertaken every 15-20 years.

#### Assessment of performance against measures and targets for 2021/22

We achieved 40% of our non-financial performance standards in the wastewater activity.

	2019/20	2020/21	2021/22
<b>Achieved</b>	89%	78%	40%
<b>Not Achieved</b>	11%	22%	60%
<b>No Data Available</b>			

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

The following tables show how our wastewater activity performed as measured against the targets set for the 2021/22 year.

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤2	≤2	≤2
<b>Result:</b>	3.1	1.7	1.3

**What we did:** During the 2021/22 year, there was four dry weather overflow. With 3,023 properties connected to Council's wastewater systems throughout the district, this equates to 1.3 dry weather sewerage overflow events per one thousand connections which exceeded our target.

**Challenges/issues we experienced:** In this instance the overflow resulted from blocked mains. We responded by flushing our mains which resolved the blockages.

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

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

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

	Target	2019/20	2020/21	2021/22
<b>Compliance</b>	Compliant	N/A	N/A	X
<b>Abatement notices</b>	Nil	Nil	Nil	Nil
<b>Infringement notices</b>	Nil	Nil	Nil	Nil
<b>Enforcement orders</b>	Nil	Nil	Nil	Nil
<b>Convictions</b>	Nil	Nil	Nil	Nil

**What we did:** Under a) above, there were six minor non-compliances recorded at the Burkes Pass wastewater treatment ponds outlined in the Compliance Report from ECAN in their letter of 17 November 2022. These have since been actioned or are in progress.

From b) to e) there were no notices, enforcement orders or convictions relating to the above.

**Challenges/issues we experienced:** We learned from ECAN's September 2021 inspection that they have

introduced more detailed site inspections than in the past. No major changes to our operations were required by ECAN, as the quality of our discharge meets our resource consent conditions. However, we need to ensure all relevant information is provided to ECAN in the future.

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

**Measure 3: Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured\***

- a) Attendance time **Target:** ≤1 hr
- b) Resolution time **Target:** ≤4 hrs

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Attendance Time</b>			
<b>Target:</b>	≤1 hr	≤1 hr	≤1 hr
<b>Attendance time met:</b>	2.8	2.0	1.5
<b>Resolution Time</b>			
<b>Target:</b>	≤4hr	≤4hr	≤4hr
<b>Resolution time met:</b>	2.8	2.0	3.0

**What we did:** During 2021/22 Council's median attendance time was 1½ hours which did not meet the target time frame and the median resolution time was three hours which exceeded the target. Council attended seven overflow events during the year with one relating to an issue on private property rather than the public system.

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

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

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

- sewage odour
- sewerage system faults
- sewerage system blockages
- the Council's response to issues with its sewerage system

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:*</b>	≤50	≤50	≤50
<b>Result:</b>	9.4	9.3	5.3

**\*Target:** ≤50 complaints per 1,000 connections

**What we did:** During 2021/22, we received sixteen complaints regarding the above matters in relation to our wastewater systems. With 3,023 properties connected to Council's wastewater systems, this equates to 5.2 complaints per one thousand connections which exceeded this target.

**Challenges/issues we experienced:** Odour remains a difficult matter to deal with, particularly from pressure sewer systems connected 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 the issue.

#### Measure 5: The percentage of ratepayers satisfied with the sewerage treatment and disposal service

	2019/20	2020/21	2021/22
<b>Target:</b>	≥85%	≥85%	≥85%
<b>Result:</b>	94%	93%*	60%

\*This figure includes a 28% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 29% was excluded from the 'Achieved' result.

**What we did:** Of those residents surveyed, 60% stated that they were satisfied with Council's sewerage treatment and disposal system during 2021/22. This result did not meet our target for the year and reflects the change in the survey's Likert scale to include a neutral respondents' choice of 29%.

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

**Looking ahead:** Council will continue to reline earthenware pipes with PE or fiberglass to reduce water infiltration. We addressed future wastewater issues in Council's Te Manahuna ki Uta / Destination Mackenzie study undertaken during 2020/21, and in our District Plan Review.

#### Significant Financial Variances between Actual and the Long Term Plan

##### Subsidies and grants for operating purposes \$374,000 above LTP

Stimulus Funding received for Water Services Reform Programme work funded 100% by the Crown was budgeted to be \$1,661,000. Projects were approved to be swapped from capital to operating during the year and the funding reflects

this movement.

##### Payments to staff and suppliers \$395,000 above LTP

Expenditure on Water Services Reform Programme work funded 100% by the Crown was budgeted to be \$1,661,000. Actual expenditure incurred was \$2,035,000. Projects were approved to be swapped from operating to capital during the year and the funding reflects this movement.

##### Subsidies and grants for capital expenditure \$476,000 below LTP

Stimulus Funding received for Water Services Reform Programme work funded 100% by the Crown was budgeted to be \$1,519,000. Projects were approved to be swapped from capital to operating and also from stormwater and wastewater during the year and the funding received reflects these movements.

##### Capital expenditure – to meet additional demand \$1,303,000 below LTP

Priority was given to completing Water Services Reform Programme funded work so the upgrade in regards the Tekapo Wastewater treatment plant was delayed. A feasibility study was completed in regards physical plant requirements, proposed plant location and disposal site and planning and design work has been rebudgeted into 2022-2023.

##### Increase / (decrease) in reserves \$716,000 above LTP

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

#### Capital Expenditure by activity

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Urban Sewerage	15	963	17
Water Services Reform Programme – Stimulus Projects	-	1,456	1,068
<b>Total</b>	<b>5</b>	<b>2,419</b>	<b>1,085</b>

**FUNDING IMPACT STATEMENT - WASTEWATER**

(All in \$000s)	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	774	879	886
Subsidies and grants for operating purposes	-	1,661	2,035
Fees and charges	-	-	36
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	11	20	1
<b>Total operating funding</b>	<b>785</b>	<b>2,560</b>	<b>2,958</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	471	2,060	2,455
Finance costs	-	-	1
Internal charges and overheads	6	28	64
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>477</b>	<b>2,088</b>	<b>2,521</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>308</b>	<b>472</b>	<b>437</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	1,519	1,043
Development and financial contributions	-	559	453
Increase/(decrease) in debt	248	(10 )	(10 )
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>248</b>	<b>2,068</b>	<b>1,486</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	1,303	-
Capital expenditure - to improve the level of service	-	1,116	1,022
Capital expenditure - to replace existing assets	15	-	63
Increase/(decrease) in reserves	751	122	838
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>766</b>	<b>2,541</b>	<b>1,923</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(308)</b>	<b>(472)</b>	<b>(437)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



### 3.4 STORMWATER

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

#### Key Facts (as at 30 June 2022)

22,851 m<sup>2</sup> treatment area

3,683 properties connected to council stormwater system

25.0km of pipelines

394 manholes

6.2km of open drains associated with roading

#### What We Do

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

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

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

#### Key Projects for 2021/22

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

#### Project 1 – Stormwater Management Plans (progressing)

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

#### Project 2 – Stormwater Management Control (flooding) Investigation and Upgrade (commenced)

In 2021/22 we investigated stormwater flooding issues in Alloway Street. The design and construction of upgraded reticulation for Alloway Street in Fairlie is to be done in 2022-2023.

#### Project 3 – Box culvert replacement – Sloane Street (commenced)

During 2021/22 we evaluated the stormwater system in Sloane Street to determine the scope of the required upgrade. The design and construction of upgraded reticulation for Sloane Street in Fairlie is planned to be done in 2022/23

#### Assessment of performance against measures and targets for 2021/22

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

	2019/20	2020/21	2021/22
<b>Achieved:</b>	75%	88%	83%
<b>Not Achieved:</b>	25%	12%	17%
<b>No Data Available:</b>			

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral

The following tables show how our stormwater activity performed as measured against the targets set for the 2021/22 year.

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤2	≤2	≤2
<b>Result:</b>	0	2	0

**What we did:** There were no significant flooding events in 2021/22.

**Challenges/issues we experienced:** No issues or challenges were experienced during 2021/22.

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

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤2	≤2	≤2
<b>Result:</b>	0	2	0

**Target:** ≤2 per flooding event per 1000 property connections.

**What we did:** There were no significant flood events during 2021/22, nor any habitable floors affected by those floods which exceeded this target.

**Challenges/issues we experienced:** No issues or challenges were experienced during 2021/22.

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

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

- (a) abatement notices;
- (b) infringement notices;
- (c) enforcement orders;
- (d) convictions, received by the Council in relation to those resource consents

\* Mandatory performance measure

**Target:** 0.

	Target	2019/20	2020/21	2021/22
<b>Abatement notices</b>	Nil	Nil	Nil	Nil
<b>Infringement notices</b>	Nil	Nil	Nil	Nil
<b>Enforcement orders</b>	Nil	Nil	Nil	Nil
<b>Convictions</b>	Nil	Nil	Nil	Nil

**What we did:** Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of the resource consents which Council holds for discharge from its stormwater systems during the 2021/22 year. This result meant we met this target for the year.

**Challenges/issues we experienced:** No issues or challenges were experienced during 2021/22.

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

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤2	≤2	≤2
<b>Result:</b>	N/A	4.8	N/A

**What we did:** We received no service requests to respond to a flooding event during 2021/22.

**Challenges/issues we experienced:** No issues or challenges were experienced in 2021/22.

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

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≤5	≤5	≤5
<b>Result:</b>	0	4.4	1.1

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

**What we did:** We received four complaints for the year about our stormwater system during 2021/22. This equates to 1.1 complaints per 1,000 connections, meaning we met our target.

**Challenges/issues we experienced:** No issues or challenges were experienced in 2021/22.

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

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥80%
<b>Result:</b>	87%	83%*	41%

\*This figure includes a 36% ‘neutral’ response which was included in the ‘Achieved’ result in 2020/21. In 2021/22 a ‘neutral’ response of 34% was excluded from the ‘Achieved’ result.

**What we did:** As an overall measure across all of our urban stormwater services, we received a customer satisfaction rating of 41% from our survey respondents for the 2021/22 year. This result did not meet our target for the year and also reflects the change in the survey’s Likert scale to include a neutral respondents’ choice of 34%.

**Challenges/issues:** During 2021/22 severe rainfall events experienced across the District have indicated the need to increase the number of outlets from our stormwater networks to mitigate overflows.

**Looking ahead:** Council staff and contractors will ensure that all areas of risk are identified and determine what resilience can be built into the systems to minimise adverse effects resulting from overflows or failures.

**Significant Financial Variances between Actual and the Long Term Plan**

**Capital expenditure – to improve the level of service \$404,000 below LTP**

The LTP included an upgrade of reticulation in Fairlie. Work was progressed in regards determining the scope of works, with design and construction being rebudgeted for completion in 2022-2023.

**Capital Expenditure by activity**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Urban stormwater	-	350	6
Water Services Reform Programme – stimulus projects	-	60	-
<b>Total</b>	<b>-</b>	<b>410</b>	<b>6</b>

**FUNDING IMPACT STATEMENT - STORMWATER**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	139	107	108
Subsidies and grants for operating purposes	-	15	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>139</b>	<b>122</b>	<b>108</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	37	55	99
Finance costs	-	-	-
Internal charges and overheads	14	4	7
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>51</b>	<b>59</b>	<b>106</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>88</b>	<b>63</b>	<b>2</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	60	-
Development and financial contributions	128	157	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>128</b>	<b>217</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	410	-
Capital expenditure - to replace existing assets	-	-	6
Increase/(decrease) in reserves	216	(129)	(4)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>216</b>	<b>281</b>	<b>2</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(88)</b>	<b>(63)</b>	<b>(2)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 3.5 TRANSPORTATION

Our district's roading network is considered vital infrastructure by the Council, underpinning the district's economic wellbeing and supporting significant activities such as farming, tourism and development. Our roading network links areas, connects people with each other and essential services, underpins our district's iconic tourism economy, enables businesses to access resources and markets, and provides people with social, cultural, recreational and employment opportunities.

### Key Facts (as at 30 June 2022)

- 224km of sealed local roads
- 516km unsealed local roads
- 69km footpaths
- 97 bridges
- 1,251 street lights

### What We Do

We own and maintain 740 kilometres of local roads which feed off the highway network as the backbone; this being all the roads in our district except for state highways, which are managed by Waka Kotahi/ New Zealand Transport Agency (NZTA), and roading within Mt Cook Village, which is administered by the Department of Conservation (DoC). Rural roads make up 92% of our network and are an important part of the export supply chain with the main rural land uses in the District being pastoral farming, environmental tourism, recreational activity and tourism, dairy farming and forestry.

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

The provision of transportation services is Council's single biggest cost item. The carrying value of asset infrastructure for Council's transportation network is \$168.6 million.

### Key Projects for 2021/22

Maintenance, renewals and replacements of our network to appropriate standards for our communities and visitors continued to be a focus for the 2021/22 year. Some of the key projects we undertook to maintain our levels of service are outlined below.

#### Project 1 – Low cost low risk improvements (Ongoing)

Each year we undertake several roading improvement projects which are designed to address localised pressures from growth on our network. This includes safety focused projects like site benching, seal widening, traction

seals, speed management, travel management demand measures, kerb and channel improvements and intersection improvements.

In 2021/22 we had a budget of \$1,053,000, and within this we completed Tekapo School Safety improvements, the remaining section of the Ostler/Ohau Road, Temple Drive Share Use pathway and Road Safety Education projects. We commenced work on speed limit changes and will continue this project in 2022/23.

#### Project 2 – Streetlighting replacement programme (Progressing)

The streetlight luminaires we use to illuminate our townships are no longer able to be sourced for replacements. In 2020/21 we started replacing all of our street lights, including bollards, with alternative LED fitting which are both compliant with lighting restrictions within the Mackenzie District and support our gold tier international dark sky reserve status.

All of the Council overhead street lights are now upgraded to the new fittings, along with the majority of the bollard lights. Completion of the bollard light fittings will occur in 2022/23 as supply chain delays have held up their delivery.

Waka Kotahi (NZTA) have commenced upgrades to their fittings in our townships and will also continue their work programme for the State Highway Network in 2022/23.

#### Project 3 – Urban footpaths upgrade (Commenced)

Following the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we had planned our footpath renewals programme as outlined in our Long Term Plan 2021-31 and included this in our Waka Kotahi (NZTA) bid for 2021-24 funding.

However, following Council's decision to accelerate the townships' water main renewals, we deferred our footpath programme for another year so the underground pipework could be installed first. During 2021/22 we have performed footpath inspection and condition rating to assess all of the existing footpaths in the District to prioritise and programme the renewals works. We will add the 2021/22 budgeted expenditure to the following year and intend to complete both works programmes in 2022/23. This delay will provide additional time to secure suitable bitumen supply and physical works resourcing.

#### Project 4 – Urban Transportation Study (Commenced)

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.

The findings of the study will form the basis of future network improvements however, this stage was put on hold to allow for the completion of other council foundation documents

and processes that are expected to impact on the future requirements of our roading network; including completion of the Mackenzie Spatial Plans and Mackenzie's Destination Management Plan, Te Manahuna Ki Uta.

The next stages are to integrate the foundation documents into the programme of works developed for each of our three main towns, consult with our Communities, prepare costings and secure funding, and include the workstreams in future Annual Plan and Long Term Plan processes.

#### Project 5 – Unsealed Road Metalling (commenced)

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

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

#### Project 6 – Ongoing sealed road resurfacing upgrades (commenced)

Our sealed road resurfacing programme for 2021/22, budgeted at \$500,000, was developed to respond to the need to improve the condition of sealed roads across the district in response to current and changing traffic movements, and to maintain the waterproofing of our pavements in an environment of extreme climate events including variable rainfall and seasons.

We did not complete the 2021/22 programme to allow concurrent infrastructure work programmes to be completed relating to Council watermain renewals and the telecommunications rollout of the Ultrafast Broadband network (UFB). Contractor capacity and sourcing bitumen supplies also created delays. Completion of the programme will be streamlined into the 2022/23 workplans.

#### Project 7 – Alps 2 Ocean (A2O) upgrades (commenced)

Council allocated \$466,000 in the 2021-22 budget towards migrating the A2O great ride fully off-road to improve safety by diverting cyclists away from motorised vehicles on roads and increase the attractiveness of the trail. This budget was not for the overall off-roading of the A2O trail but for targeted sections only.

The work planned was reliant on external funds to supplement Council's contribution but was not co-funded as

part of the National Land Transport Programme (NLTP) for the year. Although resource consent and a land use easement have been obtained for a 23.1km section from Mt Cook Station to Bolton Gully this work has been deferred until external funds are sourced.

#### Assessment of performance against measures and targets for 2021/22

We achieved 56% of our non-financial performance standards in the transportation activity.

	2019/20	2020/21	2021/22
<b>Achieved:</b>	88%	63%	56%
<b>Not Achieved:</b>	12%	37%	44%
<b>No Data Available:</b>			

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

The following tables show how our roading activity performed as measured against the targets set for the 2021/22 year.

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

\* Mandatory performance measure

Rural Roads	2019/20	2020/21	2021/22
<b>Target:</b>	≥90%	≥90%	≥90%
<b>Result:</b>	98%	98%	99%

Urban Roads	2019/20	2020/21	2021/22
<b>Target:</b>	≥75%	≥75%	≥75%
<b>Result:</b>	94%	97%*	97%

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

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

Council's most recent results were 98% for rural roads and

87% for urban road when the last smooth travel assessment were completed in October 2020. This exceeded our target for 2021/22.

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

Some long term traffic counts have been undertaken over the 2021/22 financial year but the regular counting program has been on hold. This is primarily due to resourcing but also to COVID-19 levels and settings during the pandemic that have reduced traffic across the district, although we are still experiencing seasonal peaks in the domestic tourism market.

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

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

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

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

\* Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Target:</b>	≥4%	≥4%	≥4%
<b>Result:</b>	6%	6%	0%

**What we did:** During the 2021/22 year, we entered a new maintenance contract and chose to focus on completing pre-seal repairs. We also decided to carry forward reseal expenditure into the 2022/23 financial year to ensure sufficient preparation and setup time prior to winter and gain efficiency by delivering a larger programme in that year. However, due to this approach we have not meet our target of ≥4% local road network resealing.

**Challenges/issues we experienced:** We had flow on effects from the May 2021 flooding however the weather was relatively mild for the rest of the season and did not

significantly affect the sealed network. Sustained hot weather and northwest wind during the 2021/22 summer held the temperatures high for a number of days and in the busy traffic peaks this caused some bleeding of the binder specifically in high use areas.

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

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥2%	≥2%	≥2%
<b>Result:</b>	6%	8%	30%

**What we did:** During the 2021/22 year Council applied 22,093 m3 of granular material on our unsealed roads; 156.6 km of maintenance metalling at about 20mm average depth. This exceeded our target for 2021/22.

The total area covered has increased from previous years as we have focussed on applying more meterage of thin gravel layers rather than deeper lift treatment.

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 to the use of the road and environmental conditions (e.g. weather conditions and events). Sourcing maintenance materials is also challenging. On average, we lose approximately 17mm of gravel from our unsealed roads every year with some of our higher volume roads losing up to 42mm per year. To help minimise gravel loss, we add clay to our maintenance gravel to bind the surface. This extends the longevity and reduces the frequency of maintenance. Whilst this wearing course treatment increases longevity of our unsealed roading assets, the cost is slightly higher than maintenance metal treatments. We prioritise the use of this on our higher volume roads. Balancing our maintenance methods and costs is a continual challenge for us.

**Looking ahead:** We will continue to monitor and maintain our unsealed road network. When needed, we will plan renewals and/or improvements. We are continually reviewing our roads and innovating ways to maintain our current levels of service while minimising the cost of maintenance. We have a number of weathered rock sites in raw source which we have successfully blended with our crushed river aggregate

source to improve its performance and achieve longer life this material.

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥85%	≥85%	≥85%
<b>Result:</b>	79%	76%*	43%

\*This figure includes a 37% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 26% excluded from the 'Achieved' result.

**What we did:** Of those surveyed, 56% stated that they were satisfied with our urban roading network, 31% were satisfied with our rural road network and 43% stated they were satisfied with our footpaths. This is an average satisfaction of 43%. This did not meet our target for 2021/22. The neutral tally from our respondents was 26%.

**Challenges/issues we experienced:** At the end of May 2021, we experienced a significant flooding event that affected sections of the rural network. With approximately \$2 million worth of damage and limits to how much Council could fund, remediation work was prioritised and incorporated into our maintenance programme. However, we were able to bring our roads back to an appropriate level of service and build some resilience to the network.

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

Council sees the need to improve the capacity of our infrastructure through future renewal and improvement programmes to improve the resilience of the roading network, mitigate the effect of the expected increased frequency of larger scale weather events, support local growth and development, and ensure maintenance is cost effective. This is especially important given the reliance on our network by local families and businesses, rural sector seasonal peaks and visitors to our District; and the modern prevalence of a just-in-time supply chain sector.

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

\*Mandatory performance measure

	2019/20	2020/21	2021/22
<b>Change from previous year</b>	-2	1	-1

**Target:** 0 change from 2020/21 equates to ≤ 1 fatality and

serious injury crash.

**What we did:** There were no fatal crashes and no crashes resulting in severe injuries on our local roading network in 2021/22. These were the result of 11 separate crashes on Council controlled roads. The social cost of these crashes has been estimated at \$0.74 million. This compares to 2020/21 when there was a total of 8 crashes on local roads including 1 resulting in severe injury. This result is a positive outcome and the reduction of fatal and severe injuries by one compared to the previous year exceeds our target for 2021/22.

