



Mackenzie
DISTRICT COUNCIL

Mackenzie
District Council
2022/23
Annual Report Summary

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A quick note from your Mayor and Chief Executive

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

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

Our Elected members and Executive leadership have continued to be a strong voice for the Mackenzie with the Mayor and CEO delivering submissions to Three Waters reforms, Resource Management Reform, Emergency Management Reform and to report on the future for local Government.

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

This year has proved challenging on a number of fronts – inflationary market conditions, lower economic building activity and unanticipated severe weather events all of which have impacted our budget. Despite this, our team has successfully completed and progressed some key projects:

- Met all of our statutory deadlines and delivered a pre-election report, two Annual reports, an annual plan.
- Progressed the review of our outdated District Plan which was currently 15 years old and updated it to better respond to the effects of growth, bring it into line with national and regional planning instruments.
- Adopted Te Manahuna Ki Uta as our long-term destination management plan in August 2022 and secured funding for five key TMKU initiatives.

- Commenced construction on Fairlie Water Treatment Plant to improve treatment so we can meet New Zealand Drinking Water Standards for protozoa levels.
- Upgraded all the Fairlie lights and bollards to the new fittings, with alternative LED fitting which are both compliant with lighting restrictions within the Mackenzie District and support our gold tier international dark sky reserve status.
- Preparation of Concept Development Plan and Reserve Management Plan for Lake Ruataniwha Recreation Reserve.

Our new focus on community development has commenced and the team have supported the Mackenzie Care Community Charitable Trust with their retirement villa project, actively worked with Twizel on the need for a community hub and the Tekapo Sport Trust regarding multi-purpose sports facilities.

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

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



Anne Munro
Mayor



Angela Oosthuizen
Chief Executive



Photo: Sue Wilkins

How we invested your rates (operating expenditure)

Water Supply 9%	Governance and Corporate Services 23%	Stormwater 0.5%	Emergency Management 0.5%	Parks and Community Facilities 11%
Transportation 26%	Wastewater 5%	Tourism, Economic Development and Commercial Activities 10%	Waste Management and Minimisation 6%	Regulatory Services 9%

Highlighting our achievements

SERVICE PERFORMANCE ACHIEVEMENTS

Governance and Corporate Services

Community Multi-use Trailer

Our multi-use trailer was completed. It will provide customer service to Tekapo and other remote communities where Council offices are not available, and will facilitate engagement with our communities at other locations and events. It will also provide a mobile operating location for Civil Defence, is available to FENZ and St John for major incidents, and will go to community events.

Three Waters

Fairlie water treatment plant

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

Compliance with Drinking Water Standards

We updated the Water Safety Plans for all five Council owned water supplies and the Albury supply to comply with the new regulations introduced during 2022/23. Water Safety Plans identify areas of risk within a water system.

Transportation

Streetlighting replacement programme

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

Regulatory Services

District Plan Review

The Mackenzie District Plan is being reviewed in stages via a series of Plan Changes.

Plan changes 20 - Strategic Direction, 21 - Spatial Plan Implementation, and 22 - Lighting were all notified during the year, with hearings held and decisions issued. These plan changes and provisions now have legal effect.

Initial consultation and engagement was held on the third stage of the plan review process in 2022/23.

Parks and Community Facilities

Lake Ruataniwha Development

During this year Council has worked on the preparation of a

Reserve Management Plan and a Concept Development Plan for Lake Ruataniwha Recreation Reserve. These plans guide decisions about how people use the reserve, which areas need protection, what aspirations the community have for the reserve and what improvements should be undertaken in the future.

Fairlie Dog Park

The Fairlie Community Board planned a dog park in Fairlie. This will be a multiyear project. Stage One has now been complete, which included levelling, grassing, fencing, adding a water supply, a drinking fountain, a dog waste bin and seating.