**Challenges/issues we experienced:** Ongoing traffic volume growth increases the potential for crashes. Care is especially required on our unsealed roads where the majority of crashes have occurred. Given the makeup of our network and varied use it is hard to predict any trends, and with likely near misses or accidents that are not recorded it is difficult to obtain sufficient funding to target the root causes of problems. For these reasons, we work to ensure that our entire roading network is maintained to a high standard to improve safety.

**Looking ahead:** Council is planning to review speed limits across the District to ensure these are safe and appropriate for all users given the different experience of drivers and our changing travel conditions. We are committed to the Waka Kotahi (NZTA) Road to Zero vision and aim to reduce all road trauma on our roading network.

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

New measure in 2021/22.

**Target:** <1

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	<1
<b>Result:</b>	N/A	N/A	NIL

**What we did:** There were no deaths and no serious injuries on our local roading network in 2021/22 even though there were 11 separate crashes on Council controlled roads. This met our target for 2021/22 year.

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



entire roading network is maintained to a high standard to improve safety.

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

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

New measure in 2021/22.

**Target:** ≤ 10

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≤ 10
<b>Result:</b>	N/A	N/A	11

**What we did:** There were 11 reported crashes on Council controlled roads (2020/21: 11 reported crashes). This did not meet our target for 2021/22.

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

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

We will seek community input into initiatives to support the Road to Zero vision and encourage reporting of all near misses and crashes so we make informed improvements to our roading network.

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

\* Mandatory performance measure

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥75%	≥75%	≥75%
<b>Result:</b>	86%	72%	66%

**What we did:** In 2021/22 we responded to 66% of customer service requests relating to roads and footpaths within 10 working days. Therefore, we did not meet our target for the

year.

**Challenges/issues we experienced:** During 2021/22 we engaged a new maintenance contractor with induction, planning and workflow integration occurring at the beginning of their tenure. During each year additional time may be required to resolve complex roading issues, particularly if a specialist contractor is required to undertake the works. This is particularly true for areas which were more heavily impacted by flooding events from May 2021.

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

#### Measure 9: The percentage of footpaths that are at or above the 'average condition rating' \*

\* Mandatory performance measure

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥75%	≥75%	≥75%
<b>Result:</b>	95%	99%	97%

**What we did:** Council has reinspected footpaths to prioritise our work programme. During 2021/22 we deferred our footpath renewals until 2022/23 to allow for the completion of the ultra-fast broadband (UFB) rollout, power installations and watermain renewals. 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, 97% of the total length of our footpaths are at, or above, the average condition rating, exceeding the target.

**Challenges/issues we experienced:** Programmed renewals were put on hold to accommodate the various infrastructure installations within the shoulders, berms or footpaths of our road reserves over recent years. The installation work combined with deferred maintenance during this period has reduced the life of the affected surfacing and pavements which will be included in our renewal programme going forward.

**Looking ahead:** We intend to increase footpath maintenance and renewals next year to ensure that all work proposed in the LTP is completed, and plan to incorporate the trenching surface re-waterproofing into our programme. While doing this we will also catch up on the deferred maintenance which will improve our level of service.

#### Significant Financial Variances between Actual and the Long Term Plan

**Payments to staff and suppliers \$340,000 above LTP**

### SECTION 3.5: Transportation

Unbudgeted expenditure for emergency reinstatement and emergency works as a result of two major weather events during the year resulted in this over spend.

#### **Subsidies and grants for capital expenditure \$1,284,000 below LTP**

Due to delays with the capital works programme, Council could only claim for works completed. Waka Kotahi subsidy for capital works that are eligible for subsidy, varies from 51% to 75%.

#### **Increase / (decrease) in debt \$2,470,000 above LTP**

Loans were raised for prior period expenditure as funds were not raised at the time expenditure was incurred. Also loans were raised to fund the Council share (local share) for expenditure incurred as a result of emergency reinstatement works.

#### **Capital expenditure – to improve the level of service \$1,169,000 below LTP**

As a result of the delay in adopting the Long Term Plan and a change in the Council's roading contractor, the work programme was delayed. A number of projects were delayed from being finalised. Planning and 'all-faults' programming was completed by year end and all works programmes will be carried forward and completed in the next financial year.

#### **Capital expenditure – to replace existing assets \$1,004,000 below LTP**

As a result of the delay in adopting the Long Term Plan, a change in the Council's roading contractor, supply of bitumen and the completion of fibre installation in Lake Tekapo and Fairlie, the work programme for reseals and footpath renewal was delayed. It is now programmed to carry forward all works into the next financial year which will provide economies of scale.

#### **Increase / (decrease) in reserves \$3,016,000 above LTP**

Transfers to reserves were higher than budgeted due to the timing of expenditure on capital projects and the raising of debt to fund prior period expenditure.

#### **Capital Expenditure by activity**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Roading Professional Services	-	20	13
District Roding	2,124	4,082	1,917
<b>Total</b>	<b>2,124</b>	<b>4,102</b>	<b>1,930</b>

**FUNDING IMPACT STATEMENT - TRANSPORTATION**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,517	1,105	1,111
Subsidies and grants for operating purposes	878	943	1,087
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	29	95	116
<b>Total Operating Funding</b>	<b>2,424</b>	<b>2,143</b>	<b>2,314</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,870	1,854	2,194
Finance costs	-	9	12
Internal charges and overheads	231	35	204
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,101</b>	<b>1,898</b>	<b>2,410</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>323</b>	<b>245</b>	<b>(96)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	989	1,826	542
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	2,030	4,500
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>989</b>	<b>3,856</b>	<b>5,042</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	1,792	623
Capital expenditure - to replace existing assets	2,124	2,310	1,306
Increase/(decrease) in reserves	(812)	-	3,016
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,312</b>	<b>4,102</b>	<b>4,946</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(323)</b>	<b>(245)</b>	<b>96</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 3.6 REGULATORY SERVICES

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

### Key Facts (as at 30 June 2022)

151 resource consents processed/150 within statutory timeframes

312 building consents processed

1,706 dogs registered in the district

56 liquor licences including off and on licences

67 food premises registered in the district

### What We Do

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

#### Resource management

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

#### Building control

Council is an accredited Building Consent Authority. Our building control department is responsible for administering the Council's functions under the Building Act 2004. This involves processing building consent applications, monitoring the construction of buildings, and issuing code compliance certificates upon the completion of building work. As a territorial authority, Council is also responsible for

enforcement of the rules established under the Building Act 2004, auditing pools and small heated pools, issuing land information memorandums and undertaking building warrant of fitness checks.

#### Public Health and Liquor Licensing

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

#### Animal Control

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

### Key Projects for 2021/22

As well as processing significant numbers of building and resource consents and liaising with stakeholders in relation to environmental management, Council has also increased resourcing in the Monitoring and Compliance space in preparation for the new financial year.

#### Project 1 – District Plan review (ongoing)

The Mackenzie District Plan is currently under review. In 2017/18 Council resolved to continue the District Plan Review programme (DPR) in two stages. Stage One encompassed changes around two priority issues being, 1) activities on the surface of water; and 2) biodiversity. Stage Two would then encompass all other outstanding issues.

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

A project team has been established with the intent of progressing the plan changes over the coming financial years (2022/23 to 2024/25). Notification of Plan Change 20 is scheduled for July (Stage 1) and Plan Changes 21 and 22 in September (Stage 2). It is anticipated that significant work on Stages 3 and 4 will progress over the 2022/23 financial year, with Stages 5 and 6 to be completed within the 2024/25 financial year, resulting in the completion of a full review of the Mackenzie District Plan.

### Project 2 – Policies and Bylaw Review

Council is undertaking various bylaw development/ amendments because of its policy and bylaw review timetable, and public expectation/ demand for amendments to individual policies and bylaws, and the additional need to create new policies and bylaws to address public concerns.

On 29 June 2021 Council adopted ten policies and bylaws and the relevant Statement of Proposals for consultation pursuant to section 83 of the Local Government Act 2002. Council held a public hearing on 14 September 2021 to hear submissions on the proposed notified policies and bylaws. Following deliberations Council adopted the policies and bylaws on 16 November 2021.

No further work has been completed on the review of current policies and bylaws as all regulatory policies and bylaws are currently up-to-date.

#### Assessment of performance against measures and targets for 2021/22

We achieved 63% of our non-financial performance standards in the regulatory services activity.

	2019/20	2020/21	2021/22
<b>Achieved:</b>	60%	60%	63%
<b>Not Achieved:</b>	40%	40%	37%
<b>No Data Available:</b>			

The following tables show how our regulatory services activity performed as measured against the targets set for the 2021/22 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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥80%
<b>Result:</b>	78%	68%*	32%

\*This figure includes a 44% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 38% was excluded from the 'Achieved' result.

**What we did:** This year 32% of those surveyed were satisfied with how we are managing resource management issues within the district. This did not meet our target for 2021/22 and reflects the change in the survey's Likert scale to include a neutral respondent choice (38%).

**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 its 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 the upcoming Long Term Plan we will review the effectiveness of our measure to ensure that we are monitoring our responsibility to our communities and environment in the best way.

### Measure 2: The percentage of non-notified resource consents which are processed within the 20 working days statutory time frame

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥98%
<b>Result:</b>	98%	99%	99%

**Target:** ≥98%.

**What we did:** This year achieved 99.3% (2020/21 99.3%) which meant we met our target of non-notified consents being processed within statutory timeframes.

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

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

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥40%
<b>Result:</b>	20%	50%	79%

**What we did:** During 2021/22, we achieved 79% satisfaction rating from our annual survey which meant we exceeded this target for the year. This key performance indicator was reset in the 2021/31 Long Term Plan however improvements on previous year results mean we almost achieved our previous target of ≥80%.

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

**Looking ahead:** We will continue to refine our processes and will consider sending out surveys closer to the time

of decisions being made which will provide us with more current feedback. We believe this will increase the number of survey responses that we receive and ensure that responses are reflective of the resource consenting processes our customers' experience.

## BUILDING CONTROL

### Measure 4: Building consents are processed within the 20 working days statutory time frame

	2019/20	2020/21	2021/22
<b>Target:</b>	100%	100%	100%
<b>Result:</b>	77%	100%	100%

**What we did:** With 100% of building consents processed within statutory timeframes, with an average of 8 days processing time, we met our target for 2021/22.

**Challenges/issues we experienced:** Difficulty in filling in-house technical positions has created challenges but we have managed our workstreams by contracting out building consents and code compliance services.

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

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥60%
<b>Result:</b>	48%	43%	42%

**What we did:** During 2021/22, we achieved 42% (2020/21 43%) satisfaction rating from our annual survey which meant we did not meet this target for the year.

**Challenges/issues we experienced:** Recruitment of key positions in the Building Department has been challenging in recent years resulting with on-site inspections performed by contractors. During 2021/22 Council has focused on upskilling our building administration staff member to perform more advanced territorial authority functions including building WOFs, LIMs and PIMs.

**Looking ahead:** Council will consider the key themes received from this customer feedback as input into future system and resourcing improvements for the building department. In the 2022/23 financial year, we have allocated another part-time administration role within the team and have continued recruitment processes to increase building consent processing capacity and consistency. We will continue to adopt appropriate software upgrades as they

become available for both back office and on-site inspection systems.

### Measure 6: IANZ accreditation is retained

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

2019/20	2020/21	2021/22
✓	✓	✓

**What we did:** We continued to process building consents and code compliance certificates in accordance with our International Accreditation New Zealand (IANZ) accreditation requirements and ensured our documentation and processes remained relevant and current.

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

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

## ANIMAL CONTROL

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥80%
<b>Result:</b>	84%	75%*	36%

\*This figure includes a 31% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 28% was excluded from the 'Achieved' result.

**What we did:** During 2021/22 we achieved 36% satisfaction rating from our annual survey for good management of our dog control activities which meant we did not meet our target. The survey results also included a 28% for neutral responses and 31% for poor responses.

**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. This has been reflected in the survey results which indicate lower satisfaction in our three main townships compared to rural respondents.

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

## LAND INFORMATION MEMORANDUMS (LIMS)

### Measure 8: LIMs are processed within the 10 working day statutory time frame

	2019/20	2020/21	2021/22
<b>Target:</b>	≥85%	≥85%	≥85%
<b>Result:</b>	87%	100%	100%

**What we did:** During 2021/22, we issued 252 LIMs, all of which were within the statutory 10 working day time frame.

**Challenges/issues we experienced:** Maintaining compliance with the statutory timeframes for the processing of LIMs has been retained at 100% compliance.

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

## OTHER COMMUNITY FEEDBACK

### Resource Management

79% of resource consent applicants surveyed were satisfied with the helpfulness of our planning staff.

50% of resource consent applicants surveyed considered that the cost and time commitments associated with obtaining a resource consent are reasonable.

	2019/20	2020/21	2021/22
<b>Helpfulness of staff:</b>	40%	54%	79%
<b>Cost and time reasonable</b>	20%	33%	50%

### Building Consents

47% of building consent applicants surveyed were satisfied with the helpfulness of our building staff.

34% of building consent applicants surveyed considered that the cost and time commitments associated with obtaining a building consent are reasonable.

	2019/20	2020/21	2021/22
<b>Helpfulness of staff:</b>	20%	50%	47%
<b>Cost and time reasonable</b>	27%	27%	34%

### Significant Financial Variances between Actual and the Long Term Plan

#### Subsidies and grants for operating purposes \$300,000 below LTP

The LTP included a government grant for camping ambassadors, unfortunately due to COVID-19 Council did not apply for this funding.

#### Payments to staff and suppliers \$690,000 below LTP

Costs in regards the District Plan Review were less than anticipated for the year. The LTP included expenditure for camping ambassadors, but due to COVID-19 ambassadors were only employed for a limited period over the summer months.

#### Development and financial contributions \$509,000 above LTP

Financial contributions received were higher than that budgeted in the LTP due to increased subdivision activity.

#### Increase / (decrease) in debt \$853,000 below LTP

Due to costs on the District Plan Review being lower than what was budgeted in the LTP, the loan required to be raised was lower.

### Capital Expenditure by activity

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Animal Control	-	50	5
Health and Liquor Licensing	-	-	2
<b>Total</b>	<b>-</b>	<b>50</b>	<b>7</b>

**FUNDING IMPACT STATEMENT - REGULATORY SERVICES**

\$000	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	905	834	779
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	300	-
Fees and charges	-	1,328	1,454
Internal charges and overheads recovered	1,350	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	(20)	1
<b>Total operating funding</b>	<b>2,255</b>	<b>2,442</b>	<b>2,234</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,947	3,827	3,137
Finance costs	-	6	55
Internal charges and overheads	94	(10)	(35)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,041</b>	<b>3,823</b>	<b>3,156</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>214</b>	<b>(1,381)</b>	<b>(921)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	158	250	759
Increase/(decrease) in debt	-	1,406	553
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>158</b>	<b>1,656</b>	<b>1,312</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	50	-
Capital expenditure - to replace existing assets	-	-	7
Increase/(decrease) in reserves	372	226	384
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>372</b>	<b>276</b>	<b>391</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(214)</b>	<b>1,381</b>	<b>921</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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



## 3.7 EMERGENCY MANAGEMENT

### Key Facts

#### What we do

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

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

Council's civil defence activity relies heavily on volunteers in responding to any emergency, and the Council seeks to ensure that all staff and volunteers are adequately trained for their roles during civil defence events.

### Key Projects

#### Dedicated CDEM Vehicle (completed)

The purchase of a Mitsubishi Triton ute in May 2021 has provided a dedicated CDEM vehicle for use within Council's emergency management team. This will make Council's focus on emergency preparation more visible in the community, make it easier for us to get mobile and help community volunteer groups plan and prepare for adverse events, and provide an additional resource when required to respond to emergencies.

#### Upgrade of key emergency equipment (completed)

The Emergency Operations Centre (EOC) management software package (DH4H) has been rolled out for use in Mackenzie by the Canterbury CDEM Group as planned. Council has allocated a suite of laptops for use during emergencies by providing four for exclusive CDEM use, supplemented by several others assigned to in-house first responders. This will ensure the computer replacement programme is maintained in a cost-effective manner.

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

Review of Council EOC facilities has established none meet the IL4 building regulation for EOCs. Further work

will continue in 2022/23 to evaluate options and plan for a suitable site for this key facility to improve our community resilience.

### Assessment of Performance against Measures and Targets for 2021/22

We achieved 27% of our non-financial performance standards in the emergency management activity.

	2019/20	2020/21	2021/22
<b>Achieved:</b>	N/A	N/A	27%
<b>Not Achieved:</b>	N/A	N/A	46%
<b>No Data Available:</b>	N/A	N/A	27%

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

\* New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≥80%
<b>Result:</b>	N/A	N/A	Not measured

**What we did:** Council prepared and distributed Community Resilience plans for Twizel and Tekapo to these communities during the year. The Fairlie version is still under development. In addition, staff have presented Emergency Management information to various community groups across the District. The results of our annual Community Opinion Survey show that many of the respondents believe they are well prepared for a civil defence emergency. However, as this is not a direct indication or measure of our community's understanding of risks Council cannot evaluate our performance against this year's target.

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

**Looking ahead:** Completion and upgrades of the community resilience plans and continued engagement with our community using direct engagement, and interaction with community groups, partner agencies and key stakeholders.

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

New measure in 2021/22.

<b>Target:</b>	2*
<b>Result:</b>	6

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

**What we did:** During the year we have exceeded our target. We developed two community resilience plans – Twizel and Tekapo. We have also developed a Mackenzie District-wide response plan, a specific Aoraki/Mt Cook Village & Glentanner Area Emergency Response Plan, EOC activation plan, Civil Defence plan and procedure document and a Civil Defence Welfare Plan.

**Challenges/issues we experienced:** We have just started building these foundation documents to guide us in an event and the experienced gained will assist in future work in this area.

**Looking ahead:** We will complete the Fairlie resilience plan, revise and improve the Twizel and Tekapo versions and continue to develop response plans across the District and risk areas.

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

New measure in 2021/22.

<b>Target: (presentations)</b>	5
<b>Result:</b>	2

**What we did:** Council was involved in two AF8 roadshow presentations within the district covering the science and risks associated with the Alpine Fault rupturing and the subsequent effects expected for our communities. This did not meet our target for the financial year.

**Challenges/issues we experienced:** A key staff vacancy during extended period of recruitment meant opportunities to present during 2021/22 were limited.

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

**Measure 4: That individuals or whanau feel they are prepared for an emergency (as determined by our annual Community Opinion Survey)**

	2019/20	2020/21	2021/22
<b>Target:</b>	≥ 80%	≥ 80%	≥ 80%
<b>Result:</b>	89%	84%*	32%

\*This figure includes a 21% ‘Somewhat’ response which was included in the ‘Achieved’ result in 2020/21. (In 2021/22 a ‘Somewhat’ response of 52% was excluded from the ‘Achieved’ result.)

**What we did:** The results of our annual Community Opinion Survey show that 32% of the respondents believe they are well prepared for a civil defence emergency. This result did not meet the target for the year.

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

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

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

New measure in 2021/22.

<b>Target:</b> (sessions)	15
<b>Result:</b>	16

**What we did:** Training on 16 different topics has occurred with the Twizel Community Response Team during the year; with the Tekapo Team in attendance at some of these. The Fairlie Team organised its own training in 2021/22. We have meet this target for the year.

**Challenges/issues we experienced:** COVID-19 restrictions have limited the opportunity for this training during 2021/22 but training has continued during the year.

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

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

New measure in 2021/22.

<b>Target:</b>	100% Duty Officer available
<b>Result:</b>	No 24/7 capability

**What we did:** Although we have begun discussions with our neighbouring District Councils to provide a regional solution, we did not meet this measure during 2021/22 as no process has been developed nor staff availability resourced.

**Challenges/issues we experienced:** Trained and resourced staffing has not been established.

**Looking ahead:** Work is continuing between Mackenzie, Timaru and Waimate District Councils to establish and resource this role across the region.

**Measure 7: That council staff are trained to a minimum of “EOC 2”**

New measure in 2021/22.

<b>Target:</b> (% of staff)	70%
<b>Result:</b>	52%

**What we did:** During the year Council averaged 52% trained staff to a minimum of EOC 2 which did not meet this target.

**Challenges/issues we experienced:** Staff turnover and the impact of COVID-19 have reduced the opportunity to train current staff to the level required.

**Looking ahead:** Staff training scheduled in October 2022 will increase the number of trained staff to the level of EOC 2 to meet this target.

#### Measure 8: An EOC exercise is conducted annually

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

	2019/20	2020/21	2021/22
<b>Target:</b>	1	1	1
<b>Result:</b>	1	1	0

**What we did:** An EOC exercise was not conducted in 2021/22, however the EOC has been activated several times during this period which has instead provided real event experience and learnings.

**Challenges/issues we experienced:** There has been difficulty planning an exercise during COVID-19 restrictions.

**Looking ahead:** We are instigating hazard risk analysis training with local emergency responders across the district. We will use this hazard information to direct appropriate and relevant training exercises for our EOC staff in 2022/23.

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

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b> (tests p.a.)	N/A	N/A	48
<b>Result:</b>	N/A	N/A	Not measured

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

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

**Looking ahead:** Council will continue to maintain and upgrade the Civil Defence radio network and hardware. We

will also establish an internal register to log the weekly radio system checks.

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

New measure in 2021/22.

<b>Target:</b>	2
<b>Result:</b>	Not measured

**What we did:** We are a member of the Canterbury CDEM Group who have been actively working on a regional basis on hazard identification and risk reduction. This includes participating in various workshops in collaboration with all Canterbury Councils to understand and plan mitigation and response. Although we have not recorded the number of workshops attended, these exceed the target of two.

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

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

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

New measure in 2021/22.

<b>Target: (presentations)</b>	1
<b>Result:</b>	2

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

**Challenges/issues we experienced:** No significant challenges experienced.

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

#### Capital Expenditure by activity

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
Emergency Management	-	30	24
<b>Total</b>	<b>-</b>	<b>30</b>	<b>24</b>

**FUNDING IMPACT STATEMENT - EMERGENCY MANAGEMENT**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	64	59	57
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
<b>Total Operating Funding</b>	<b>64</b>	<b>59</b>	<b>57</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	50	46	163
Finance costs	-	-	-
Internal charges and overheads	2	6	(9)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>52</b>	<b>52</b>	<b>154</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>12</b>	<b>7</b>	<b>(97)</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	22	42
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>22</b>	<b>42</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	30	24
Increase/(decrease) in reserves	(12)	-	(79)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>12</b>	<b>30</b>	<b>(55)</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(12)</b>	<b>(7)</b>	<b>97</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 3.8 PARKS AND COMMUNITY FACILITIES

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

### Key Facts (as at 30 June 2022)

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

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

2 swimming pools – Twizel and Fairlie

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

### What We Do

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

#### ASSETS MANAGED BY MACKENZIE DC INCLUDE

Urban (Actively maintained parks)	65 ha
Playgrounds	10
Skate Parks	1
Community Centres and Halls	5
Community Housing units (two sites)	10
Council Administration Offices	2
Street Trees	Not defined
Swimming Pools	2
Public Toilets (parks and other public places)	19
Alps to Ocean trail (off-road sections)	35km
Other trails	94km
Cemeteries	5

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

We 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 centre in Fairlie. In addition to this, Council administers and distributes grants from Sport New Zealand and Creative New Zealand as well as making one-off grants from time to time for specific projects.

### Key Projects for 2021/22

#### Project 1 – Twizel Events Centre upgrade (progressing)

Council's priority for this year was to address the essential works required to ensure the facility's Certificate of Public Use (CPU) could be maintained. During 2021/22 we upgraded the following items:

1. fire alarm system,
2. fire rated walls and ceilings in the storage areas under theatre seating,
3. access to emergency exits,
4. the main entrance door with an auto-sliding door,
5. the Community lounge door with a replacement,
6. the Gymnasium entrance door with a replacement, and
7. the roof with repairs to eliminate leaks.

This work has addressed the storage and access improvements required for the building however, we still have some minor items to complete by the end of November 2022 to obtain the code of compliance certificate required for the Centre.

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

The evaluation of options leading to a decision about the scale of the kitchen upgrade will occur during 2022/23. Investigation and decisions regarding the scale of the gymnasium recladding will also occur during 2022/23.

#### Project 2 – Mackenzie Community Centre upgrade (progressing)

A kind donation by the Jack and Enid Hutt Trust, will assist with modernizing the lounge kitchenette and making aesthetic improvements to the Jack and Enid Hutt Lounge. Due to COVID-19 disruptions and difficulties obtaining contractors for this project, it was not undertaken before 30 June 2022 and is now scheduled for completion in 2022/3.

#### Project 3 – Lakeside Domain, Lake Tekapo (progressing)

Council is continuing to improve the lakefront reserve. During 2021/22 we finalised the plans to create a continuous trail around the lakefront from Tekapo Springs to the Maclaren Footbridge over the Tekapo River.

Work on this project was completed in December 2022.

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

Council planned to improve accessibility from the Market Place carpark, near the Council office, through to the centre of Market Place and the post boxes. This work was intended to be completed in 2020/21 however this was delayed due to COVID-19.

We finalised the plans and completed the procurement process for scheduled commencement in Autumn of 2021. However, due to difficulties organising a suitable temporary location for the service centre and post office, and then concern with frost damage risk to concrete work in mid-winter, the project has been deferred until March 2023.

#### Project 5 – Lake Ruataniwha Development (commenced)

During March and April 2022 Council invited public feedback about what they expect and want to experience at the Lake Ruataniwha Recreation Reserve. This feedback was sought to assist in preparing the Lake Ruataniwha Recreation Reserve Management Plan (in accordance with the Reserves Act 1977). The plan will be an important document to guide decisions about how people use the reserve, which areas need protection, what aspirations the community have for the reserve and what improvements should be considered in the future.

The preparation of a draft Reserve Management Plan (RMP) has been completed in 2021/22 and public consultation on this plan was undertaken from November 2022 to January 2023.

#### Project 6 – Fairlie Dog Park (progressing)

The Fairlie Community Board has planned a dog park in Fairlie on a site on Allandale Road adjacent to the Opihi River. This will be a multiyear project, with stage one including levelling, grassing, fencing, water supply drinking fountain, rubbish bin and seating. The Community Board will then work on identifying further funding to progress the development over coming years. Contracts were let for stage one and the park opened in January 2023.

#### Project 7 – Twizel Swimming Pool

Following the separate filtration upgrade for the learner's pool and conversion of the toddlers' splash pad last summer, the installation of supplementary heating was completed prior to the pool opening for the 2022/23 summer season.

#### Project 8 – Strathconan Swimming Pool

A heat pump water heating system was selected to replace the existing solar heating system which had reached the end of its life. Design and procurement stages were completed in 2021/22 and installation was completed prior to the pool opening for the 2022/23 summer season.

Other improvements for the 2022/23 season include the installation of removable ramped steps to provide easier access for mobility impaired users, replacement of the pool covers and the purchase of additional play inflatables.

#### Project 9 – Public Toilets

This project includes the replacement of the Fairlie Public Toilets and the expansion of the Lake Pukaki Public Toilets.

The majority of this funding is provided by a grant from the Government Tourism Infrastructure Fund (TIF). A contract has been awarded for the design and construction of these facilities but completion of these facilities has been delayed until 2022/23.

With support from the TIF, a contract has also been awarded for the development of two new double toilet blocks at Lake Ruataniwha and these are also expected to be completed during 2022/23. The TIF funding also included funding for improvement to parking and landscaping associated with the new toilets. Detailed design of this second stage of work will be undertaken following the final adoption of the Lake's RMP.

#### Project 10 – Fairlie Dump Station

A grant was provided from the Government Tourism Infrastructure Fund for the development of a public camper effluent dump station. Identifying a suitable location has proven challenging and delayed implementation.

#### Assessment of performance against measures and targets for 2021/22

We achieved 33% of our non-financial performance standards in the parks and community facilities activity. The key performance indicators adopted in the 2021/31 Long Term Plan have increased the number and range of measures this year compared to previous reporting.

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

	2019/20	2020/21	2021/22
<b>Achieved:</b>	100%	100%	33%
<b>Not Achieved:</b>			67%
<b>No Data Available:</b>			

The following graphs and tables show how our community and township services activity performed as measured against the targets set for the 2021/22 year.

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

	2019/20	2020/21	2021/22
<b>Target:</b>	84%	84%	84%
<b>Result:</b>	92%	90%*	65%

\*This figure includes a 28% 'neutral' response which was included in the 'Achieved' result in 2020/21. In 2021/22 a 'neutral' response of 21% was excluded from the 'Achieved' result.

## SECTION 3.8: Parks & Community Facilities

**What we did:** As an overall measure across all of our township services and facilities, we received an average customer satisfaction rating of 65% from those surveyed in the 2021/22 year. This result did not meet our target for the year and reflects the change in the survey's Likert scale to include a neutral respondent choice (21%).

**Challenges/issues we experienced:** The national COVID-19 lockdown during August/September 2021, supply chain delays and availability of contractors disrupted our usual operations and capital projects during the year.

**Looking ahead:** We will continue to manage our township services and facilities for the benefit of our communities and visitors to the District.

We plan to complete a number of capital development and improvement projects in 2022/23 including:

- New public toilets at Fairlie, Pukaki and Lake Ruataniwha
- Twizel Council office/Market Place access upgrade
- Public camper effluent dump station (Fairlie)

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

- Cemetery landscaping
- Improved public toilet facilities including a new Alps to Ocean toilet at Jollies carpark

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

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≥90%
<b>Result:</b>	N/A	N/A	59%

**What we did:** As an overall measure across all of our parks and community facilities, including playgrounds and swimming pools, we received an average customer satisfaction rating of 59% from those surveyed in the 2021/22 year. This result did not meet our target for the year and the individual measures contributing to this result reflect the change in the survey's Likert scale to include a neutral respondent choice (tally of 22%).

**Challenges/issues we experienced:** The national COVID-19 lockdown during August/September 2021, supply chain delays and availability of contractors disrupted our usual operations and delayed some capital projects during the year

**Looking ahead:** We completed our Parks and Amenities Strategy encompassing parks, trails, public toilets and playgrounds, in consultation with our communities, to allow us to better plan improvements and additional facilities into the future. This plan was adopted by Council in September 2022.

We plan to complete a number of capital development and improvement projects in 2022/23 including:

- Tekapo lake front reserves minor improvements
- Fairlie dog park
- Fairlie Peace Trees deferred maintenance

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

- Reserves and trails management and development
- Wilding Pines removal and amenity tree replacement planting
- New parks and facility signage installations across the District
- Playground upgrades

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

New measure in 2021/22.

	2019/20	2020/21	2021/22
	N/A	N/A	✓

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

**What we did:** During the year our operations were assessed at 10.5% above median for our local authority peer group, this being smaller population, rural, South Island Councils. The cost of our operation and maintenance activities are equal with whole of New Zealand median cost per hectare. This meant we met our target for the 2021/22 year.

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

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

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

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≥90%
<b>Result:</b>	N/A	N/A	89%

**What we did:** During the 2021/22 year we averaged 94% assessment against our standards for parks, with only the June 2022 assessment of 89% under the target, and an average of 99% assessment for public toilet compliance with every month assessed as above the standard. As a result we did not quite meet our target for the year.

**Challenges/issues we experienced:** The national COVID-19 lockdown during August/September 2021 disrupted our scheduled maintenance during this period.

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

#### Measure 5: Recreation Aotearoa Pool Safe Accreditation

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Accreditation</b>	✓	✓	✓

**Target:** Maintain Pool Safe accreditation

**What we did:** During 2021/22 pool safe accreditation was achieved and maintained for our facilities in Twizel and Fairlie. The move to outsourcing pool operations to specialist recreation facility managers has improved our safety plans and operating systems.

**Challenges/issues we experienced:** No significant challenges or issues were experienced during the 2021/22 year.

**Looking ahead:** The planned upgrade of pumps, filtration and circulation pipes in budgeted for 2022/23 at Strathconan Pool will improve the water quality to meet New Zealand standards.

#### Measure 6: No serious harm accidents on our playgrounds, parks, or facilities

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	0
<b>Result:</b>	N/A	N/A	2

**What we did:** During 2021/22 two serious harm incidents were reported, both related to bicycle accidents on the A2O cycle trail. These were a result of identified hazard risk areas on the Rotten Tommy to Jollies carpark and Haymens Rd

sections of the trail.

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

**Looking ahead:** Council will schedule improvements to the Rotten Tommy to Jollies carpark section to reduce hazardous areas and trail difficulty. In the longer term, we are seeking funding to develop an off-road trail on East Lake Pukaki to move cyclists off Haymen Road and away from motorised traffic.

#### Other community feedback

##### Cemeteries

	2019/20	2020/21	2021/22
<b>Satisfied</b>	95%	99%*	73%

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

##### Community Halls & Buildings

	2019/20	2020/21	2021/22
<b>Satisfied</b>	94%	85%*	56%

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

##### Playgrounds

	2019/20	2020/21	2021/22
<b>Satisfied</b>	94%	94%*	68%

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

##### Public Libraries

	2019/20	2020/21	2021/22
<b>Satisfied</b>	96%	97%*	69%

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

##### Public Toilets

	2019/20	2020/21	2021/22
<b>Satisfied</b>	83%	84%*	63%

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

##### Swimming Pools

	2019/20	2020/21	2021/22
<b>Satisfied</b>	86%	77%*	49%

\* This figure includes a 37% 'neutral' response which was included in the 'Achieved' result in 2020/21.



**Significant Financial Variances between Actual and the Long Term Plan****Subsidies and grants for capital expenditure \$1,084,000 below LTP**

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

**Increase / (decrease) in debt \$761,000 below LTP**

Due to delays with the capital works programmes not all loans were required to be raised. Projects have been rebudgeted in the 2022-2023 financial year.

**Capital expenditure – to improve the level of service \$1,060,000 below LTP**

The LTP included a budget for upgrade / replacement of the Fairlie and Lake Pukaki public toilets. Work on these projects was delayed due to supply chain issues and contractor availability. All work will be completed in the 2022-2023 financial year.

**Capital expenditure – to replace existing assets \$1,792,000 below LTP**

The LTP included a budget for upgrade / replacement of the Fairlie and Lake Pukaki public toilets and renovation to other district toilet facilities. Work on these projects was delayed due to supply chain issues and contractor availability.

The LTP included work on the implementation of development plans in Twizel and Tekapo townships, upgrades to the heating and filtration systems at Fairlie and Twizel swimming pools and upgrades to the Mackenzie Community Centre. Work on these projects was delayed and will now be completed in 2022-2023.

**Increase / (decrease) in reserves \$917,000 above LTP**

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

**Capital Expenditure by activity**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
District General	1	1	29
Fairlie Township	-	95	30
Tekapo Township	159	524	323
Twizel Township	67	653	230
Albury Hall	-	-	4
Mackenzie Community Centre	32	112	-
Sherwood Downs Community Hall	-	-	2
Tekapo Community Hall	-	25	-
Twizel Community Centre	105	344	299
Strathconan Swimming Pool	-	226	9
Twizel Swimming Pool	-	255	10
Public Toilets	62	1,908	380
Cemeteries	16	16	-
Pensioner Housing – Fairlie	7	13	-
Pensioner Housing – Twizel	-	-	3
<b>Total</b>	<b>449</b>	<b>4,172</b>	<b>1,320</b>

**FUNDING IMPACT STATEMENT – PARKS & COMMUNITY FACILITIES**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	771	662	713
Targeted rates	1,331	1,554	1,568
Subsidies and grants for operating purposes	23	104	14
Fees and charges	-	110	132
Internal charges and overheads recovered	7	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	399	274	241
<b>Total operating funding</b>	<b>2,531</b>	<b>2,704</b>	<b>2,667</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,741	2,501	2,515
Finance costs	-	8	9
Internal charges and overheads	172	(104)	(78)
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,913</b>	<b>2,405</b>	<b>2,445</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>618</b>	<b>299</b>	<b>222</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	1,595	511
Development and financial contributions	-	12	-
Increase/(decrease) in debt	-	1,892	1,131
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>3,499</b>	<b>1,642</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	1,247	187
Capital expenditure - to replace existing assets	449	2,925	1,133
Increase/(decrease) in reserves	169	(373)	544
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>618</b>	<b>3,799</b>	<b>1,864</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(618)</b>	<b>(299)</b>	<b>(222)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

### 3.9 WASTE MANAGEMENT AND MINIMISATION

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

#### Key Facts (as at 30 June 2022)

3 resource recovery parks and hard fill sites.

Urban household waste, organic waste, recycling and glass collection

#### What we do

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

#### Key Projects for 2021/22

2021/22 was a busy year for this Council activity as we continue efforts to minimise the waste to landfill.

##### Project 1 – Resource Consents (ongoing)

The resource consents for the district's three clean fill sites, located in Tekapo, Fairlie and Twizel expired in November 2019. New applications were lodged with Environment Canterbury in early 2019. The sites are able to continue operating while the application is being processed.

##### Project 2 – Introduction of an organics kerbside collection service (completed)

In March 2022, Council introduced green lidded wheelie bins for organic waste for the kerbside collection of food waste, lawn clippings and garden waste. The green bin is an addition to the existing kerbside service that includes a red bin for rubbish, yellow bin for recycling and a blue crate for glass.

##### Project 3: Introduction of new Waste Minimisation and Management Services Contract (completed)

Council awarded a new contract for our waste services on 1 October 2021. This contract provides comprehensive waste services with a focus on reducing waste to landfill, achieving

a high level of customer satisfaction and providing a cost effective and efficient service. A joint procurement process was undertaken in conjunction with Timaru and Waimate District Councils and while individual contracts were awarded for each district, the three South Canterbury Councils have formed a governance group to facilitate ongoing collaboration for waste initiatives within the region.

#### Assessment of performance against measures and targets for 2021/22

We achieved 80% of our non-financial performance standards in the waste management and minimisation activity.

	2019/20	2020/21	2021/22
<b>Achieved:</b>			80%
<b>Not Achieved:</b>			20%
<b>No Data Available:</b>			

The key performance indicators adopted in the 2021/31 Long Term Plan have increased the number and range of measures this year compared to previous reporting.

The Residents' Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

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

	2019/20	2020/21	2021/22
<b>Target:</b>	>37%	>37%	≥45%
<b>Result:</b>	50%	49%	51%

**What we did:** In 2021/22 we diverted 51% of solid waste from a Class 1 landfill. This exceeded our target for solid waste. Our communities continue to show their dedication to recycling and waste diversion which is integral to achieving this target.

**Challenges/issues we experienced:** Previously, waste sent to the districts hardfill sites was included as diverted material. As the hardfill sites are classed as class 4 landfills, this material has been removed from the calculation for 2021/22 as it is considered this provides a better representation of waste diverted from landfill for reuse or recycling.

Our waste volumes have increased from the end of March due to a new process where waste from Commercial Waste Operators is now accepted through the Twizel Resource Recovery Park. This includes both residual waste and recycling which may influence the percentage of waste diverted over time.

**Looking ahead:** Our current waste services contract commenced in October 2021 and will run through to July

2036. The contract places importance on minimising waste to landfill and includes the new organics kerbside collection, allowing the district to divert a significant volume of waste from landfill. The organics service started at the end of March 2022 and has contributed to an increase in waste diverted from landfill for the 2021/22 year, and this is expected to continue to have a positive influence on waste diversion.

#### Measure 2: The amount of household kerbside waste to landfill

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≤152kg
<b>Result:</b>	N/A	N/A	135kg

**Target:** ≤152kg per person per annum

**What we did:** For 2021/22 we recorded 135kg per person per annum of household kerbside waste to landfill which meant we achieved this target.

**Challenges/issues we experienced:** We experienced disruptions to our kerbside glass recycling during the August 2021 COVID-19 lockdown and which likely influenced glass collection volumes. It is also expected that COVID-19 restrictions resulted in reduced holiday homes occupation rates during 2021/22.

**Looking ahead:** Following the establishment of the kerbside organics service, we anticipate that kerbside waste to landfill will gradually start to decrease as materials like food and garden waste, previously disposed of in the red bin, will now be placed in the green bin and be diverted from landfill.

#### Measure 3: Average customer satisfaction rating for kerbside waste collections

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≥ 80%
<b>Result:</b>	N/A	N/A	88%

**What we did:** Our annual community opinion survey results reported 88% of participants were satisfied with our kerbside waste collections. We exceeded our target for 2021/22.

**Challenges/issues we experienced:** No significant challenges experienced during the year.

**Looking ahead:** Continue to provide kerbside waste collections at current service levels.

#### Measure 4: Average customer satisfaction rating for Resource Recovery Parks

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>	N/A	N/A	≥80%
<b>Result:</b>	N/A	N/A	66%

**What we did:** Our annual community opinion survey results reported 66% of participants were satisfied with our resource recovery parks. We did not meet our target for 2021/22.

Neutral responses were 15%.

**Challenges/issues we experienced:** No significant challenges experienced during the year.

**Looking ahead:** Continue to operate the three Resource Recovery Parks at current service levels.

#### Measure 5: Compliance with resource consent conditions

	2019/20	2020/21	2021/22
<b>Target:</b>	100%	100%	100%
<b>Result:</b>	100%	100%	100%

**What we did:** Council has a number of resource consents associated with our Resource Recovery Parks, closed landfills and hard fill sites. During 2021/22 our target of 100% compliance was delayed as a required management plan was not provided to Environment Canterbury by the end of the financial year, however this has since occurred to satisfy our consent conditions.

**Challenges/issues we experienced:** No significant challenges or issues were experienced during the year.

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

#### Capital Expenditure by activity

\$000	LTP 2020-21	LTP 2021-22	Actual 2021-22
Waste Management		129	150
<b>Total</b>		<b>129</b>	<b>150</b>

**FUNDING IMPACT STATEMENT – WASTE MANAGEMENT & MINIMISATION**

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	256	196	192
Targeted rates	876	744	750
Subsidies and grants for operating purposes	-	-	-
Fees and charges	212	182	151
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	22	29	32
<b>Total operating funding</b>	<b>1,366</b>	<b>1,151</b>	<b>1,124</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,286	1,147	1,061
Finance costs	-	-	-
Internal charges and overheads	26	(18)	27
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,312</b>	<b>1,129</b>	<b>1,088</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>54</b>	<b>22</b>	<b>35</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	86
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	78	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>78</b>	<b>86</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	146
Capital expenditure - to replace existing assets	-	129	4
Increase/(decrease) in reserves	54	(28)	(29)
Increase/(decrease) of investments	-	-	-
<b>Total applications of capital funding</b>	<b>54</b>	<b>101</b>	<b>121</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(54)</b>	<b>(22)</b>	<b>(35)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 3.10 TOURISM, ECONOMIC DEVELOPMENT AND COMMERCIAL ACTIVITIES

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

### Key Facts (as at 30 June 2022)

70,800 trees planted in our commercial forestry – 42,500

Radiata Pine, 28,300 Douglas Fir

\$19.42m invested in bond market and term deposits

\$613,000 in property sales

\$172,000 economic development support

\$342,000 promotions spend

\$405,000 on Te Manahuna Ki Uta/Mackenzie Destination Management Plan

### What We Do

#### Tourism promotion

Tourism is a significant contributor to the District's economy. As the sector rebounds following the travel restrictions experienced over the last two years, it is important to continue to promote Mackenzie to ensure these economic benefits are maintained.