Tourism, Economic Development and Commercial Activities

Te Manahuna Ki Uta/ Mackenzie Destination Management Plan

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

Following completion of TMKU, a phase 2 was initiated. During the 2022-23 year Council was successful in securing external funding for some TMKU initiatives:

Performance Measures

The performance measures we reported against in last year's Annual Report were adopted by Council in the 2021/31 LTP. Additional performance measures were developed and adopted in the 2022/23 Annual Plan.

Water Supply

We did not meet our annual targets for bacterial or protozoal compliance. We are currently increasing the frequency of monitoring and updating protocols and equipment to bring the sampling regimes up to compliance levels.

The 2022/23 median response time for attendance for urgent call-outs of 2.1 hours exceeded our target of ≤ 2 hours so we did not meet this target.

Transportation

We met our mandatory performance targets for smooth travel exposure, sealed road resurfacing, service request response timelines and footpath condition rating. We did not meet our target of zero serious injury crashes on our local roads (result: 1) and road user survey ratings were below our target.

Parks and Community Services

Customer satisfaction ratings for our facilities did not meet our targets. We did not meet one external benchmark and the another

could not be measured.

Tourism, Economic Development and Commercial Activities

Customer satisfaction ratings for our activities and airport facilities did not meet our targets.

The agreed review of the Economic Development Strategy meant we could not undertake an economic development project.

We did not meet the gross cashflow target for the year because log prices declined internationally and we chose to hold back on timber sales.

Residents' Opinion Survey

The Residents' Opinion survey results scoring method for the last two years differ from those in prior years. However, the performance targets were set in the last LTP and not altered to compensate. This means many of the performance results are not likely to meet the previously set targets, and comparisons with earlier results are not valid. Previously the mid-point response was added to the satisfied tally but since 2021/22 it has been considered as neutral and not included in the scores for positive/satisfied performance ratings.

This change has significantly reduced the achievement of the 15 performance targets across our ten activities for 2022/23 measured by survey results. Our kerbside waste collection has been well received but severe rainfall and flooding have impacted our roading network and three waters infrastructure during the year. Opportunities for service improvement include faster query resolution, emergency management education and building more resilience into our infrastructure.

Services for our District

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

Last year (2021/22) we:

Achieved: 34 out of 72 (47%)

Did not achieve: 33 out of 72 (46%)

We did not collect data for 5 out of 72 (7%)

This year (2022/23) we:

Achieved: 44 out of 80 (55%)

Did not achieve: 34 out of 80 (42.5%)

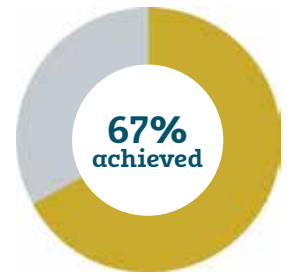
We did not collect data for 2 out of 80 (2.5%)

Governance and Corporate Services



Achieved 8 of 12 measures

Transportation



Achieved 6 of 9 measures

Water Supply



Achieved 2 of 7 measures

Regulatory Services



Achieved 8 of 12 measures

Wastewater



Achieved 3 of 5 measures

Emergency Management



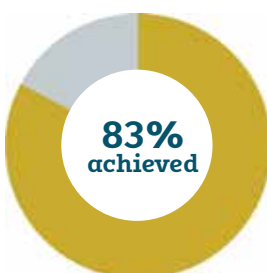
Achieved 6 of 11 measures

Waste Management and Minimisation



Achieved 3 of 5 measures

Stormwater



Achieved 5 of 6 measures

Parks and Community Facilities



Achieved 2 of 8 measures

Tourism, Economic Development and Commercial Activities



Achieved 1 of 5 measures

Financial Highlights

We achieved a before tax deficit of \$4.9 million, with total revenue of \$29.3 million, and total expenditure of \$34.1 million.

Subsidies and Grants received totalled \$5.5 million. This was received primarily from Central Government.

Roading received funding assistance from Waka Kotahi of \$4.7million which we used to maintain our roading network and invest in improvements to keep our community safer on the road.

We received \$0.9 million of other Government funding to invest locally into tourism, apprenticeships for our youth, ambassadors for our camping grounds and transitional funding for water services reforms.