Developing a vision and long term direction for district tourism in partnership with our community stakeholders is key to managing both visitor experiences and the effect of tourism on our communities and local environment now and into the future. The Te Manahuna Ki Uta/Mackenzie Destination Management Plan sets out a carefully considered vision and set of principles to act as compass bearings for the future and outlines short-term, medium-term and long-term initiatives, that if actioned would have a significant and positive impact on the way tourism functions in the district.

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

#### Economic development

Having a range of diverse and sustainable businesses is also essential to the District's economic wellbeing. Council wants

existing and developing businesses to have access to the information, advice and support they need to thrive and grow.

Economic support during the year was delivered by the Mackenzie Business Support Package which connected the South Canterbury Chamber of Commerce advisory and support services to local businesses to assist them with their recovery from the impact of COVID-19.

In addition to this direct support, Council has:

- continued to investigate and promote an Electric Vehicle (EV) charging network capacity within the District to support the transition of our local economy and tourism sector to low carbon transport,
- commenced investigation and research of options to maximise the potential of Pukaki airport to feed into a master plan to direct future development and activities, and
- initiated stronger collaboration with Waitaki District Council with the aim to streamline tourism destination planning and develop joint funding applications for the implementation of local economic development activities.

#### Commercial activities

Council is also involved in a range of commercial activities, to contribute to a thriving district economy. Our commercial activities are financial investments, commercial forestry ownership, real estate holdings and rentals, and ownership and operation of Pukaki Airport.

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

#### Key Projects for 2021/22

As well as the planned and ongoing programmes of work we have made good progress on some key projects during the year.

#### Project 1 – Alps 2 Ocean (A2O) (ongoing)

During the year we continued to co-fund the maintenance and management of the A2O cycleway with Waitaki District Council. Council has also worked on consents and applications for funding to off-road sections of the cycleway on Hayman Road to address significant safety concerns and improve the experience for riders. Council has allocated funds for 1/3 of the project cost but we are reliant on receiving grant funding to meet the balance.

During 2021/22 we continued to develop a business case to support funding applications and to test multiple off-roading

options across the entire A2O cycleway. This supported the East Pukaki Stage One (Hayman Road) as the highest priority section. Government grant applications for this project were unfortunately unsuccessful. However, resource consent was granted for a 23.1km section from Mt Cook Station to Bolton Gully and we finalized a land use easement with LINZ.

During 2021/22 we spent \$42,440 on the manager’s position, \$30,800 on maintenance and \$4,679 on consenting and LINZ easements for Stage One.

**Project 2 – Te Manahuna Ki Uta/ Mackenzie Destination Management Plan (in progress)**

Te Manahuna Ki Uta/Destination Mackenzie has been a multiagency strategic planning process for the Mackenzie District led by Mackenzie District Council. In March 2021 we partnered with Mana Whenua and since then have run community and industry engagement, developed and analysed alternative scenarios of the future, and sought further input from the community on the preferred scenario.

The aspirational vision for tourism in Te Manahuna/ Mackenzie aligns a strong return of visitors with higher value experiences, longer stays and sustainable practices. This would see Te Manahuna become an exemplar of regenerative tourism and with mana whenua and pakeha stories woven together.

Council adopted Te Manahuna Ki Uta/Mackenzie Destination Management Plan as our operational, long-term Destination Marketing Plan on the 23rd August 2022.

**Assessment of performance against measures and targets for 2021/22**

	2019/20	2020/21	2021/22
<b>Achieved:</b>	50%	100%	40%
<b>Not Achieved:</b>	50%		40%
<b>No Data Available:</b>			20%

We achieved 40% of our non-financial performance standards in the parks and community facilities activity.

The key performance indicators adopted in the 2021/31 Long Term Plan have increased the number and range of measures this year compared to previous reporting.

The Residents’ Opinion survey results this year differ to those tallied in prior years due to a change in the questionnaire Likert scales used to measure most questions. Previously the mid-point response was added to the satisfied tally but this year it is considered separately as neutral.

The following tables show how our tourism, economic development and commercial activities performed as measured against the targets set for the 2021/22 year.

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

	2019/20	2020/21	2021/22
	x	✓	✓

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

**What we did:** We undertook the quarterly reviews of our investment portfolio throughout the year. As at 30 June 2022 the weighted average yield from investments was 2.14%, this exceeds Council’s benchmark of between 1.5% and 2.0%.

**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 one bond in our portfolio and any movements at a micro level will be magnified. We have shifted to investments in term deposits to enable us to take advantage of upward movements in interest rates and at the end of the financial year we had ten term deposit investments in our portfolio.

**Looking ahead:** Council will continue to work with our advisor, Bancorp Ltd, to maximise our investment returns within the parameters of our Investment Management Policy.

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

	2019/20	2020/21	2021/22
<b>Target:</b>	≥80%	≥80%	≥80%
<b>Result:</b>	84%	80%*	59%

\*This figure includes a 34% ‘neutral’ response which was included in the ‘Achieved’ result in 2020/21. In 2021/22 a ‘neutral’ response of 26% was excluded from the ‘Achieved’ result.

**What we did:** We received a customer satisfaction rating of 59% from the respondents to our 2021/22 Residents’ Opinion survey. This result did not meet our target for the year and the tally contributing to this result reflects the change in the survey’s Likert scale to include a neutral respondent choice (26%).

**Challenges/issues we experienced:** During the year our district’s tourism sector has seen a rebound however domestic labour shortages have constrained the capacity in this and many other sectors of our local economy. Council has advocated for immigration policy changes to target local requirements to ease this pressure.

**Looking ahead:** We will continue to support our local businesses and encourage new ventures through advocacy, connections to resources and funding, destination marketing

and business advice. Some services are delivered through ChristchurchNZ and Timaru Chamber of Commerce.

### Measure 3: At least one project per financial year initiated by Council

New measure in 2021/22.

2019/20	2020/21	2021/22
N/A	N/A	✓

Age Friendly Strategy - commenced

**Target:** 1 or more.

**What we did:** Council and partner agencies are working together to make our community a more age-friendly place to live as we grow older. The first stage along this journey is to seek local feedback to assist us develop an Age-friendly Strategy to shape future planning in the Mackenzie District.

With the assistance of funding from the Ministry of Social Development we created and scheduled an Age-friendly Strategy survey to run during August 2022 to help us understand what is important to members of our community as they age.

**Challenges/issues we experienced:** No significant issues with this project, especially as we can draw from the experience of our South Canterbury neighbours.

**Looking ahead:** In August 2022 we ran the planned Aged-friendly Strategy survey to help us gather community feedback to establish how the Mackenzie District can be improved to suit their retirement needs. The survey feedback, along with a series of community consultation meetings, will help us develop an Age-friendly Strategy that is relevant to the whole District and can guide local programmes and facilities that address our residents' needs.

### Measure 4: Pukaki Airport - user satisfaction with facility

New measure in 2021/22.

	2019/20	2020/21	2021/22
<b>Target:</b>			≥75%
<b>Result:</b>			No survey done

**What we did:** The user satisfaction survey was not scheduled during 2021/22. Accordingly, we did not meet this target.

**Challenges/issues we experienced:** The user satisfaction survey was deferred until 2022/23 to align with the consultation sought from the general aviation community to feed into the development of the Pukaki Airport Masterplan.

**Looking ahead:** Council will develop a questionnaire to

provide both insights for the development of the Pukaki Airport Masterplan; and benchmark results for future reference.

### Measure 5: Forestry - financial gross surplus per predicted cashflows from Long Term Plan or Annual Report

New measure in 2021/22

This measure was described as the net surplus in the 2021/2031 Long Term Plan. However, this was an error as the financial target value is the gross surplus amount.

	2019/20	2020/21	2021/22
<b>Target:</b> (LTP)	N/A	N/A	\$1,058,000
<b>Result:</b> (Annual Report)	N/A	N/A	\$754,000

**What we did:** Our Forestry Plantation operations are delivered through a management contract with external providers. Our primary cash income is generated from timber sales and key operating costs incorporate replanting, weed species control, thinning, earthworks and tree measuring.

During 2021/22 log prices declined compared to the prior year and timber sale volumes were lower than forecast meaning we did not meet the gross cashflow target for the year.

Non-cash carbon credit allocations of \$1,549,000 were recognised for the year.

**Challenges/issues we experienced:** Severe weather events required restorative earthworks on the shingle dam in the Strathallan plantation. The cyclical tree measuring process was bought forward from the 2022/23 financial year to inform the ETS policy.

**Looking ahead:** We plan to finalise and implement a new Forestry Management contract during 2022/23, and complete an overarching forestry strategy during the 2023 calendar year.

### Significant Financial Variances between Actual and the Long Term Plan

#### Local authorities fuel tax, fines, infringement fees and other receipts \$1,359,000 above LTP

Unbudgeted income of \$1,549,000 was received for annual allocation of carbon credits allocation. Timber sales were budgeted at \$1,038,000 but actual income received was \$736,000.

#### Payments to staff and suppliers \$1,249,000 above LTP

Unbudgeted expenditure was incurred in relation to the Mayors Taskforce for Jobs scheme. The expenditure was fully offset by government funding.

Increased expenditure from the LTP was incurred in regards



tree purchasing, planting and thinning, earthworks and fencing on a number of Council's forestry plantations as well as undertaking a 5 yearly tree measuring process which was brought forward from the 2022-2023 financial year to allow for input into Council's Emission Trading Scheme (ETS) policy.

**Increase / (decrease) in debt \$2,200,000 below LTP**

Due to delays with the capital works programmes loans were not required to be raised. Projects have been rebudgeted in the 2022-2023 financial year.

**Increase / (decrease) in reserves \$5,681,000 below LTP**

Transfers to reserves were lower than budget due to the timing of receipt of revenue and expenditure incurred from commercial activities as well as proceeds from sale of assets and increased investments.

**Increase / (decrease) of investments \$4,225,000 above LTP**

Council borrowed externally for the first time to fund capital works programmes which freed up operating funding that could be used for investing.

**Capital Expenditure by activity**

\$000	LTP 2020-21	LTP 2021-22	Actual 2021-22
Pukaki Airport	-	25	85
Real Estate	-	-	2
Forestry Operations	-	-	3
Tourism and Economic Development	80	137	-
<b>TOTAL</b>	<b>80</b>	<b>162</b>	<b>90</b>

## FUNDING IMPACT STATEMENT – TOURISM, ECONOMIC DEVELOPMENT & COMMERCIAL ACTIVITIES

\$000s	LTP 2020-21	LTP 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform annual general charges, rates penalties	-	46	44
Targeted rates	305	401	355
Subsidies and grants for operating purposes	-	461	530
Fees and charges	-	-	17
Internal charges and overheads recovered	882	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,400	2,132	3,491
<b>Total operating funding</b>	<b>2,587</b>	<b>3,040</b>	<b>4,437</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	850	1,329	2,578
Finance costs	306	9	95
Internal charges and overheads	1,494	1,608	1,617
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,650</b>	<b>2,946</b>	<b>4,290</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>(63)</b>	<b>94</b>	<b>147</b>
<b>CAPITAL FUNDING</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	924	2,200	-
Gross proceeds from the sale of assets	735	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>1,659</b>	<b>2,200</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	-	-	-
Capital expenditure - to improve the level of service	-	-	-
Capital expenditure - to replace existing assets	-	137	90
Increase/(decrease) in reserves	1,596	1,512	(4,169)
Increase/(decrease) of investments	-	646	4,225
<b>Total applications of capital funding</b>	<b>1,596</b>	<b>2,295</b>	<b>147</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>63</b>	<b>(94)</b>	<b>(147)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

SECTION 4

# Finances

## Pūtea

## A GUIDE TO THE FINANCIALS

The Local Government Act 2002 requires the Council to report its actual performance compared to targets published in the Long Term Plan and Annual Plan, reporting against both financial and non-financial measures.

The financial information includes:

### **Statement of comprehensive revenue and expenditure**

This can also be referred to as the profit and loss statement, income statement or the operating statement.

The statement of comprehensive revenue and expense shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2022. The statement does not include asset (capital expenditure) purchases or disposals.

### **Statement of changes in equity**

The statement of changes in equity provides information about the nature of changes in the Council's ratepayers' equity during the year. Equity is the residual interest in the assets of the Council after the deduction of its liabilities.

### **Statement of financial position**

The statement of financial position shows all the assets and liabilities of the Council as at 30 June 2022. It can also be referred to as the balance sheet.

### **Statement of cash flows**

The statement of cash flows covers all inflows and outflows of cash during the year covered by the statement of comprehensive revenue and expense.

The statement of cash flows identifies the sources and applications of cash in respect to the Council's operating, investing and financing activities.

### **Funding impact statement**

The funding impact statement sets out the sources of operating and capital funding the Council has used to fund its activities.

### **Notes to the financial statements**

The notes contain additional information to give greater understanding of the financial statements outlined above, and includes the accounting policies Council has used to prepare the financial statement for 2021/2022.

### **Disclosure statement**

The disclosure statement discloses the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include the disclosure statement in the annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2022

\$000	Note	Actual 2022	Budget 2022	Actual 2021
<b>REVENUE</b>				
Rates	3	12,430	12,364	11,046
Subsidies and grants	4	7,083	9,516	4,164
Fees and charges	5	2,051	1,907	1,927
Interest revenue	6	179	247	273
Other revenue	7	3,826	2,683	4,686
Development and financial contributions		1,972	1,684	1,006
Vested assets		3,873	2,881	330
Other gains	8	410	-	2,240
<b>Total revenue</b>		<b>31,824</b>	<b>31,283</b>	<b>25,672</b>
<b>EXPENSES</b>				
Personnel costs	10	4,342	4,967	4,878
Finance costs	11	8	76	2
Other expenses	12	17,891	15,345	14,567
Depreciation and amortisation expense	20	4,658	4,461	4,486
Other losses	8	2,915	-	-
<b>Total expenses</b>		<b>29,814</b>	<b>24,849</b>	<b>23,933</b>
<b>SURPLUS / (DEFICIT) BEFORE TAX</b>		<b>2,010</b>	<b>6,434</b>	<b>1,739</b>
Income tax expense	13	-	-	-
<b>Surplus / (deficit) after tax</b>		<b>2,010</b>	<b>6,434</b>	<b>1,739</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Items that could be reclassified to surplus/(deficit)				
Fair value movement of listed bonds	30	(35)	438	(21)
Items that will not be reclassified to surplus/(deficit)				
Fair value movement of listed and unlisted shares	30	500	-	672
Property, plant, and equipment revaluations	30	77,642	11,492	2,408
<b>Total other comprehensive revenue and expense</b>		<b>78,107</b>	<b>11,930</b>	<b>3,059</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>80,117</b>	<b>18,365</b>	<b>4,798</b>

The accompanying notes form an integral part of these financial statements.

Figures in the budget column for personnel costs are understated by \$138 and other expenses overstated by \$138 compared to actual columns for the same types of expenditure.

## STATEMENT OF CHANGES IN EQUITY

### For The Year Ended 30 June 2022

\$000	Notes	Actual 2022	Budget 2022	Actual 2021
<b>Equity at the beginning of year</b>		294,383	294,483	289,740
Total comprehensive revenue and expense		80,117	18,365	4,798
De-recognition of Albury Water Supply		-	-	(155)
<b>Equity at end of year</b>	30	374,501	312,847	294,383

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

\$000	Note	Actual 2022	Budget 2022	Actual 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	14	9,006	4,851	11,607
Receivables	15	4,403	3,839	3,355
Inventories	16	74	28	197
Prepayments	17	117	84	84
Other financial assets	18	14,426	15,226	9,750
<b>Total current assets</b>		<b>28,026</b>	<b>24,028</b>	<b>24,993</b>
<b>Non-current assets</b>				
Property, plant and equipment	19	338,495	286,613	252,084
Inventories	16	342	389	389
Intangible Assets	21	2,365	896	809
Forestry Assets	22	5,212	8,063	8,063
Investment property	23	5,086	4,319	4,319
Other financial assets	18	11,284	11,231	11,318
<b>Total non-current assets</b>		<b>362,784</b>	<b>311,511</b>	<b>276,982</b>
<b>TOTAL ASSETS</b>		<b>390,810</b>	<b>335,539</b>	<b>301,975</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and deferred revenue	25	5,545	5,221	7,200
Employee entitlements	26	278	297	298
Provisions	27	2	5	5
Borrowings	28	10,006	2,709	-
<b>Total current liabilities</b>		<b>15,831</b>	<b>8,232</b>	<b>7,503</b>
<b>Non-current liabilities</b>				
Employee entitlements	26	32	31	31
Provisions	27	26	58	58
Borrowings	28	420	14,371	-
<b>Total non-current liabilities</b>		<b>478</b>	<b>14,460</b>	<b>89</b>
<b>Total liabilities</b>		<b>16,309</b>	<b>22,692</b>	<b>7,592</b>
<b>NET ASSETS</b>		<b>374,501</b>	<b>312,847</b>	<b>294,383</b>
<b>EQUITY</b>				
Accumulated Funds	30	124,858	122,866	125,393
Reserves	30	19,087	25,094	15,937
Revaluation Reserves	30	230,556	164,886	153,053
<b>TOTAL EQUITY</b>		<b>374,501</b>	<b>312,847</b>	<b>294,383</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CASHFLOWS

For The Year Ended 30 June 2022

\$000	Notes	Actual 2022	Budget 2022	Actual 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from rates revenue		12,378	12,364	11,158
Subsidies and grants received		5,539	7,066	4,164
Receipts from other revenue		3,715	4,590	7,124
Interest and dividends from investments		303	247	549
Financial and development contributions		1,989	1,684	1,006
Payments to suppliers and employees		(21,769)	(20,143)	(18,362)
Finance costs		(8)	(76)	(2)
<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>(2,147)</b>	<b>5,733</b>	<b>5,637</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of property, plant and equipment		117	-	43
Proceeds sale of investments		11,419	9,993	17,904
Purchase of Fixed Assets and intangibles		(11,066)	(24,617)	(5,414)
Purchase of Investments		(15,644)	(14,985)	(9,459)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(15,174)</b>	<b>(29,609)</b>	<b>3,074</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowing		10,426	17,080	-
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>10,426</b>	<b>17,080</b>	<b>-</b>
NET INCREASE/(DECREASE) IN CASH HELD		<b>(2,601)</b>	(6,796)	8,710
Opening Cash Balance 1 July		11,607	11,647	2,897
Cash and cash equivalents at the end of the year		9,006	4,851	11,607
<b>REPRESENTED BY</b>				
Cash & cash equivalents	14	<b>9,006</b>	<b>4,851</b>	<b>11,607</b>

The accompanying notes form an integral part of these financial statements.



## FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

For The Year Ended 30 June 2022

\$000	Annual Plan 2020-21	Actual 2020-21	Annual Plan 2021-22	Actual 2021-22
<b>OPERATING FUNDING</b>				
<b>Sources of operating funding</b>				
General Rates, Uniform annual general charges, rates penalties	4,900	4,983	6,080	6,140
Targeted Rates (other than metered water supply rates)	5,989	6,063	6,285	6,291
Subsidies and grants for operating purposes	1,993	2,201	4,019	3,975
Fees and charges	-	1,927	1,907	2,056
Interest and dividends from investments	940	549	247	303
Local authorities fuel tax, fines, infringement fees and other receipts	4,417	810	2,683	3,698
<b>Total Operating Funding</b>	<b>18,239</b>	<b>16,533</b>	<b>21,221</b>	<b>22,462</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	16,512	19,472	20,313	22,233
Finance costs	151	2	76	8
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>16,663</b>	<b>19,474</b>	<b>20,389</b>	<b>22,241</b>
<b>SURPLUS / (DEFICIT) OF OPERATING FUNDING</b>	<b>1,576</b>	<b>(2,941)</b>	<b>832</b>	<b>221</b>
<b>CAPITAL FUNDING</b>				
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	1,530	1,963	5,497	3,108
Development and financial contributions	1,507	1,006	1,684	1,999
Increase/(decrease) in debt	10,500	-	17,080	10,426
Gross proceeds from the sale of assets	-	2,928	-	117
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>13,537</b>	<b>5,897</b>	<b>24,261</b>	<b>15,650</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	-	-	1,477	-
Capital expenditure - to improve the level of service	3,421	651	16,148	3,737
Capital expenditure - to replace existing assets	10,846	5,606	6,992	6,987
Increase/(decrease) in reserves	846	(3,301)	(169)	922
Increase/(decrease) of investments	-	-	645	4,225
<b>Total applications of capital funding</b>	<b>15,113</b>	<b>2,956</b>	<b>25,093</b>	<b>15,871</b>
<b>SURPLUS / (DEFICIT) OF CAPITAL FUNDING</b>	<b>(1,576)</b>	<b>2,941</b>	<b>(832)</b>	<b>(221)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: The Funding Impact Statement is required under the Local Government Act 2002 Schedule 10 and conforms to the Local Government (Financial Reporting) Regulations 2014. Generally accepted accounting practice does not apply to the preparation of the Funding Impact Statement as stated in S111 (2) of the Local Government Act.

Figures in the LTP columns agree in total, but for presentation purposes some sources and applications of funding have been reallocated to be comparable with the actual columns.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 1. STATEMENT OF ACCOUNTING POLICIES

#### Reporting entity

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

The group consists of Mackenzie District Council and its wholly-owned subsidiaries (100% owned), Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust.

Council's interest in Downlands Water Scheme has been assessed as a Joint Arrangement and accounts for its share of assets, liabilities, revenue and expenses relating to Council's 4% interest in the scheme. Figures presented in the financial statements are the same for the parent reporting entity and the group.

The Council has designated itself and the group as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of the Council and the group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on (date to be confirmed) 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.

#### Statement of Compliance

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

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

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

#### Presentation currency and rounding

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

#### Measurement base

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

#### Standards issued and not yet effective that have been early adopted

#### Changes in accounting policies

There have been no other changes in accounting policies.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and

expenses and cash flows of entities in the group on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions

### **Joint operation**

A joint operation is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists when there is a binding agreement between the parties involved in the arrangement and this agreement requires the relevant activities of the arrangement to be decided by unanimous consent from all parties involved in the arrangement.

For joint arrangements, the Council recognises in its financial statements its share of assets, liabilities, revenue and expenses relating to the arrangement.

The Council has a joint arrangement with the Timaru District Council and Waimate District Council for the Downlands Rural Water Scheme. The Downlands Rural Water Scheme is a joint operation rather than a joint venture because the three Councils jointly own their specified share of the whole scheme and have rights to the assets and obligations for the liabilities relating to the arrangement, due to the structure of the arrangement not being through a separate vehicle. Council's share in this joint arrangement equates to 4%, with Timaru District Council's share being 82% and Waimate District Council's 14%.

### **Revenue recognition**

Revenue is measured at the fair value. The specific accounting policies for significant revenue items are explained below:

#### **Rates revenue**

The following policies for rates have been applied:

- General rates, targeted rates and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue. Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Environment Canterbury Regional Council (ECan) are not recognised in the financial statements, as the Council is acting as an agent for ECan.

#### **Rates Remissions**

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

#### **Non-Rateable land**

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

#### **Waka Kotahi (New Zealand Transport Agency) roading subsidies**

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

#### **Other grants received**

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

### **Building and resource consent revenue**

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

### **Entrance Fees**

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

### **Provision of goods and services**

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

### **Contributions**

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

### **Vested or donated physical assets**

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

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

### **Landfill fees**

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

### **Sale of Goods and Services**

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

### **Interest and dividends**

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

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

### **Donated and bequeathed financial assets**

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

### **Revenue from commission and booking fees**

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

### **Rental revenue**

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

## EXPENDITURE RECOGNITION

The specific accounting policies for significant expenditure items are explained below.

### Superannuation Schemes

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

### Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

### Grant expenditure

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

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

### Operating Leases

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

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have non-cancellable terms of 36 months.

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

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

### Contractual commitments

These are commitments for which a formal contract has been entered into at balance date. These commitments are based on the legal commitment outstanding under contracts. They do not take in account any additional work required due to emergency events or any adjustments to costs based on inflation.

### Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus/(deficit) for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## STATEMENT OF FINANCIAL POSITION ITEMS

The specific accounting policies for significant balance sheet items are explained as follows.

### Cash and cash equivalents

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

### Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council and group apply the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

No rates were written off during the year, (2021: \$Nil)

Other receivables are written-off when there is no reasonable expectation of recovery.

### Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Council, as the Council has a large number of customers.

### Impairment

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court’s judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

### Financial assets/financial liabilities

The Council shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Council becomes party to the contractual provisions of the instrument.

At initial recognition, the Council shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus/(deficit), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### Financial Assets are classified as either:

1. Amortised Cost
2. Fair value through surplus or deficit FVTSD, or
3. Fair value through other comprehensive revenue and expenses, FVTOCRE.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset given rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTSD unless it is measured at amortised cost or at FVTOCRE. However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured FVTSD to present subsequent changes in FVTOCRE.

#### **Subsequent measurement of financial assets at amortised cost**

##### *Term Deposits and Eversley Sewage Loan*

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

#### **Subsequent measurement of financial assets at FVTOCRE**

##### *Listed and Unlisted Shares and Bonds*

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, there is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds with equity. The Council and group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

##### *Expected credit loss allowance (ECL)*

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measure at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expect to receive.

ECLs are discounted at the effective interest rate of the financial asset.

ECL's are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and included forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

##### *Financial Liabilities are classified as either:*

1. Amortised Cost, or
2. Fair value through profit or loss.

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at fair value through profit or loss.

A financial liability is classified as a financial liability at fair value through profit or loss if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as at fair value through profit or loss (note that such a designation is only permitted if specified conditions are met).

A financial liability is held for trading if it meets one of the following conditions:

- It is incurred principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

### **Inventories**

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

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

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

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

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

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

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

### **Property, plant and equipment**

Property, plant and equipment consist of:

- Operational assets

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

- Restricted assets

Restricted assets include parks and reserves owned by Council which provide a benefit or service to the community, and endowments and other property held in trust for specific purposes.

Land in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

- Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

- Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the financial statements because there is little or no service potential from the majority of these paper roads.

Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of



disposal.

### Revaluation

The carrying values of revalued items are assessed annually to ensure that their carrying amount does not differ materially from fair value and at least every three years. If there is a material difference, then the off-cycle asset classes are revalued. Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The measurement basis for each class of asset is described below:

Operational Assets	Is the Class Revalued?	Valuation Basis
Buildings	Yes	Fair Value
Computer Hardware	No	Depreciated Historical Cost
Furniture and Fittings	No	Depreciated Historical Cost
Heritage Assets	No	Deemed Cost
Land	Yes	Fair Value
Motor Vehicles	No	Depreciated Historical Cost
Office Equipment	No	Depreciated Historical Cost
Plant and Machinery	No	Depreciated Historical Cost
<b>Restricted Assets</b>		
Land	Yes	Fair Value
Flood Protection and Control Works	No	Not Applicable
Village Projects	No	Depreciated Historical Cost
Alps2Ocean Cycleway	No	Deemed Cost
<b>Infrastructure Assets</b>		
Land Under Roads	No	Not Applicable
Litter Bins and Landfills	No	Depreciated Historical Cost
Roads and Footpaths	Yes	Optimised Depreciated Replacement Cost
Resource Consents	No	Depreciated Historical Cost
Resource Recovery Parks	Yes	Optimised Depreciated Replacement Cost
Stormwater	Yes	Optimised Depreciated Replacement Cost
Wastewater	Yes	Optimised Depreciated Replacement Cost
Water Supplies	Yes	Optimised Depreciated Replacement Cost

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but in the surplus/(deficit).

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus/(deficit) will be recognised first in the surplus/(deficit) up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### Additions

The cost of an item of property, plant, or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus/(deficit) as they are incurred.

Certain infrastructure assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been recognised at the most recent appropriately certified government valuation. Vested infrastructure assets

have been valued based on the actual quantities of infrastructure.

#### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

#### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational Assets Depreciation	Method	Life (Years)
Buildings	Straight Line	13 – 80
Computer Hardware	Straight Line	3 – 10
Computer Network Cabling	Straight Line	10
Furniture and Fittings	Straight Line	10
Heritage Assets	Straight Line	60 – 150
Land	Not Depreciated	-
Motor Vehicles	Straight Line	5
Office Equipment	Straight Line	5 – 10
Light Plant and Machinery	Straight Line	10 – 25
Plant and Machinery	Straight Line	10 – 25

Infrastructural Assets	Depreciation Method	Value Basis
<b>Solid Waste</b>		
• Resource Recovery Parks and Landfills	Straight Line	0 – 80
• Litter Bins	Straight Line	10
Village Projects	Straight Line	15 – 80
<b>Alps2Ocean Cycleway</b>	Straight Line	50
• Formation	Not Depreciated	-
Land Under Roads	Not Depreciated	-
<b>Roads</b>		
• Formation	Not Depreciated	-
• Sub-base	Straight Line	0 – 100
• Base Course	Straight Line	75 – 125
• Surfacing	Straight Line	3 – 40
• Kerb and Channelling	Straight Line	0 – 100
• Street Signs	Straight Line	20
• Streetlighting	Straight Line	20 – 40
• Bridges	Straight Line	80 – 100
• Shoulders	Straight Line	0 – 100
<b>Footpaths</b>		
• Surface	Straight Line	25-75
• Base	Straight Line	30-75
• Formation	Not Depreciated	-
• Sub base	Not Depreciated	-
Resource Consents	Straight Line	10 – 33
<b>Stormwater</b>		

Infrastructural Assets	Depreciation Method	Value Basis
• Lines	Straight Line	60 – 150
• Manholes	Straight Line	150
• Open Drains	Not Depreciated	-
<b>Wastewater</b>		
• Mains	Straight Line	10 – 100
• Pumps	Straight Line	15 – 20
• Oxidation Ponds	Straight Line	0 – 100
• Box Culverts	Straight Line	100
• Manholes	Straight Line	100
<b>Water Supplies</b>		
• Piping Mains	Straight Line	10 – 80
• Pumps	Straight Line	15 – 20
• Service Lines	Straight Line	60 – 80
• Hydrants	Straight Line	80
• Valves and Air Valves	Straight Line	25 – 80
• Meters	Straight Line	20 – 25
• Reservoirs	Straight Line	40 – 80

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

#### Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/(deficit).

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/(deficit).

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus/(deficit).

#### Estimating the fair value of land, buildings and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Valuation Partners. The valuation is effective as at 30 June 2021. Future revaluations will be carried out on a three yearly basis or as required by the standard. The valuation report has indicated that a greater degree of uncertainty is attached to the valuation of its lands and buildings due to severe market disruption and lack of transactional data as a result of COVID-19.

Plant and machinery comprises the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2021 by the registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage assets have been recorded at cost less accumulated depreciation.

Other assets are valued at the lower of cost less accumulated depreciation.

#### Land (operational, restricted and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land

values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is value based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

### **Buildings (operational)**

Buildings have been valued using market values where a market value exists for that asset, or at depreciated replacement cost. Each building has also been componentised into:

- Structure
- Services, and
- Internal fitout

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2021 valuation include:

- The replacement costs of significant assets are adjusted where appropriate for optimization due to over-design or surplus capacity. There have been no optimization adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and QV cost builder information. Construction costs based on a model rate of \$3,110 per square metre (includes architectural and engineers fees component of 12.5%) plus a multiple range between 0.1 to 5.2, depending on the nature of the specific asset being valued, compared to last year construction costs of \$2,961 per square metre.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, obsolescence and experience with similar buildings.

Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence. Significant assumptions in the 30 June 2021 valuation do not include market rents and capitalisation rates.

Infrastructural assets include wastewater, stormwater, water supply, bridges and roading systems, and solid waste. Council's infrastructural assets, except rural water races, village projects, resource consents, litter bins, and Alps2Ocean Cycleway, have been included at their most recent valuation, plus additions at cost, less accumulated depreciation.

The most recent valuation of infrastructural assets was performed by an independent registered valuer. Mark Gordon (BE (Hons), MBA, SMEngNZ, CPEng) of AECOM, performed the roading revaluation with an effective date of 30 June 2022. Miles Wyatt (DipBus (InfoSys), CMEngNZ, MIAM, REAcap) of AECOM performed the three waters and solid waste revaluations with an effective date of 30 June 2022. Subsequent additions have been valued at cost and depreciated.

Rural water races, landfills, village projects and Alps2Ocean Cycleway are stated at their cost or deemed cost less depreciation.

Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

### **Infrastructural Assets**

Sewerage, water, drainage and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Determination of quantities and sizes of assets are optimized to relate to those acquired for current service delivery and foreseeable demand with the constraint that both sizes and quantities may only be reduced to reflect restrictions in need. Expansions are matters to be considered in capital improvement budgets.

- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern engineering equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed to Statistics New Zealand and NZTA indices for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The measurement basis for Downlands Water Scheme was changed from historical cost to the revaluation model for the 2019/20 financial year, in agreement with the joint arrangement parties being Waimate, Timaru and Mackenzie District Council's. Downlands water scheme assets were valued by Timaru District Council officers and peer reviewed by Brian Smith (CA), of Brian Smith Advisory Services Limited using a replacement cost basis and the valuation is effective at 30 June 2022.

Land under roads, includes under formed roads and subsequent additions vested to Council. The value is based on the average value of the land in the associated ward deemed by Quotable Value. These values have been adopted as deemed cost.

#### *Value in use for non-cash generating assets*

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

#### *Value in use for cash generating assets*

Cash generating assets are those assets that held with the primary objective of generating a commercial return.

The value in use for cash generating assets is the present value of expected future cash flows.

#### *Classification of property*

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

#### **Forestry**

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

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

Forestry maintenance costs are recognised in the surplus/(deficit) when incurred.

#### **Intangibles**

##### **Software acquisition and development**

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

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

Staff training costs are recognised in the surplus/(deficit) when incurred.

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

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

### Easements

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

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

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

### Carbon Credits

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

### Impairment

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

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

Intangible Assets	Depreciation Method	Life (Years)
Computer Software	Straight line	3

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

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

### Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant and equipment.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, investment property is measured at fair value as determined annually by an independent valuer.

The valuation report for 30 June 2022 prepared by Brent McGrath (B.Com, VPM Registered Valuer, ANZIV) of Valuation Partners Limited has indicated that a greater degree of uncertainty is attached to the valuation as a result of COVID-19.

Gains or losses arising from a change in the fair value of investment property is recognised in the surplus/(deficit).

### Employee Entitlements

#### Short Term Employee Entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

#### *Long Term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information ; and
- The present value of estimated future cash flows\

#### *Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event;
- It is probable that an outflow of future economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

#### **Payables and deferred revenue**

Short-term payables are recorded at the amortised cost.

#### **Equity and Reserves**

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

- Special funds reserves;
- Separate reserves;
- Asset revaluation reserves; and
- Accumulated general funds.

#### *Special funds reserves*

Special reserves have been set up for specific purposes. Their use is restricted to the purpose for which they were set up. They retain their surplus or deficit but are used to meet the costs that comply with their purpose.

- Other reserves - Other reserves consist of funds which have been received over time by the Council, usually by way of a donation or bequest, the terms of which restrict the use of funds. Each amount has been set up as a trust fund to maintain a degree of independence from general Council funds.
- Restricted reserves - Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.
- Council-created reserves - Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

### *Separate reserves*

These are reserve balances where activities are funded either by targeted rates or a combination of targeted rates and general rates. They hold a surplus or deficit balance from year to year, and the fund is only held for that specific activity. For example, each water supply activity has its own reserve balance.

### *Asset revaluation reserves*

These reserves relate to:

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

### *Accumulated General Funds*

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

### **Statement of Cash Flows**

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

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

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

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

### **Goods and Services Tax (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST

### **Cost allocation**

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

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

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

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

### **Budget Figures**

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan or Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.



### **Critical Accounting Estimates and Assumptions**

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

These estimates and assumptions may differ from the subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 19: Property, plant and equipment.
- Estimating the fair value of forestry assets – see Note 22: Forestry assets.
- Estimating the landfill aftercare provision – see Note 27 Provisions.

### **Critical judgements in applying accounting policies**

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

- Classification of property – see Note 19: Property, plant and equipment.
- Accounting for suspensory loan from Housing New Zealand – see Note 4: Subsidies and Grants.

Council's view is the suspensory loan from HNZ is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 Revenue from Non-Exchange Transactions.

The Council considers that there are two possible accounting treatments for the grant under PBE IPSAS 23, either recognising the grant as revenue when all conditions are satisfied in 2028 or recognising the grant evenly over the 20-year condition period.

The Council has elected to recognise the grant evenly over the 20-year period as that better reflects the substance of the arrangement. Further information about the suspensory loan is included in Note 29: Contingencies.

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

Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received.

Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognize revenue immediately for such transfers. A liability is not recognised until such time as it is expected that the condition will be breached.

## 2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

	Actual 2022	Budget 2022	Actual 2021
<b>REVENUE</b>			
Governance and corporate services	5,699	5,986	3,281
Water supplies	4,238	4,057	2,819
Wastewater	5,234	5,709	1,254
Stormwater	963	742	149
Transportation	3,645	4,666	3,952
Regulatory services	3,265	2,912	2,621
Emergency management	74	74	36
Parks and community facilities	4,105	4,486	2,704
Waste management and minimisation	1,450	1,202	1,151
Tourism, economic development and commercial activities	3,393	1,449	7,705
<b>Total revenue</b>	<b>32,075</b>	<b>31,283</b>	<b>25,672</b>
<b>EXPENDITURE</b>			
Governance and corporate services	6,151	5,974	3,627
Water supplies	2,547	2,143	1,990
Wastewater	3,043	2,551	1,111
Stormwater	550	122	120
Transportation	4,860	4,319	4,282
Regulatory services	3,428	4,042	3,711
Emergency management	180	74	40
Parks and community facilities	3,154	3,012	3,034
Waste management and minimisation	1,174	1,202	923
Tourism, economic development and commercial activities	4,979	1,410	5,095
<b>Total Expenditure</b>	<b>30,066</b>	<b>24,849</b>	<b>23,933</b>

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities. The above includes internal interest income and expenditure which has been eliminated from the Statement of Comprehensive Revenue and Expense.

In the 2021-31 LTP Emergency Management was separated from Governance and Corporate Services and Waste Management and Minimisation from Parks and Community Services (previously called Community and Township Services). For comparison purposes the 2021 Actuals have been restated.

The above includes internal interest and expenditure of \$180,000, this was eliminated from the Statement of Revenue and Expense.

### 3. RATES

\$000	Actual 2022	Actual 2021
General rates	6,094	4,941
Targeted rates attributed to activities:		
• Governance and corporate services	34	34
• Water supplies	1,479	1,587
• Wastewater	886	729
• Stormwater	108	121
• Transportation	1,111	1,020
• Parks and community facilities	1,568	2,056
• Waste management and minimisation	750	-
• Tourism, economic development and commercial activities	355	516
Rates penalties	45	42
<b>Total rates</b>	<b>12,430</b>	<b>11,046</b>
Rates charged on Council owned properties (not eliminated from Revenue and Expenditure)	204	259
<b>Ratings base</b>		
Revenue from rates for Mackenzie District Council was billed on the number of rating units at end of the preceding year	5,277	5,236
<b>Total capital value of rating units at end of preceding year</b>	<b>\$5,233,360,120</b>	<b>\$4,452,166,220</b>
<b>Total land value of rating units at end of preceding year</b>	<b>\$3,003,025,200</b>	<b>\$2,348,716,900</b>

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. The Multi-Issuer Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

\$000	Actual 2022	Actual 2021
Rates	12,430	11,046
<b>Total rates</b>	<b>12,430</b>	<b>11,046</b>

### 4. SUBSIDIES AND GRANTS

\$000	Actual 2022	Actual 2021
Waka Kotahi (New Zealand Transport Agency) roading subsidies	1,629	2,733
Water Services Reform Programme grants	4,313	798
Other subsidies and grants	1,141	633
<b>Total subsidies and grants</b>	<b>7,083</b>	<b>4,164</b>

There are no unfulfilled conditions and other contingencies attached to government grants recognized.

## 5. FEES AND CHARGES

\$000	Actual 2022	Actual 2021
Water by meter	124	86
Regulatory	1,454	1,178
Other fees and charges	473	663
<b>Total fees and charges</b>	<b>2,051</b>	<b>1,927</b>

## 6. INTEREST REVENUE

\$000	Actual 2022	Actual 2021
Finance revenue	179	273
<b>Total Finance Revenue</b>	<b>179</b>	<b>273</b>

## 7. OTHER REVENUE

\$000	Actual 2022	Actual 2021
Petrol tax	102	84
Dividend Revenue	124	276
Rental Revenue	420	439
Sales Forestry	736	1,610
Carbon Credits Received	1,549	671
Sales Inventory	613	1,318
Other Revenue	282	288
<b>Total Other Revenue</b>	<b>3,826</b>	<b>4,686</b>

## 7A. OPERATING LEASES AS LESSOR

\$000	Actual 2022	Actual 2021
Revenue from exchange transactions		
Not later than one year	168	208
Later than one year and not later than five years	494	488
Later than five years	1,500	1,337
<b>Total non-cancellable operating leases</b>	<b>2,162</b>	<b>2,033</b>

Investment property and property used for social housing are leased under operating leases. The investment property leases have a non-cancellable term of 36 months. Social housing leases are generally for terms of one year, with some leases for shorter durations. The future aggregate minimum lease payment to be collected under non-cancellable leases are presented in the table above.

## 8. OTHER GAINS/(LOSSES)

\$000	Actual 2022	Actual 2021
Gain / (Loss) changes fair value Forestry Assets	(2,208)	1,939
Gain / (Loss) changes fair value Investment Property	410	260
Gain / (Loss) disposal Carbon Credits	-	-
Gain / (Loss) disposal property, plant and equipment	(707)	41
<b>Total gains/(losses)</b>	<b>(2,505)</b>	<b>2,240</b>

## 9. REVENUE EXCHANGE / NON-EXCHANGE)

\$000	Actual 2022	Actual 2021
<b>Revenue from non-exchange transactions</b>		
Rates	12,430	11,046
Subsidies and Grants	7,083	4,163
Fees and Charges	1,927	1,841
Development Contributions	1,972	1,006
Vested Assets	3,873	330
Other Revenue	2,345	3,184
<b>Total revenue non-exchange</b>	<b>29,630</b>	<b>21,569</b>

### Revenue from exchange transactions

Sales of goods	1,349	3,028
Fees and Charges	124	86
Finance Revenue	179	273
Other Revenue	544	715
<b>Total revenue exchange</b>	<b>2,195</b>	<b>4,102</b>

## 10. PERSONNEL COSTS

\$000	Actual 2022	Actual 2021
Salaries and wages	4,228	4,746
Defined contribution plan employer contributions	114	132
<b>Total personnel costs</b>	<b>4,342</b>	<b>4,878</b>

Employer contributions to defined contributions plans include contributions to Kiwisaver.