Cash and financial investments were \$13.2 million at 30 June 2023.

We invested \$10.2 million in capital expenditure (excluding vested assets).

At 30 June 2023 external debt was \$11.5 million, lower than what was budgeted of \$20.6 million.

The value of the of our property, plant and equipment increased by \$10.7 million, investment property by \$0.2 million, and we received carbon credits worth \$1.1 million from our forestry plantations.

We are growing

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

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

Annual Report Disclosure Statement

1. These disclosures are a summary of the Annual Report 2022/23, prepared in accordance with PBE Standards Reduced Disclosure Regime. This summary is an overview of our financial performance and position. It does not give a complete understanding. For further information refer to the Annual Report 2022/23 adopted 30 October 2023.

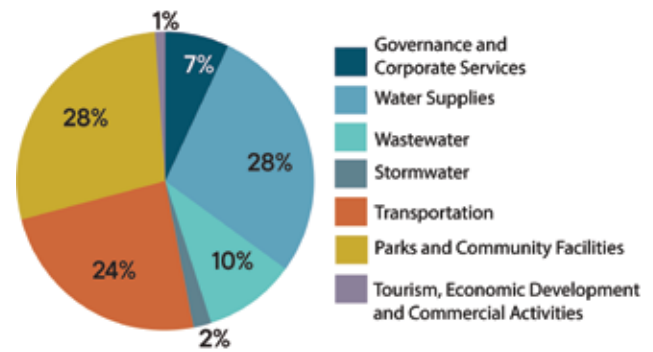
2. The financial statements are for the Council and group.

3. Financial statements have been prepared in compliance with PBE FRS 43: Summary Financial Statements and are presented in NZ dollars rounded to the nearest thousand unless otherwise stated.

4. All financial statements have been examined by an external auditor, Audit NZ, on behalf of the Auditor General and received an unmodified audit opinion on 30 October 2023. It is our opinion that the summary financial statements represent fairly and consistently the financial performance and position of the Council as detailed in the Annual Report 2022/23

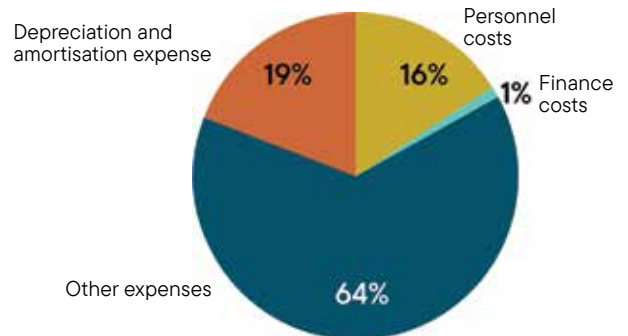
Capital expenditure (excluding vested assets)

Overall the total capital expenditure for the year of \$10.2 million was 90% of the 2022/23 budget of \$11.4 million.



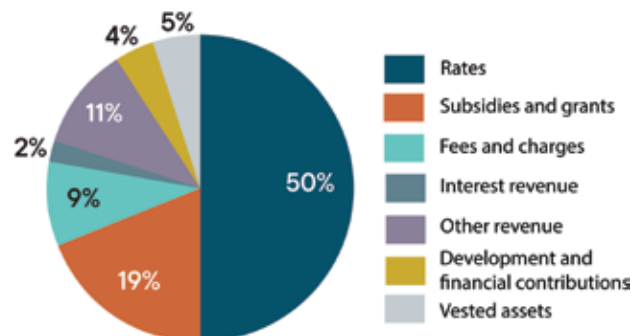
Operating expenditure (excluding other losses)

Overall total operating expenditure (excluding other losses) of \$33.0 million exceeded the budget of \$24.5 million by 35%.



Revenue (excluding other gains)

Overall total revenue (excluding other gains) of \$29.3 million exceeded the budget of \$26.9 million by 8%. Mackenzie District Council rates of \$14.6 million contributed 50% compared to 40% in 2021/22. Revenue from subsidies and grants decreased from 23% last financial year to 19%. Development and financial contributions were 4% and non-cash revenue from vested assets 5%. Timing of the completion of subdivision work, the vesting of assets and payment of contributions is outside Council's control.



5. The financial statements for the year ended 30 June 2023 were authorised for issue by the Council on 30 October 2023. We are not aware of any events subsequent to 30 June 2023 that require adjustment of, or disclosure in the financial statements.

Summary Financials

\$000	Actual 2023	Budget 2023	Actual 2022
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE			
Total revenue	29,287	26,865	31,824
Total finance costs	451	215	8
Total other expenses	33,694	24,292	29,806
Surplus/(deficit) before tax	(4,858)	2,358	2,010
Income tax credit/(expense)	-	-	-
Surplus/(deficit)	(4,858)	2,358	2,010
Total other comprehensive revenue and expenses	8,695	667	78,107
Total comprehensive revenue and expenses	3,837	3,025	80,117
STATEMENT OF CHANGES IN EQUITY			
Equity at the beginning of year	374,501	313,338	294,383
Total comprehensive revenue and expense	3,837	3,025	80,117
Equity at end of year	378,335	316,363	374,501
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Total current assets	19,807	19,345	28,026
Total non-current assets	377,099	323,820	362,784
Total assets	396,906	343,165	390,810
LIABILITIES			
Total current liabilities	10,078	8,883	15,831
Total non-current liabilities	8,493	17,919	478
Total liabilities	18,571	26,802	16,309
Net assets	378,335	316,363	374,501
EQUITY			
Accumulated funds	115,961	131,048	124,858
Reserves	23,477	19,781	19,087
Revaluation reserves	238,897	165,535	230,556
Total equity	378,335	316,364	374,501
STATEMENT OF CASHFLOWS			
Net cash inflow/(outflow) from Operating Activities	(1,034)	4,553	2,147
Net cash inflow/(outflow) from Investing Activities	1,080	(13,430)	(15,174)
Net cash inflow/(outflow) from Financing Activities	1,114	10,628	10,426
Net increase/(decrease) in cash held	1,160	1,751	(2,601)
Opening cash balance 1 July	9,006	2,416	11,607
Closing cash balance	10,166	4,167	9,006

Events after Balance Date

Weather events

A flood event occurred on 24th July 2023 causing damage in different parts of the network. In August 2023, an amount of \$92,819.66 was paid by Mackenzie District Council regarding this event. It is estimated that an additional \$175,000 will be spent to complete repairs. An emergency events claim has been lodged with NZTA following this event.



Photo: Sue Wilkins

Summary of Major Variances Against our Budget

Revenue

- Revenue was \$29.3 million: we budgeted \$26.9 million.
- Subsidies and grants were higher by \$2.5 million: \$2.3 million from Waka Kotahi for emergency works.
- Fees and charges collected were higher by \$651,000.
- Other revenue was higher by \$1.1 million mainly from unbudgeted carbon credits.
- Development and financial contributions were lower by \$926,000 and vested assets lower by \$1.5 million.

Expenditure

- Expenditure was \$34.1 million: we budgeted \$24.5 million.
- Other expenses were higher by \$7.5 million: they included roading flood repairs \$3.4 million, contracting out to cover staff vacancies \$1.4 million, outsourcing of inspectorate activity \$402,000, district plan review \$795,000.
- Depreciation costs were higher by \$1.4 million.
- Other losses were \$1.1 million of unbudgeted items including \$654,000 from the decommissioning of water, wastewater and IT assets.

Statement of Comprehensive Revenue and Expenses

Total comprehensive revenue and expenses returned a surplus of \$3.8 m compared to a budgeted surplus of \$3.0 m. Council achieved a before tax operating deficit of \$4.9 m. The increase in total comprehensive revenue was because of:

- Fair value movements of financial Assets higher by \$2.8 million attributable to the annual revaluation of Council's share of Alpine Energy Limited.
- Gains on property, plant and equipment revaluations more favourable by \$5.7 million.