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

### Elected representatives remuneration

\$000	Actual 2022	Actual 2021
Mayor Graham Smith	84	82
Councillor Stuart Barwood	35	34
Councillor James Leslie	35	34
Councillor Matt Murphy	19	18

\$000	Actual 2022	Actual 2021
Councillor Emily Bradbury	19	18
Councillor Murray Cox	35	34
Councillor Anne Munro	35	34
Fairlie Community Board Members	9	10
Tekapo Community Board Members	10	10
Twizel Community Board Members	13	12
	<b>294</b>	<b>286</b>

### Chief Executives

Chief Executives' total remuneration paid or payable for the year (including any non financial benefits)

\$000	Actual 2022	Actual 2021
Chief Executive - to November 2021	388	234
Chief Executive - from December 2021	118	-
	<b>515</b>	<b>234</b>

### Remuneration for employees by band as at 30 June 2022

\$000	Actual 2022	Actual 2021
\$140,000 and \$259,999	2	4
\$100,000 - \$139,999	10	6
\$80,000 - \$99,999	7	7
\$60,000 - \$79,999	12	13
\$59,999 and less	11	15
	<b>42</b>	<b>45</b>

The salary bands greater than \$100,000 have been combined due to there being 5 or fewer employees in those bands.

At balance date, the Council employed 39.2 (2021: 42.2) full-time equivalent employees, where 37.5 hours a week is considered full time. Of these 33 full-time equivalents (2021: 36) were full time with the remaining 6.2 full time equivalents (2021: 6.2), consisting of employees on part time and casual type contracts.

### Severance payments

For the year ended 30 June 2022, the Council made 1 severance payment (2021: 0) to a chief executive totalling \$187,869 (2021: \$nil).

For the year ended 30 June 2022, the Council made 1 severance payment (2021: 2) to an employee totalling \$56,785 (2021: \$17,500). The value of each of the severance payments was \$56,785 (2021: \$11,000 and \$6,500).

## 11. FINANCE COSTS

\$000	Actual 2022	Actual 2021
Finance expenses	8	2
<b>Total Finance costs</b>	<b>8</b>	<b>2</b>

## 12. OTHER EXPENSES

\$000	Actual 2022	Actual 2021
Fees to auditors		
Fees to Audit NZ for audit of the financial statements and performance information	112	102

Agreed recoveries for 2020 audit	50	-
Fees to Audit NZ for audit of the Long-term plan for 2021-2031	18	77
Agreed recoveries for 2021 LTP audit	100	-
Fees for assurance review of the debenture trust deed this year	5	5
Fees for assurance review of the debenture trust deed previous year	5	2
Other assurance services	17	38
Other employee costs	158	146
Cost of goods sold	871	2,010
Insurance	232	218
Operating leases	168	132
Administration expenses	1,182	632
Impairment of receivables	82	25
Operating and maintenance	5,622	4,818
Contractors and professional services	6,193	5,587
Maintenance	2,374	-
Utilities	478	441
Other operating expenses	224	333
<b>Total other expenses</b>	<b>17,891</b>	<b>14,566</b>

Additional audit fees recorded for 2022: \$50,000 for recoveries for the audit of the financial statements for 2020-2021, and \$100,000 for recoveries for the audit of the 2021-31 LTP.

#### OPERATING LEASES AS LESSEE

\$000	Actual 2022	Actual 2021
Not later than one year	7	7
Later than one year and not later than five years	31	-
Later than five years	-	-
<b>Total non-cancellable operating leases</b>	<b>38</b>	<b>7</b>

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

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

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

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2021: \$nil).

### 13. TAX

\$000	Actual 2022	Actual 2021
Surplus / (deficit) before tax	2,010	1,739
Tax at 28%	563	487
Non-taxable income / (expenditure) at 28%	(563)	(487)
<b>Tax expense / (benefit)</b>	<b>-</b>	<b>-</b>

### 14. CASH AND CASH EQUIVALENTS

\$000	Actual 2022	Actual 2021
Cash at bank and in hand	4,006	11,607

Term deposits with maturities under 3 months	5,000	-
<b>Total cash and cash equivalents</b>	<b>9,006</b>	<b>11,607</b>

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$56,000 (2021: \$55,000). The fund relates to trusts and bequests received (see Note 30), and other funds received with restrictions where spending of the funds is separately monitored.

## 15. RECEIVABLES

\$000	Actual 2022	Actual 2021
Rates receivables	480	414
Other receivables	2,829	2,952
Accrued interest revenue	66	19
GST receivable	1,137	-
Estimated credit losses	(109)	(30)
<b>Total receivables</b>	<b>4,403</b>	<b>3,355</b>

### Total receivables comprise:

Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,117	389
Receivables from exchange transactions – this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	286	2,966
	<b>4,403</b>	<b>3,355</b>

Movement in the provision for impairment of receivables are as follows:

\$000	Actual 2022	Actual 2021
Balance at 1st July	30	7
Additional provisions made during year	79	23
<b>Balance at 30th June</b>	<b>109</b>	<b>30</b>

## 16. INVENTORIES

\$000	Actual 2022	Actual 2021
Held for distribution or consumption	74	197
<b>Total current inventories</b>	<b>74</b>	<b>197</b>

### Non current assets held for sale

Commercial inventory - land developed for sale	342	389
<b>Total non-current Inventories</b>	<b>342</b>	<b>389</b>

The carrying amount of inventories pledged as security for liabilities is \$nil (2021: \$nil).

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



## 17. PREPAYMENTS

\$000	Actual 2022	Actual 2021
Prepayments	117	84
<b>Total prepayments</b>	<b>117</b>	<b>84</b>

## 18. OTHER FINANCIAL ASSETS

\$000	Actual 2022	Actual 2021
<b>Current portion</b>		
Short term deposits	13,919	9,459
Eversley Sewerage	9	9
Investments in debt securities	498	282
<b>Total Current Portion</b>	<b>14,426</b>	<b>9,750</b>

### Non-current portion

Investments in CCOs and similar entities		
Eversley Sewerage	84	92
<b>Total investments in CCOs and similar entities</b>	<b>84</b>	<b>92</b>

### Investments in other entities

Bonds	-	526
Unlisted Shares	11,200	10,700
<b>Total investment in other entities</b>	<b>11,200</b>	<b>11,226</b>
<b>Total Non-Current Portion</b>	<b>11,284</b>	<b>11,318</b>

### Fair Value

#### Short term deposits

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

#### Investments in debt securities

The fair value of other bonds is \$nil (2021: \$nil). Fair value has been determined using discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates range between 0.0% and 0.0% (2021: 0.0% and 0.0%). The fair value of corporate bonds is \$497,568 (2021: \$807,742). Fair value has been determined using discounted cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates range between 4.68% and 4.68% (2021: 0.72% and 1.30%).

#### Unlisted shares

Council holds 2,049,870 fully paid shares (2021: 2,049,870) of \$5.46 (2021: \$5.22) in Alpine Energy Limited. The shares are recognised at fair value as assessed by Ernst & Young for the year ending 30 June 2022. The fair value of unlisted shares have been determined using a valuation technique based on discounted cash flows using a risk rate of 4% based on 10 Year Government Bonds and a calculated WACC of 6%. The forecast periods for the valuations was financial years 2023-2032. The cash flow projections over the DCF time frame have been inflated using an annual inflationary factor of 2.5% based on the CPI index.

#### Impairment

There were no impairment provisions for other financial assets. None of the assets are either past due or impaired.

## 19. PROPERTY, PLANT AND EQUIPMENT

\$000	1-Jul-21			30-Jun-22										30-Jun-22			
	Cost/ Revalu- ation	Accum depn and impairment charges	Carrying amount	Current Year Adjust- ments	Accum Depn Ad- justments	Current year revaluation	Accum depn reversed on revaluation	Current year additions	Current year TFIs within PPE	Current year disposals	Current year disposals depreci- ation	Current year impairment charges	Current year depreci- ation	Net book value	Cost	Accum depn and impairment charges	Carrying amount
<b>OPERATIONAL ASSETS</b>																	
Buildings	18,674	-	18,674	13	-	6	-	295	-	-	-	-	444	18,544	18,988	444	18,544
Computer hardware	465	394	71	1	(1)	-	-	136	-	143	143	-	54	154	459	304	154
Furniture and fittings	717	525	191	1	-	-	-	8	-	-	-	-	30	170	726	555	170
Heritage assets	30	17	13	-	(2)	-	-	-	-	-	-	-	-	14	30	15	14
Land	32,611	-	32,611	-	-	-	-	2,265	(371)	-	-	-	-	34,505	34,505	-	34,505
Motor vehicles	568	261	307	(1)	-	-	-	265	-	216	150	-	102	403	616	213	403
Office equipment	150	133	17	2	2	-	-	5	-	35	35	-	4	17	122	104	17
Plant and machinery	944	584	360	-	-	-	-	107	-	-	-	-	57	409	1,051	641	409
<b>Total operational assets</b>	<b>54,157</b>	<b>1,914</b>	<b>52,244</b>	<b>16</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>3,081</b>	<b>(371)</b>	<b>394</b>	<b>327</b>	<b>-</b>	<b>692</b>	<b>54,217</b>	<b>56,496</b>	<b>2,277</b>	<b>54,217</b>
<b>RESTRICTED ASSETS</b>																	
Land	10,087	-	10,087	-	-	-	-	-	-	-	-	-	-	10,088	10,088	-	10,088
<b>Total restricted assets</b>	<b>10,087</b>	<b>-</b>	<b>10,087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,088</b>	<b>10,088</b>	<b>-</b>	<b>10,088</b>
<b>INFRASTRUCTURAL ASSETS</b>																	
Flood protection and control works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resource Recovery Parks	171	139	32	(1)	-	474	108	170	-	44	44	-	13	770	770	-	770
Landfills	136	85	52	-	-	-	-	-	-	-	-	-	4	48	136	89	48
Litter bins	-	-	-	-	-	-	-	150	-	-	-	-	4	146	150	4	146
Village projects	3,577	1,143	2,434	1	-	-	-	131	111	-	-	-	106	2,570	3,819	1,249	2,570
Alps 2 ocean cycleway	740	114	626	(1)	(1)	-	-	-	-	-	-	-	15	612	739	128	612
Land under roads	6,112	-	6,112	-	-	-	-	3	-	-	-	-	-	6,116	6,116	-	6,116
Roading and footpaths	123,095	4,759	118,337	26	27	43,850	7,138	2,570	-	-	52	-	2,478	169,468	169,541	73	169,468
Resource consents	472	163	309	-	(1)	-	-	-	-	-	-	-	19	291	472	181	291
Stormwater: drainage	7,511	125	7,386	-	-	3,285	177	1,029	-	391	11	-	63	11,434	11,434	-	11,434
Stormwater: schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater: treatment plants and facilities	2,540	62	2,478	(2)	(1)	760	87	97	4	-	-	-	25	3,399	3,399	-	3,399
Wastewater: other assets	19,523	850	18,673	1	-	7,850	1,280	1,670	30	52	3	-	433	29,022	29,022	-	29,022
Water supplies: treatment plants and facilities	319	19	300	(10)	-	(605)	31	319	161	-	-	-	12	184	184	-	184
Water supplies: rural	1,173	352	821	(13)	(13)	41	363	-	-	-	-	-	24	1,200	1,201	1	1,200
Water supplies: other assets	30,349	1,312	29,037	4	-	8,751	1,919	5,213	743	410	61	-	668	44,649	44,649	-	44,649
<b>Total infrastructural assets</b>	<b>195,719</b>	<b>9,122</b>	<b>186,596</b>	<b>5</b>	<b>11</b>	<b>64,405</b>	<b>11,102</b>	<b>11,352</b>	<b>1,049</b>	<b>897</b>	<b>171</b>	<b>-</b>	<b>3,860</b>	<b>269,912</b>	<b>271,633</b>	<b>1,720</b>	<b>269,912</b>
Capital work in progress	1,669	-	1,670	(1)	-	-	-	1,135	(1,050)	-	-	-	-	1,755	1,755	-	1,755
Joint operation capital work in progress	316	-	316	-	-	-	-	843	(846)	-	-	-	-	313	313	-	313
<b>Joint operation assets</b>	<b>1,238</b>	<b>65</b>	<b>1,171</b>	<b>2</b>	<b>-</b>	<b>462</b>	<b>97</b>	<b>530</b>	<b>-</b>	<b>22</b>	<b>3</b>	<b>-</b>	<b>34</b>	<b>2,209</b>	<b>2,209</b>	<b>-</b>	<b>2,209</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>263,186</b>	<b>11,102</b>	<b>252,084</b>	<b>23</b>	<b>13</b>	<b>64,873</b>	<b>11,200</b>	<b>16,939</b>	<b>(1,217)</b>	<b>1,312</b>	<b>501</b>	<b>0</b>	<b>4,587</b>	<b>338,493</b>	<b>342,493</b>	<b>3,999</b>	<b>338,493</b>

SECTION 4: Finances | Pūtea

\$000	1 July 2020			30 June 2021								30 June 2021			
	Cost / Revaluation	Accum dep 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
<b>OPERATIONAL ASSETS</b>															
Buildings	17,386	21	17,365	186	410	529	572	-	-	-	389	18,673	18,674	-	18,674
Computer Hardware	417	362	55	-	-	48	-	-	-	-	32	71	465	394	71
Furniture and Fittings	677	497	180	-	-	40	-	-	-	-	28	192	717	525	192
Heritage Assets	30	17	13	-	-	-	-	-	-	-	-	13	30	17	13
Land	31,113	-	31,113	1,456	-	-	42	-	-	-	-	32,611	32,611	-	32,611
Motor Vehicles	604	252	352	-	-	72	-	108	100	-	109	307	568	261	307
Office Equipment	146	129	17	-	-	4	-	-	-	-	4	17	150	133	17
Plant and Machinery	910	552	358	-	-	57	-	23	23	-	55	360	944	584	360
Resource Recovery Parks	171	130	41	-	-	-	-	-	-	-	8	32	171	139	32
<b>Total Operational Assets</b>	<b>51,454</b>	<b>1,962</b>	<b>49,493</b>	<b>1,642</b>	<b>410</b>	<b>750</b>	<b>614</b>	<b>131</b>	<b>123</b>	<b>-</b>	<b>625</b>	<b>52,275</b>	<b>54,330</b>	<b>2,054</b>	<b>52,275</b>
<b>RESTRICTED ASSETS</b>															
Land	9,725	-	9,725	362	-	-	-	-	-	-	-	10,087	10,087	-	10,087
<b>Total Restricted Assets</b>	<b>9,725</b>	<b>-</b>	<b>9,725</b>	<b>362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,087</b>	<b>10,087</b>	<b>-</b>	<b>10,087</b>
<b>INFRASTRUCTURAL ASSETS</b>															
Flood Protection and Control Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfills	136	81	55	-	-	-	-	-	-	-	4	51	136	85	51
Village Projects	3,359	1,047	2,312	-	-	218	-	-	-	-	97	2,433	3,577	1,144	2,433
Alps 2 Ocean Cycleway	740	99	641	-	-	-	-	-	-	-	15	626	740	114	626
Land Under Roads	6,110	-	6,110	-	-	2	-	-	-	-	-	6,112	6,112	-	6,112
Roads and Footpaths	120,224	2,341	117,884	-	-	2,871	-	-	-	-	2,418	118,337	123,095	4,759	118,337
Resource Consents	472	144	328	-	-	-	-	-	-	-	19	309	472	163	309
Stormwater: Drainage	7,511	62	7,449	-	-	-	-	-	-	-	62	7,386	7,511	124	7,386
Stormwater: Schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Schemes: Treatment plants and facilities	2,521	38	2,483	-	-	19	-	-	-	-	24	2,478	2,540	62	2,478
Sewerage Schemes: Other assets	19,434	424	19,010	-	-	89	-	-	-	-	426	18,673	19,523	850	18,673
Water Supplies: Treatment plants and facilities	223	9	214	-	-	96	-	-	-	-	10	300	319	19	300
Water Supplies: Rural	1,173	324	849	-	-	-	-	-	-	-	28	821	1,173	352	821
Water Supplies: Other assets	29,238	647	28,591	-	-	693	418	-	-	-	665	29,037	30,349	1,312	29,037
<b>Total Infrastructural Assets</b>	<b>191,140</b>	<b>5,215</b>	<b>185,926</b>	<b>-</b>	<b>-</b>	<b>3,988</b>	<b>418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,768</b>	<b>186,564</b>	<b>195,546</b>	<b>8,983</b>	<b>186,564</b>
Capital work in progress	1,253	-	1,253	-	-	1,725	(990)	2	-	-	-	1,986	1,986	-	1,986
Joint Operation Assets	1,194	38	1,156	-	-	57	-	9	-	-	33	1,171	1,242	71	1,171
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>254,767</b>	<b>7,215</b>	<b>247,553</b>	<b>2,004</b>	<b>410</b>	<b>6,520</b>	<b>42</b>	<b>142</b>	<b>123</b>	<b>-</b>	<b>4,426</b>	<b>252,084</b>	<b>263,192</b>	<b>11,108</b>	<b>252,084</b>

**Core infrastructure asset disclosures**

Included in the Council infrastructure assets are the following core assets:

\$000	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets *
<b>2022</b>				
Water				
• Treatment plants and facilities	184	480	-	8,166
• Other assets (such as reticulation systems)	45,850	5,359	597	59,724
Wastewater				
• Treatment plants and facilities	3,399	101	-	5,332
• Other assets (such as reticulation systems)	29,022	1,670	30	45,340
Stormwater	11,434	6	1,023	14,825
Roading and footpaths	169,468	1,930	640	250,393
<b>2021</b>				
Water				
• Treatment plants and facilities	290	96	-	353
• Other assets (such as reticulation systems)	31,097	1,090	63	47,264
Wastewater				
• Treatment plants and facilities	2,478	18	-	2,631
• Other assets (such as reticulation systems)	18,673	11	79	32,350
Stormwater	7,387	-	-	9,801
Roading and footpaths	118,336	2,770	100	172,238

\*The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 30 June 2022.

**Insurance on assets**

The following information relates to the insurance of Council assets as at 30 June.

\$000	Actual 2022	Actual 2021
The maximum amount to which insured assets are insured	49,836	53,330
The total value of all Council assets covered by insurance contracts	343,705	260,147
The total value of assets that are self insured	259,385	177,025
Value of funds maintained for self insurance	3,000	3,000

In addition to Council's insurance, in the event of a natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, wastewater and stormwater assets and provide a subsidy of 55 – 75% towards the restoration of roading.

An insurance reserve of \$3,200,000 (2021: \$200,000) exists to meet the costs of claims that fall below deductible levels under Council insurance policies. Refer to note 30. Council resolved to hold cash funds of \$3 million (2021: \$3 million) to cover costs of self insurance in the event of a natural disaster and this amount has now been included in the insurance reserve.

**Capital work in progress**

Property, plant, and equipment in the course of construction by class of asset is detailed below:

\$000	Actual 2022	Actual 2021
Governance and Corporate Services	135	-
Water Supplies	155	1,278
Wastewater	28	37
Stormwater	29	-
Transportation	2	-
Regulatory Services	-	71
Parks and Community Services	1,399	599
Waste Management and Minimisation	6	-
	<b>1,755</b>	<b>1,986</b>

### Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

\$000	Actual 2022	Actual 2021
Utilities maintenance	2,222	2,901
Road maintenance	8,156	-
Refuse operations	115	1
TIF funded public toilets	1,438	-
Twizel town centre access	128	-
Maukatau reserve development	19	-
Downlands water network upgrade	64	497
Water services reform programme - stimulus funded	319	424
Support to deliver 3 waters capital projects	-	121
Twizel watermain	16	1,676
LED streetlight upgrade	-	746
	<b>12,477</b>	<b>6,366</b>

### Operational commitments

The amount of contractual commitments for maintaining property, plant and equipment is:

\$000	Actual 2022	Actual 2021
Utilities maintenance	1,226	1,601
Road maintenance	24,948	-
Refuse operations	15,384	158
Township maintenance	2,669	111
	<b>44,227</b>	<b>1,870</b>

## 20. DEPRECIATION AND AMORTISATION EXPENSE

\$000	Actual 2022	Actual 2021
Governance and corporate services	316	284
Water	744	741
Wastewater	473	464
Stormwater	64	64
Transportation	2,450	2,422

\$000	Actual 2022	Actual 2021
Regulatory services	1	1
Emergency management	10	-
Parks and community facilities	501	456
Waste management and minimisation	30	-
Tourism, economic development and commercial activities	69	54
	<b>4,658</b>	<b>4,486</b>

## 21. INTANGIBLE ASSETS

	Computer Software	Carbon Credits	Total
<b>Balance as at 1 July 2021</b>			
Cost	465	672	1,137
Accumulated amortisation and impairment	(327)	-	(327)
<b>Opening carrying amount</b>	<b>138</b>	<b>672</b>	<b>810</b>
<b>Year ended 30 June 2022</b>			
Additions	57	1,548	57
Disposals	(43)	-	(43)
Amortisation charge	(50)	-	(50)
Amortisation reversed on disposals	43	-	43
<b>Balance as at 30 June 2022</b>			
Cost	479	2,220	2,699
Accumulated amortisation and impairment	(333)	-	(333)
<b>Closing carrying amount carrying amount</b>	<b>146</b>	<b>2,220</b>	<b>2,366</b>
<b>Balance as at 1 July 2020</b>			
Cost	332	7	339
Accumulated amortisation and impairment	(305)	-	(305)
<b>Opening carrying amount</b>	<b>27</b>	<b>7</b>	<b>34</b>
<b>Year ended 30 June 2021</b>			
Additions	156	665	821
Amortisation charge	(46)	-	(44)
<b>Balance as at 30 June 2021</b>			
Cost	488	672	1,160
Accumulated amortisation and impairment	(351)	-	(351)
<b>Closing carrying amount</b>	<b>137</b>	<b>672</b>	<b>809</b>

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

## 22. FORESTRY ASSETS

The following information relates to the insurance of Council assets as at 30 June.