These gains were reduced by:

- Movement of bonds were lower by \$432,000 because bonds matured and no new bonds were purchased.

Statement of Financial Position

- Cash and cash equivalents were \$6.0 million higher than planned due to \$3 million of external borrowings and a term investment being classified as cash equivalents (maturity within 90 days).
- Receivables were higher by \$2.3 million as we accrued the Waka Kotahi claim for the subsidy on flood works.
- Current financial assets were lower by \$8.2 million because we used matured term deposits to fund capital expenditure, rather than external borrowings, and a \$3 million term investment was classified to cash equivalents.
- Property, Plant and Equipment was higher by \$50.4 million as a result of the revaluation of infrastructure in the previous year and a revaluation of Downlands water assets.
- Intangible assets were higher by \$2.3 million because Council did not sell budgeted Carbon Credits.
- The value of Council's forestry assets was lower by \$3.0 million due to a decrease in log prices and an increase in cost of sales.
- The value of Council's investment property portfolio was \$1.0 million higher due to increases in both the number and the value of the properties.
- Non current financial assets are higher by \$2.8 million due to an increase in the value of Alpine Energy shares.
- Payables and deferred revenue were higher by \$812,000 - mainly due to an increase in unspent grant funding and accruals relating to the Fairlie water treatment plant costs.
- Council's current borrowings were \$411,000 over budget relating to the Downlands water supply. Non-current borrowings were \$9.5 million under budget due to lower capital expenditure.

Affordable reform programme

The New Zealand government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointments of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023, to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities and other matters to be transferred is approved.

Council Spending at a Glance

Area of spend		Capital Spend	Operating Spend
Governance and Corporate Services	<ul style="list-style-type: none"> • Governance • Administration • Chief Executive Office • Finance • IT 	\$723,000	\$6.649m
Water Supplies	<ul style="list-style-type: none"> • Water treatment and storage • Reticulation 	\$2.792m	\$2.755m
Wastewater	<ul style="list-style-type: none"> • Sewage treatment • Reticulation 	\$1.021m	\$1.507m
Stormwater	<ul style="list-style-type: none"> • Urban stormwater • Stormwater treatment 	\$195,000	\$204,000
Transportation	<ul style="list-style-type: none"> • Roothing • Footpaths • Parking • Cycleways • Walkways 	\$2.471m	\$7.630m
Regulatory Services	<ul style="list-style-type: none"> • Building control • District planning • Animal control • Environmental health 	\$17,000	\$2.688m
Emergency Management	<ul style="list-style-type: none"> • Civil Defence and Emergency Management 	\$13,000	\$173,000
Parks and Community Facilities	<ul style="list-style-type: none"> • Cemeteries • Toilets • Halls • Libraries • Medical centres • Parks and swimming pools • Pensioner housing 	\$2.853m	\$3.156m
Waste Mangement and Minimisation	<ul style="list-style-type: none"> • Solid waste • Recycling 	\$21,000	\$1.729m
Tourism, Ecomonic Development and Commercial Activities	<ul style="list-style-type: none"> • Real estate • Forestry • Investments • Pukaki Airport • Economic development and tourism promotion 	\$65,000	\$2.992m

Independent Auditor's Report

To the readers of Mackenzie District Council's summary of the annual report for the year ended 30 June 2023

The summary of the annual report was derived from the annual report of the Mackenzie District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following summary statements on pages 5 to 9:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the statement of service performance referred to as "Services for our District".

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 31 October 2023.

Our auditor’s report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainty over the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities’ establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the District Council, as outlined on page 8, remains uncertain until the relevant water services entity’s establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Council’s responsibility for the summary of the annual report

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

Auditor’s responsibility

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

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

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

Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
27 November 2023



Photo credit: Aiden Hickey



Mackenzie
DISTRICT COUNCIL

mackenzie.govt.nz