\$000	Actual 2022	Actual 2021
Balance as at 1 July	8,064	7,178
Gains/(losses) arising from changes in fair value	(2,833)	1,439
Other Increases / decreases)	624	500
Decreases due to harvest	(643)	(1,053)
<b>Balance as at 30 June</b>	<b>5,212</b>	<b>8,064</b>

During the financial period 11.5 hectares were harvested and 49.0 hectares were replanted (2021: 39.7 harvested, 33.8 replanted).

The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2022. A pre-tax discount rate of 7.0% has been used in discounting the present value of expected cash flows.

### Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices.

Council reviews its outlook for timber prices regularly in considering the need for active financial management.

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

### Fair Value of Forestry Assets

Independent registered valuer, Terry O'Neill of Ashburton District Council, has valued the forestry assets as at 30 June 2022. The valuation is based on existing sustainable felling plans and assessments, regarding growth, timber prices, felling costs, and silvicultural costs. It takes into consideration environmental, operational, and market restrictions. The following significant assumptions have been adopted in determining the fair value of the forestry assets:

- A discount rate of 7.0% (2021: 7.0%) has been used to in discounting the present value of expected future cash flows.
- The Net Present Value method has been used which values mature stands with inventory information at their realisable ("immediate liquidation") value.
- Land value has been expressed as an annual land rental and included in annual overhead costs. 42% of Council's plantations have a nil land value while 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. Costs include Silverculture Harvesting and Transport, and Overheads. These are applied on either a per hectare to tonnage basis.
- Radiata Pine gross log prices have decreased by 23.5% (2021: increase of 7.5%).

## 23. INVESTMENT PROPERTY

\$000	Actual 2022	Actual 2021
Balance as at 1 July	4,320	4,073
Additions	371	-
Fair value gains/(losses) on valuation	395	247
<b>Balance as at 30 June</b>	<b>5,086</b>	<b>4,320</b>

Council's investment properties are valued annually at fair value effective 30 June 2022 for the financial year, by Valuation Partners limited. All investment properties are valued based on open market evidence.

The fair value of investment property has been determined using depreciated replacement cost. The replacement cost is derived from recent construction contracts of modern equivalent assets and QV Cost Builder information. Where just the land value has been assessed a market-based evidence approach has been used. This method involves reference to sales of properties with comparable land values.

There are no contractual obligations in relation to investment properties at balance date not recognized in the financial statements (2021: \$nil).

## 24. SUBSIDIARIES AND COUNCIL CONTROLLED ORGANISATIONS

The Mackenzie District Council has two Council Controlled Organisations (CCO's), Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust.

### Mackenzie Holdings Limited

The Mackenzie District Council holds 100% control of Mackenzie Holdings Limited.

Mackenzie Holdings Limited is a non-active company from the perspective of the Inland Revenue Department and the Companies Office.

Council resolved, on 20 July 2017, to exempt the company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future. This decision was reconfirmed by Council on 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 a non-active company from the perspective of the Inland Revenue Department.

Council resolved, on 13 June 2013, to exempt the company under section 7 of the Local Government Act 2002 from the requirements of that Act in relation Mackenzie Tourism and Development Trust status as a Council Controlled Organisation. Mackenzie Tourism and Development Trust will be wound up at some time in the future. This decision was reconfirmed by Council on 31 October 2019.

## 25. PAYABLES AND DEFERRED REVENUE

\$000	Actual 2022	Actual 2021
Trade & Other Payables	4,371	4,202
Revenue in advance	1,174	2,489
Deposit on land sales	-	484
GST Payable	-	25
<b>Total trade and other payables</b>	<b>5,545</b>	<b>7,200</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

## 26. EMPLOYEE ENTITLEMENTS

\$000	Actual 2022	Actual 2021
<b>Current</b>		
Accrued salaries and wages	58	47
Annual leave	220	251



\$000	Actual 2022	Actual 2021
<b>Total current portion</b>	<b>278</b>	<b>298</b>
<b>Non Current</b>		
Retiring gratuities	32	31
<b>Total non current portion</b>	<b>32</b>	<b>31</b>
<b>Total employee entitlements</b>	<b>310</b>	<b>329</b>

## 27. PROVISIONS

\$000	Actual 2022	Actual 2021
<b>Landfill aftercare provision</b>		
<b>Opening balance</b>	<b>63</b>	<b>54</b>
Additional provisions made during the year	(28)	14
Increase/(decrease) due to discount rate changes and assessment of liability	-	-
Discount unwinding	(7)	(5)
<b>Closing balance</b>	<b>28</b>	<b>63</b>

As the former owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimizes any negative impact on the environment.

The Council has obtained resource consents expiring 27 July 2031; for the closure of Burkes Pass, Fairlie, Tekapo, Twizel, Haldon, and Albury landfills.

The cash outflows for landfill post-closure are expected to occur for up to 10 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 3.90 (2021: 1.88).

## 28. BORROWINGS

\$000	Actual 2022	Actual 2021
<b>Current portion</b>		
Secured loans	10,006	-
<b>Total current borrowings</b>	<b>10,006</b>	<b>-</b>
<b>Non-current portion</b>		
Secured loans	420	-
<b>Total non-current borrowings</b>	<b>420</b>	<b>-</b>

## 29. CONTINGENCIES

### Contingent liabilities

\$000	Actual 2022	Actual 2021
Housing New Zealand contributions to Fairlie pensioner housing units	516	516
<b>Total contingent liabilities</b>	<b>516</b>	<b>516</b>

### Housing New Zealand contributions to Fairlie pensioner housing units

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the

pensioner housing units in Fairlie. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. This liability of \$516,000 (2021: \$516,000) will cease on 12 June 2028.

### Local Government Funding Agency

Mackenzie District Council became a guarantor in July 2022 of the New Zealand Local Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Fitch of AA+ which is equal to NZ Government sovereign rating. Mackenzie District Council is a joint guarantor with 63 other member councils for all LGFA borrowings in the event of default.

At balance date Council's joint guarantee together with other councils totalled \$14,019 million (2021: \$12,014 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates revenue.

The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee. Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

### Contingent assets

As at balance date the Council had no contingent assets (2021: \$nil).

## 30. EQUITY

\$000	Actual 2022	Actual 2021
<b>Accumulated funds</b>		
As at 1 July	125,393	126,124
Surplus / (deficit) for the year	2,010	1,739
Revaluation of property	-	-
Prior period reserve adjustments	-	-
Derecognition of Albury Water Supply	-	(155)
Reserve transfers		
• Special funds	(2,542)	(1,120)
• Separate funds	(608)	(1,195)
• Revaluation reserves	604	-
<b>As at 30 June</b>	<b>124,858</b>	<b>125,393</b>
<b>Special Funds</b>		
As at 1 July	10,964	9,844
Transfers from Retained Earnings	8,702	1,698
Transfers to Retained Earnings	(6,160)	(578)
<b>As at 30 June</b>	<b>13,506</b>	<b>10,964</b>
<b>Separate Funds</b>		
As at 1 July	4,973	3,778
Transfers from Retained Earnings	15,090	13,975
Transfers to Retained Earnings	(14,482)	(12,780)
<b>As at 30 June</b>	<b>5,581</b>	<b>4,973</b>
<b>Revaluation Reserves</b>		
As at 1 July	153,053	149,994

\$000	Actual 2022	Actual 2021
Revaluation gains/(losses)	77,642	2,408
Revaluation gains/(losses) Unlisted Shares	465	651
Revaluation reserve written off	(604)	-
<b>As at 30 June</b>	<b>230,556</b>	<b>153,053</b>
<b>Total Other Reserves</b>	<b>249,643</b>	<b>168,990</b>

### Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes.

Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

#### Information in regards reserve funds held for a specific purpose is provided below:

(\$000)			2021-2022			
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
<b>Special Reserves</b>						
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	-	-	4
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	40	-	-	40
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	-	-	6

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(\$000)			2021-2022			
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha Water scheme	(40)	40	-	-
Carpark Development	Roading	To future development of carparking in the district	256	-	-	256
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Emergency Management	Emergency Management	To fund Council's share of Emergency Operation Centre costs during an emergency event	-	20	-	20
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	30	1	-	31
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	-	-	-	-
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Heritage Fund	Regulatory Services	To fund heritage projects within the district	-	9	-	9
Housing Replacement	Communities and Township Services	To fund district housing	7	-	-	7
Insurance	Governance and Corporate Services	To fund disaster cover	200	3,000	-	3,200
Land Subdivision	Communities and Township Services	To fund district wide projects	5,300	-	(4,870)	431
Land Subdivision - Opuha	Communities and Township Services	To fund projects within the Opuha ward of the district	-	195	(13)	184
Land Subdivision - Pukaki	Communities and Township Services	To fund projects within the Pukaki ward of the district	-	2,825	(109)	2,716
Land Subdivision - Tekapo	Communities and Township Services	To fund projects within the Tekapo ward of the district	-	2,610	(309)	2,301
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	88	-	(1)	87
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	39	1	-	40
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	-	-	10
Pensioner Housing Amenities	Communities and Township Services	To fund pensioner housing amenities	2	-	-	2
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Holds accumulated proceeds of property disposals	4,973	-	(858)	4,115
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	-	-	-	-
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	1	-	-	1
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	-	-	44
			<b>10,964</b>	<b>8,702</b>	<b>(6,160)</b>	<b>13,506</b>

**Separate Reserves**

Administration - Capital Reserves	Governance and Corporate Services	Fund capital replacement of administration assets	(6)	1	-	(6)
Administration - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration assets	(37)	2	-	(35)
Albury Hall	Communities and Township Services	To fund operations of the Albury hall	21	(12)	(9)	1
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	176	-	(176)	(-)
Allandale/Spur Road Water	Water Supplies	Accumulate surpluses/(deficits) from Allandale / Spur Road water supply rate funded activities	27	(26)	(66)	(68)
Allandale/Spur Road Water - Internal Loan	Water Supplies	Internal loan for the funding of Allandale / Spur Road assets	(276)	13	-	(263)
Animal Control	Regulatory Services	To fund capital requirements of animal control	34	39	(4)	68
Animal Control - Internal Loan	Regulatory Services	Internal loan for the funding of animal control assets	(4)	-	-	(4)
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	21	(20)	(40)	23

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(\$000)				2021-2022		
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Cemeteries - Capital Reserve	Communities and Township Services	To fund capital requirements of the district cemeteries	-	(9)	-	(9)
Civil Defence - Capital Reserve	Emergency Management	To fund capital requirements of civil defence	(124)	106	-	(18)
Civil Defence - Internal Loan	Emergency Management	Internal loan for the funding of civil defence assets	-	-	(42)	(42)
Council Building - Fairlie - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Fairlie	(467)	576	(110)	(2)
Council Building - Fairlie - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Fairlie assets	-	-	(500)	(500)
Council Building - Twizel - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building in Twizel	(243)	291	(16)	31
Council Building - Twizel - Internal Loan	Governance and Corporate Services	Internal loan for the funding of administration building in Twizel assets	-	-	(300)	(300)
Depot - Tekapo	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Tekapo Depot activity	-	-	(1)	(1)
Depot - Twizel	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Twizel Depot activity	-	-	(4)	(4)
District Council - Capital Reserve	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	-	-	(1)
District General - Capital Reserve	Communities and Township Services	To fund capital requirements of the district	(4,089)	3,934	(29)	(184)
District Wide Roading	Roading	To fund roading capital works district wide	(3,975)	3,802	(198)	(371)
District Wide Roading - Internal Loan	Roading	Internal loan for the funding of roading assets	-	-	(4,500)	(4,500)
Downlands Water Supply	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	55	(45)	-	10
Downlands Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Downlands Water Supply rate funded activities	180	710	-	890
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	-	-	(1)
Eversley/Punaroa Water Races	Water Supplies	Accumulate surpluses/(deficits) to fund Eversley/Punaroa operating activities	(1)	1	-	-
Fairlie Camping Ground	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Fairlie Camping Ground activity	-	(26)	(3)	(29)
Fairlie Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from the Fairlie Community Board activity	-	2	-	2
Fairlie Medical Centre - Capital Reserve	Communities and Township Services	To fund replacement of medical facilities in Fairlie	37	21	-	58
Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	150	43	(14)	179
Fairlie Township	Communities and Township Services	Accumulate surpluses/(deficits) from Fairlie Works and Services rate funded operations	18	37	(18)	38
Forestry	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's forestry assets	9,747	-	(1,700)	8,047
Information and Engagement - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Information and Engagement assets	-	-	-	-
Information and Engagement - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Information and Engagement assets	-	-	(80)	(80)
IT Support - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Council's IT assets	(692)	819	(129)	(2)
IT Support - Internal Loan	Governance and Corporate Services	Internal loan for the funding of Council's IT assets	-	-	(160)	(160)
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	22	2	-	24
Lake Tekapo Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Lake Tekapo Community Board activity	-	1	-	1

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(\$000)				2021-2022		
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(15)	(16)	(3)	(34)
Lake Tekapo Township	Communities and Township Services	Accumulate surpluses/(deficits) from the Lake Tekapo Township activity	(210)	243	-	33
Lake Tekapo Township - Internal Loan	Communities and Township Services	Internal loan for the funding of Lake Tekapo Township assets	-	-	(129)	(129)
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	123	53	(31)	144
Manuka Terrace Water	Water Supplies	To fund investigation and construction of a new water supply for Manuka Terrace	22	-	(22)	-
Old Library Café	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Old Library Café activity	-	70	-	70
Other Reserves - Lake Alexandrina	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	525	158	-	683
Plant Account	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	(1)	241	(266)	(27)
Public Toilets - Capital Reserve	Communities and Township Services	To fund replacement of public toilets within the district	(247)	234	-	(13)
Public Toilets - Internal Loan	Communities and Township Services	Internal Loan for funding of the district's public toilets	-	-	(300)	(300)
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,421	406	(85)	1,743
Pukaki Visitor Centre	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Pukaki Visitor Centre activity	-	37	-	37
Real Estate	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Real Estate activity	41	802	-	843
Resource Planning - Internal Loan	Regulatory Services	Internal loan to fund the District Plan Review	(3,213)	128	(682)	(3,765)
Roading Professional Services Business Unit	Roading	Accumulate operating results of Council's Rooding business unit	(247)	(136)	(130)	(513)
Rural Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Rural Works and Services activity	(67)	301	-	234
School Road Water	Water Supplies	Accumulate surpluses/(deficits) from the School Road water supply rate funded activities	26	7	-	33
Sherwood Downs Hall and Recreation Reserve	Communities and Township Services	Accumulate surpluses/(deficits) of the Sherwood Downs Community Hall and Reserve	60	2	(1)	62
Skipton Hall	Communities and Township Services	Accumulate surpluses/(deficits) of the Skipton Hall	-	(1)	-	(1)
Swimming Pool - Strathconan	Communities and Township Services	Accumulate surpluses/(deficits) of the Fairlie Swimming Pool	32	(53)	-	(21)
Swimming Pool - Twizel	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Swimming Pool	(669)	436	(11)	(244)
Swimming Pool - Twizel - Internal Loan	Communities and Township Services	Internal loan to fund Twizel Swimming Pool assets	-	-	(550)	(550)
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) of the Tourism and Economic Development activity	(313)	366	(81)	(27)
Twizel Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Twizel Community Board activity	-	(12)	(-)	(12)
Twizel Community Centre	Communities and Township Services	Accumulate surpluses/(deficits) of the Twizel Events Centre	361	(114)	(162)	85
Twizel Community Centre - Internal Loan	Communities and Township Services	Internal Loan to fund Twizel Events Centre assets	-	-	(180)	(180)
Twizel Pensioner Housing	Communities and Township Services	Accumulate surpluses/(deficits) of pensioner housing in Twizel	44	20	-	65
Twizel Township	Communities and Township Services	Accumulate surpluses/(deficits) from Twizel Township activity	286	61	(9)	339
Twizel Township - Internal Loan	Communities and Township Services	Internal Loan to fund capital works in the Twizel township	(149)	28	-	(121)

						2021-2022
(\$000)						
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Urban Stormwater	Stormwater	Accumulate surpluses/(deficits) from the District's urban stormwater rate funded activities	1,042	38	(56)	1,024
Urban Wastewater	Wastewater	Accumulate surpluses/(deficits) from the District's urban sewer rate funded activities	4,040	940	(14)	4,966
Urban Water	Water Supplies	Accumulate surpluses/(deficits) from the District's urban water rate funded activities	1,266	580	(136)	1,710
Urban Water - Internal Loan	Water Supplies	Internal loan to fund capital works on urban water supplies	-	-	(3,500)	(3,500)
Waste Management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's solid waste operations	179	10	(34)	156
			<b>4,973</b>	<b>15,090</b>	<b>(14,482)</b>	<b>5,581</b>
<b>Asset Revaluation Reserves</b>						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share investments	7,287	500	-	7,787
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	33	-	(35)	(2)
<b>Infrastructural Assets Revaluation Reserves</b>						
Land	Governance and Corporate Services	Accumulate changes in value of Council's land holdings	40,478	1,464	-	41,942
Water Supplies	Water Supplies	Accumulate changes in value of Council's water infrastructure	17,072	10,499	(229)	27,342
Downlands Water Supply	Water Supplies	Accumulate changes in value of Downlands water infrastructure	648	555	-	1,203
Wastewater Schemes	Wastewater	Accumulate changes in value of Council's wastewater infrastructure	11,207	10,585	-	21,791
Stormwater Schemes	Stormwater	Accumulate changes in value of Council's stormwater infrastructure	3,083	3,462	(252)	6,293
Roading	Roading	Accumulate changes in value of Council's roading infrastructure	61,232	51,009	-	112,241
Plant	Community and Township Services	Accumulate changes in value of Council's plant assets	35	587	(640)	(18)
Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,979	-	-	11,979
			<b>153,053</b>	<b>78,659</b>	<b>(1,156)</b>	<b>230,556</b>
<b>Total Reserves</b>			<b>168,991</b>	<b>102,451</b>	<b>(21,799)</b>	<b>249,643</b>

						2020-2021
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
<b>Special Reserves</b>						
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	40	-	-	40
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha Water scheme	(40)	-	-	(40)
Housing Replacement	Communities and Township Services	To fund district housing	7	-	-	7
Insurance	Governance and Corporate Services	To fund disaster cover	200	-	-	200
Land Subdivision	Communities and Township Services	To fund district wide projects	5,296	375	(371)	5,300
Pensioner Housing Amenities	Communities and Township Services	To fund pensioner housing amenities	2	-	-	2
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	-	-	44

2020-2021

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	86	3	(1)	88
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	37	2	-	39
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Accumulate operating results for the Council's real estate activities	4,115	1,061	(203)	4,973
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	2	-	(1)	1
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	-	-	4
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	-	-	6
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	1	-	(1)	-
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	-	-	2
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	-	-	10
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	30	-	-	30
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	-	-	-	-
Carpark Development	Roading	To future development of carparking in the district	-	256	-	256
			<b>9,844</b>	<b>1,698</b>	<b>(578)</b>	<b>10,964</b>
<b>Separate – Capital Reserves</b>						
Administration	Governance and Corporate Services	Fund capital replacement of administration assets	(45)	2	-	(43)
Allandale Water	Water Supplies	To fund debt repayment of the Allandale water scheme construction and to fund its eventual replacement	(309)	62	(4)	(251)
Animal Control	Regulatory Services	To fund capital requirements of animal control	29	1	-	30
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	84	-	-	84
Civil Defence	Governance and Corporate Services	To fund capital requirements of civil defence	(132)	8	-	(124)
District Council	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	-	-	(1)
Council Building - Fairlie	Governance and Corporate Services	To fund replacement of Council's administration building in Fairlie	(529)	62	-	(467)
Council Building - Twizel	Governance and Corporate Services	To fund replacement of Council's administration building in Twizel	62	29	(334)	(243)
District General	Communities and Township Services	To fund capital requirements of the district	(222)	-	(1)	(223)
District Wide Roothing	Roading	To fund roading capital works district wide	(2,712)	1,945	(3,207)	(3,975)
Downlands Water Supply	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	55	-	-	55
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	-	-	(1)
Fairlie Medical Centre	Communities and Township Services	To fund replacement of medical facilities in Fairlie	37	-	-	37
Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	132	18	(1)	150
Fairlie Township	Communities and Township Services	To fund capital requirements in the Fairlie township	(47)	-	-	(47)
Forestry	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's forestry assets	8,304	2,160	(718)	9,747
Information Technology Department	Governance and Corporate Services	To fund capital replacement of Council's IT assets	(593)	75	(174)	(692)
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	22	-	-	22
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(22)	9	(3)	(15)



2020-2021

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Lake Tekapo Township	Communities and Township Services	To fund capital works in the Tekapo township	116	31	(202)	(55)
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	91	39	(7)	123
Manuka Terrace Water	Water Supplies	to fund investigation and construction of a new water supply for Manuka Terrace	22	-	-	22
Plant Account	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	(81)	109	(30)	(1)
Public Toilets	Communities and Township Services	To fund replacement of public toilets within the district	(323)	76	-	(247)
Real Estate	Tourism, Economic Development and Commercial Activities	To fund subdivision of Council's real estate assets	41	-	-	41
Resource Planning	Regulatory Services	To fund capital requirements of the Planning Resource business unit	(2,660)	89	(641)	(3,213)
Roading Professional Business Unit	Roading	To fund capital requirements of the Roothing business unit	(9)	4	(5)	(10)
School Road Water	Water Supplies	To fund capital requirements of the School Road water scheme	26	-	-	26
Sherwood Downs Hall	Communities and Township Services	To fund capital requirements of the Sherwood Downs hall	23	-	-	23
Sherwood Downs Recreation Reserve	Communities and Township Services	To fund capital requirements of the Sherwood Downs reserves	37	-	-	37
Spur Road Water	Water Supplies	To fund Spur Road capital debt	-	-	-	-
Swimming Pool - Strathconan	Communities and Township Services	To fund replacement of the Fairlie swimming pool	24	8	-	32
Swimming Pool - Twizel	Communities and Township Services	To fund replacement of the Twizel swimming pool	(677)	8	-	(669)
Twizel Community Centre	Communities and Township Services	To fund replacement of the Twizel Events Centre	344	124	(107)	361
Twizel Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Twizel	35	9	-	44
Twizel Township	Communities and Township Services	To fund capital works in the Twizel township	(173)	31	6	(136)
Urban Wastewater	Wastewater	To fund district sewer capital works	3,583	1,709	(1,252)	4,040
Urban Stormwater	Stormwater	To fund district stormwater capital works	950	213	(121)	1,042
Urban Water	Water Supplies	To fund district water capital works	1,484	3,197	(3,415)	1,266
Waste Management	Communities and Township Services	To fund district solid waste capital works	29	1	(9)	21
			6,994	10,020	(10,224)	6,790
<b>SEPARATE – OPERATING RESERVES</b>						
Albury Hall	Communities and Township Services	To fund operations of the Albury hall	18	3	-	21
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	176	23	(23)	176
District General	Governance and Corporate Services	Accumulate surpluses/(deficits) from General rate funded operations	(4,604)	738	-	(3,866)
Downlands Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Downlands Water Supply rate funded activities	180	-	-	180
Eversley/Punaroa Water Races	Water Supplies	Accumulate surpluses/(deficits) to fund Eversley/Punaroa operating activities	(1)	-	-	(1)
Fairlie Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Fairlie Works and Services rate funded operations	166	221	(322)	65
Lake Tekapo Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Lake Tekapo Works and Services rate funded operations	(116)	315	(354)	(155)
Other Reserves	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	441	106	(22)	525
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,008	793	(380)	1,421
Roothing Professional Services Business Unit	Roothing	Accumulate operating results of Council's Roothing business unit	(237)	-	-	(237)
Rural Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Rural Works and Services rate funded operations	(54)	56	(68)	(67)

2020-2021

Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate operating results from the ownership of the Pukaki Visitor Centre	(285)	1	(28)	(313)
Twizel Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Twizel Works and Services rate funded operations	184	524	(435)	273
Waste Management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's solid waste operations	(92)	1,174	(923)	158
			(3,216)	3,955	(2,557)	(1,818)
<b>ASSET REVALUATION RESERVES</b>						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share investments	6,590	651	-	7,241
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	79	-	-	79
<b>INFRASTRUCTURAL ASSETS REVALUATION RESERVES</b>						
- Land	Governance and Corporate Services	Accumulate changes in value of Council's land holdings	38,666	1,812	-	40,478
- Water Supplies	Water Supplies	Accumulate changes in value of Council's water infrastructure	17,071	1	-	17,072
- Downlands Water Supply	Water Supplies	Accumulate changes in value of Downlands water infrastructure	648	-	-	648
- Wastewater Schemes	Wastewater	Accumulate changes in value of Council's wastewater infrastructure	11,207	-	-	11,207
- Stormwater Schemes	Stormwater	Accumulate changes in value of Council's stormwater infrastructure	3,083	-	-	3,083
- Rooding	Rooding	Accumulate changes in value of Council's rooding infrastructure	61,232	-	-	61,232
- Plant	Community and Township Services	Accumulate changes in value of Council's plant assets	35	-	-	35
- Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,384	595	-	11,979
			149,995	3,059	-	153,053
<b>Total Reserves</b>			<b>163,617</b>	<b>18,732</b>	<b>(13,359)</b>	<b>168,990</b>

## 31. INTERNAL BORROWINGS

\$000	Opening	New Debt	Repayment	Closing	Interest Paid
<b>Year ended 30 June 2022</b>					
<b>GOVERNANCE AND CORPORATE SERVICES</b>					
Administration	36	-	(2)	34	1
Information and Engagement	-	80	-	80	-
IT Support	-	160	-	160	-
Administration Building Fairlie	-	500	-	500	-
Administration Building Twizel	-	300	-	300	-
<b>WATER SUPPLIES</b>					
Allandale Water	276	-	(13)	263	5
Urban Water	-	3,500	-	3,500	-
<b>TRANSPORTATION</b>					
District Rooding	-	4,500	-	4,500	-
<b>Regulatory Services</b>					
Planning	3,212	682	(128)	3,765	55

Animal Control	5	-	(1)	4	-
<b>Emergency Management</b>					
Civil Defence	-	42	-	42	-
<b>Parks and Community Facilities</b>					
Twizel Township	150	-	(28)	122	2
Tekapo Township	-	129	-	129	-
Twizel Community Centre	-	180	-	180	-
Twizel Swimming Pool	-	550	-	550	-
Public Toilets	-	300	-	300	-
	<b>3,678</b>	<b>10,923</b>	<b>(172)</b>	<b>14,429</b>	<b>63</b>

**Year ended 30 June 2021**

Administration	38	-	(2)	36	1
Allandale Water	289	-	(13)	276	2
Planning	2,660	641	(89)	3,213	29
Animal control	5	-	-	5	-
Waste management	1	-	(1)	-	-
Twizel township	173	-	(31)	142	2
	<b>3,166</b>	<b>641</b>	<b>(136)</b>	<b>3,672</b>	<b>33</b>

**32. RELATED PARTY TRANSACTIONS**

During the year Councillors and key management were involved in minor transactions (for example payment of rates) with the Council as part of a normal customer relationship.

Related party disclosures have not been made for transactions with related partners that are:

- “Within a normal supplier or client / recipient relationship; and
- On terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm’s length in the same circumstances.”

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021: No).

**Key management personnel compensation**

	Actual 2022	Actual 2021
<b>Councillors</b>		
Full-time equivalent members	7	7
Remuneration	261	256
<b>Senior management team, including the Chief Executive</b>		
Full-time equivalent members	3.5	3
Remuneration	1,074	590
<b>Total key management personnel full-time equivalent members</b>	<b>10.5</b>	<b>10</b>
<b>Total key management personnel remuneration</b>	<b>1,335</b>	<b>846</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figures are taken as the number of Councillors.

### 33. EVENTS AFTER BALANCE DATE

#### Weather events

A multitude of weather events occurred during post balance date resulting in widespread damage across the network from the 19 July 2022 and subsequent damage since. These events (3 flood events - July 2022, November 2022, and December 2022) culminated in widespread and recurring damage across various infrastructure. A lot of infrastructure was overwhelmed as a result of trying to cope with the flows. This caused widespread road closures across the network. Emergency reinstatement funding was applied for to reinstate like for like to reflect today's standard. The damage has been assessed at \$4.45 million , and at 31 March 2023 actual expenditure incurred to date was \$2.3 million. Outside of this it was recommended to Council to undertake improvements outside emergency works reinstatement post event. Also it was recommended and agreed, that local share funding be over and above current funding levels of the transport activity to maintain level of service and fully recover.

#### Water Services Reform Programme (Three Waters)

Legislation passed in December 2022 established 4 publicly owned water services entities to carry out responsibilities for three waters service delivery and infrastructure. This means that Council will no longer deliver three waters services or own the assets required to deliver these services. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed the financial impact of these transfers on the district council remain uncertain.

On 13 April 2023, the Minister of Local Government announced further proposed amendments to the number of water services entities, increasing it from 4 water services entities to 10 entities to plan and implement three waters services. These entities will be closely based around existing regions, having a close relationship with communities to strengthen local representation. Each entity will be governed by a professional board, and each council will be represented on the entity boards with equal numbers of mana whenua. The proposed new publicly owned Water Services Entities (WSEs)n will have staggered establishments starting from early 2025 and implemented by 1 July 2026 at the latest.

The timing of the transfer of these assets and liabilities is uncertain until amendments to existing legislation are passed.

#### Annual Report Audit Time frame

Mackenzie District Council was required under section 98(7)(a) of the Local Government Act 2002 to complete its audited financial statements and services performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19.

### 34. FINANCIAL INSTRUMENTS

\$000	Actual 2022	Actual 2021
<b>Financial Assets</b>		
<b>Amortised cost</b>		
Cash and cash equivalents	9,006	11,607
Trade and other receivables	4,403	3,355
Other financial assets		
• Term deposits	13,919	9,459
• Community loans	93	101
• Investment in other entities		-
<b>Total financial assets at amortised cost</b>	<b>27,421</b>	<b>24,522</b>

#### Fair value through other comprehensive revenue and expense

Other financial assets

\$000	Actual 2022	Actual 2021
Listed bonds	498	808
Unlisted shares	11,200	10,700
<b>Total fair value through other comprehensive revenue and expense</b>	<b>11,698</b>	<b>11,508</b>
<b>Financial Liabilities</b>		
<b>Amortised cost</b>		
Trade and other payables	4,371	4,202
Borrowings:		
- Bank overdraft	-	-
- Lease liabilities	-	-
- Secured loans	10,426	-
<b>Total financial liabilities at amortised cost</b>	<b>14,797</b>	<b>4,202</b>

### 35. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2021/22 budget, as reflected in the 2021-31 Long Term Plan, are as follows:

#### Statement of Comprehensive Revenue and Expense

Council made a net surplus of \$2.01 million (budgeted surplus of \$6.434 million).

Subsidies and grants lower by \$2.433 million - \$1.2 million less from Waka Kotahi due to lower capital expenditure, \$1.228 million lower Tourism Infrastructure Funding (TIF) for Public Toilets.

Other revenue higher by \$1.143 million - \$1.5 million of unbudgeted carbon credits received offset by timber sales lower by \$264,000.

Development and financial contributions higher by \$288,000 and vested assets higher by \$992,000 - up due to higher development activity.

Other Gains/(losses) down by \$2.5 million - Losses relate to retiring property, plant and equipment, fair value changes in forestry assets, and a gain on investment property. Fair value changes are not budgeted due to difficulty in forecasting market conditions.

Personnel costs \$625,000 lower - due to increased use of contractors to fill vacant positions.

Other Expenses higher by \$2.5 million - Building Control being contracted out \$129,000, Roading flood repairs and signage replacement \$425,000, audit fees \$202,000, consultancy \$497,000, corporate planning support \$465,000, higher forestry costs \$759,000, and unbudgeted Mayors Taskforce costs \$277,000 (offset by grant income received that was also not budgeted).

Fair value movement of bonds lower \$473,000.

Fair value movements of financial Assets higher by \$500,000 - attributable to the annual revaluation of Council's share of Alpine Energy Limited.

Gains on revaluation of Assets more favourable by \$66.15 million - as a result of the three yearly infrastructural asset revaluation.

#### Statement of Financial Position

Cash and cash equivalents \$4.155 million higher - mainly as a result of two term investments classified as cash equivalents (maturity within 90 days).

Receivables \$564,000 higher as a result of Government grant funding being accrued.

Current financial assets lower by \$800,000 due to two term investments classified to cash equivalents (maturity within 90 days).

Property, Plant and Equipment higher \$51.9 million - due to revaluation of infrastructure especially within the roading area.

Intangible assets higher by \$1.469 million - attributable to Council not selling received Carbon Credits.

Forestry assets lower by \$2.851 million - due to decrease in log prices and increase in harvesting costs.

Investment property is \$767,000 higher - due to increase in properties and value of property.

Payables and deferred revenue higher by \$323,000 - mainly due to Waka Kotahi overclaim.

Current Borrowings \$7.297 million over budget - the \$10 million budgeted in the prior year was drawn down for a 3 month term initially to enable completion of Council's accession to becoming a guarantor council to the Local Government Funding Agency (LGFA).

Non-current borrowings \$13.951 million lower - a result of Council drawing down external borrowings from the Local Government Funding Agency (LGFA) on a short term basis due to market conditions at the time.

## 36. IMPACT OF COVID-19

COVID-19 has remained as a key issue facing the Mackenzie District Council since the first case was reported in February 2020.

While the initial effects were experienced in the first period of Alert Level 4 lockdown in March and April of 2020, the 2020/21 financial year provided a period of low levels of restrictions imposed on Council although the continual closure of the border has affected the international market that the district tourism and hospitality operators have attracted in the past.

In August 2021, the country went into a further period of Alert Level 4 lockdown and the remainder of the 2021/22 financial year did impose restrictions as the country moved back down the Alert levels to Level 1.

During alert Levels 3 & 4 most staff were able to work from home either in a business as usual mode, or focused on the Covid-19 response and training. During Level 2, most of our business activity resumed with the required health and safety protocols in place and our staff began returning to their usual place of work. Level 1 predominantly saw a return to pre Covid-19 activity.

The impact of the pandemic delayed the completion of many of our capital projects, as a result of supply chain issues, inability to recruit staff, and the impacts of lockdown.

## DISCLOSURE STATEMENT

Regulations were introduced in May 2014 requiring the Council to disclose its performance in relation to specific benchmarks.

### Rates Affordability Benchmark

The Council meets the rates affordability benchmark if

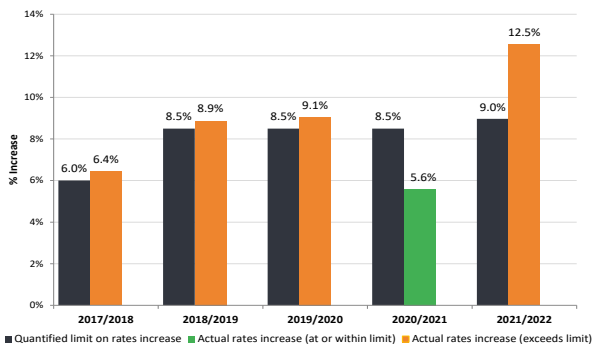
- Its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (increases) affordability

This graph compares Council's actual rates increases with the quantified limit on rates increases specified in the financial strategy included in Council's Long Term Plan 2021-31.

The quantified limit is that rates increases will not exceed 6.0% + LGCI (Local Government Cost Index). This graph shows the actual rate increase against this limit (12.5% for 2021/22).

Council did not achieve this benchmark for 2021/22.



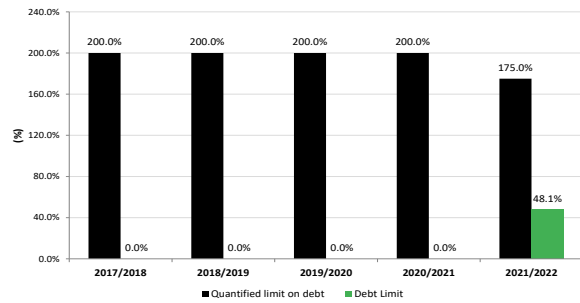
### Debt Affordability Benchmark

The Council meets the debt rates affordability benchmark if its actual borrowing is within the quantified limits on borrowings, as stated in the financial strategy included in the Council's Long Term Plan 2021-31.

### Debt affordability

This graph compares Council's actual borrowing with the quantified limit that the ratio of Net Debt / Total Revenue is no more than 1.75.

Council achieved the benchmark for 2021/22.



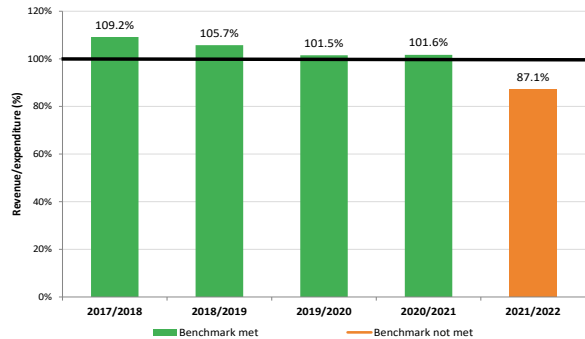
### Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

Council is permitted to not fully fund all expenditure (including depreciation) provided it can be demonstrated that this is financially prudent.

Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Council did not achieve this benchmark for 2021/22.

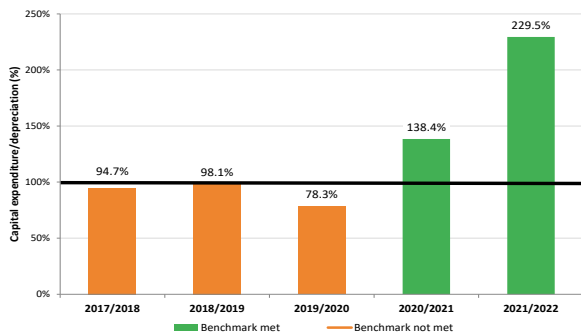


### Essential Services Benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

Council meets this benchmark if its capital expenditure on network services (water supply, wastewater including treatment and disposal, stormwater drainage and the provision of roads and footpaths) equals or is greater than depreciation on these services.

Council achieved this benchmark for 2021/22.

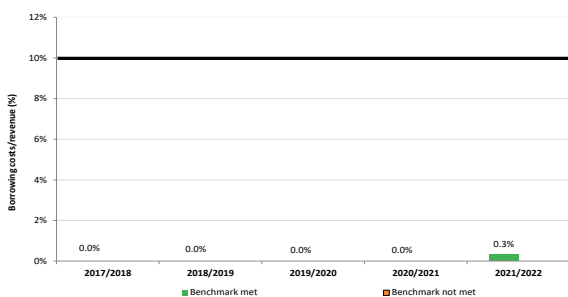


### Debt Servicing Benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the Council’s population will grow as fast as or faster than the national population growth rate, Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

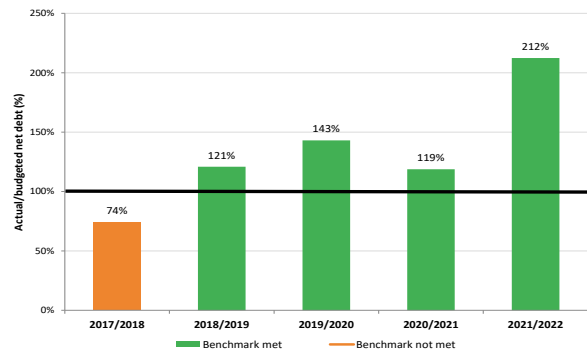
Council achieved this benchmark for 2021/22. Council raised external debt for the first time in late June 2022.



### Debt Control Benchmark

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets this benchmark if its actual net debt equals or is less than its planned net debt.

Mathematically, the results shown in the graph are correct. The graph shows “benchmark met” whenever the Council is better off (either less indebted or greater net assets).



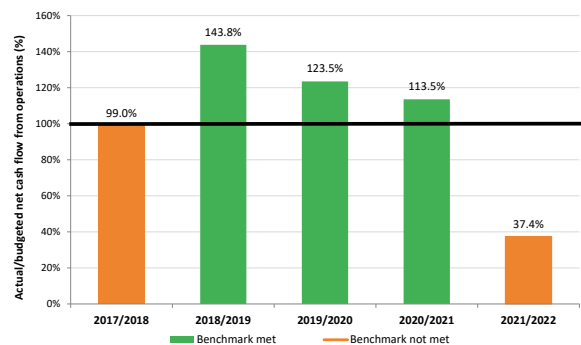
### Operations Control Benchmark

The following graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets this benchmark of its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

During 2021/22 cash flow from operations was \$2.147m, which was lower than budgeted cash flow from operations of \$5.733m.

Council did not achieve this benchmark for 2021/22.





SECTION 5

# Audit Opinion

## Arotake

## Independent Auditor's Report

### To the readers of Mackenzie District Council's annual report for the year ended 30 June 2022

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.

#### ***Our audit was completed late***

Our audit was completed on 16 May 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

#### **Opinion on the audited information**

In our opinion:

- the financial statements on pages 69 to 72 and pages 74 to 118:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2022; and
    - the results of its operations and cash flows for the year ended on that date.
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 73, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s long-term plan;
- the statement of service performance referred to as “Our Activities in Depth” on pages 16 to 65:
  - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2022, 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.
  - complies with generally accepted accounting practice in New Zealand.
- the statement about capital expenditure for each group of activities on pages 23 to 66, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s long-term plan; and
- the funding impact statement for each group of activities on pages 23 to 66, 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 119 to 120, 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

The basis for our opinion is explained below and we draw attention to uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

### ***Uncertainty over the water services reform programme***

Without modifying our opinion, we draw your attention to note 33 on page 116 which outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

### **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 annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 10, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners 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 procurement processes. These engagements are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.



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



**Mackenzie**  
DISTRICT COUNCIL

[mackenzie.govt.nz](http://mackenzie.govt.nz)