



Mackenzie

DISTRICT COUNCIL

ATTACHMENT

UNDER SEPARATE COVER

Audit and Risk Committee Meeting

5 April 2022

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Mackenzie District Council 2020/21 Annual Report

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STATEMENT OF COMPLIANCE

Statement of Compliance

Compliance

Pursuant to Section 98 of the Local Government Act 2002, the Council and management of Mackenzie District Council confirm that not 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 2021. 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, including lockdowns.

Responsibility

The Council and management of Mackenzie District Council accept responsibility for the preparation of the annual Financial Statements and the judgements 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 2021 fairly reflect the financial position and operations of Mackenzie District Council.



Graham Smith
Mayor
12 April 2022



Angela Oosthuizen
Chief Executive
12 April 2022



Photo credit: Match Sumaya On / Unsplash

LAYING THE FOUNDATIONS

Laying the foundations

We are proud to present the 2020/2021 Annual report to you, our community. This report is a good opportunity to look back and reflect on what we have achieved on behalf of our communities over the past financial year.

Financial Performance

Council revenue increased due to higher grants and subsidies than anticipated and lower financial contributions due to decreased subdivision activity. However expenditure was incurred due to higher building control costs and accreditation compliance costs and costs associated with Te Manahuna Ki Uta project. The latter project was fully funded by from the Provincial Grant Fund but would not have been reflected in original budgets. Overall, Council remains in a solid cash position and external debt did not eventuate due to the delayed Three Waters Stimulus Projects.

Development of the 2021-2031 Long term Plan - "Time for a Change"

The management team worked on finalizing and delivering our Long Term Plan 2021 -2031 during 2020/2021, with the final plan being adopted in December 2021. In this plan we struck a balance that ensures we can appropriately invest in and fund resilient infrastructure and deliver fit for purpose services. For a long time, MDC has worked hard to keep rates low, running the district as affordably as possible. Times have changed however, and today we are faced with a raft of challenges and drivers that mean we need to rethink how we fund what needs to be done.

Good progress was made in moving Te Manahuna Ki Uta forward

We actively progressed our Te Manahuna Ki Uta project as we partnered with Iwi and other key stakeholders to develop a destination plan for Tourism for our district. This year we engaged heavily with manawhenua, the tourism operators and industry, and our community about the future for tourism in our District to fully understand the needs, aspirations to agree a vision and principles for our Destination management Plan. Mackenzie Basin is a unique and iconic destination and this project is strategically important for the local communities of the Mackenzie. The Destination Management Plan, when finalized in 2022, will include projects, actions and indicative costs, and policy and regulation guidance to help move Mackenzie forward over the coming decade. It will set a direction for our future tourism to achieve regenerative outcomes not only for our environment but for mana whenua and residents in our communities.

Planning projects to deliver critical Improvements in Infrastructure

Although the physical delivery of the Three Waters Stimulus Projects was delayed, we focused on the design and planning to ensure once this was finalised effective project management would effectively deliver these critical improvements in Three Waters. Progress has remained steady in delivering these projects on 2021 and 2022.

Development of Spatial plans to help frame our future

Following on from the commencement of the spatial planning work in 2019/20, the spatial planning project went through a multistage process for each township that included substantial engagement with each community around the spatial plan development. This consultation culminated in the adoption of the Spatial Plans by Council on 29 June 2021. The Mackenzie Spatial Plans offer a plan for each of our District's towns and settlements, ensuring we can get the zoning right to allow for managed, appropriate growth, and identify the infrastructure required to support it. The Spatial Plans now enable Council, developers, investors, mana whenua and our communities to work towards the agreed outcomes. Community has been at the heart of the process, and it has been fantastic to see how passionate and invested our communities are about the future of the places in which we live. I want to thank the members of staff who have put in a great deal of work into the delivery of the Spatial Plans. The next steps will be to turn the Spatial Plans into Council policy through the District Plan review. We will be asking for your input into that process in due course.

Plan Change 18

On 22 June 2021 Council adopted Plan Change 18 which addresses the management of Indigenous Biodiversity within the Mackenzie District. This notice is date 25 June 2021. The 2021/22 year will see Plan Change 18 go through the Environment Court Appeals process, with four appeals received.

COVID and LG Reform and Legislative Changes

There is still uncertainty ahead with the COVID-19 pandemic especially for our District which is heavily reliant on tourism. COVID continues to test our resilience - as an organisation, community and district.

Staffing and Reform

Finding the right people for available jobs is an ongoing challenge. In the local government sector there is significant reform and change with the Three Waters Reform, ongoing reviews into the Resource Management Act and the Future of Local Government, all of which will dramatically change the shape of local government in the future. We continue to monitor and provide feedback on these reforms as maintaining a strong local voice for our communities needs remains paramount.

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



Graham Smith
Mayor



Angela Oosthuizen
Chief Executive

YOUR COUNCIL

Your Council

Your Councillors also represent you on a number of joint committees and regional forums to ensure that Mackenzie has a voice in decisions which affect our district. You can find out more about how they represent you at www.mackenzie.govt.nz.



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Photo credit: Alfred Lee / Unsplash

Committees of Council

Audit and Risk Committee
Chair: Bruce Micham (appointed member)

Chief Executive Review Committee
Chair: James Leslie

Commercial and Economic Development Committee
Chair: Murray Cox

Engineering and Service Committee
Chair: Stuart Barwood

Planning and Regulations Committee
Chair: Anne Munro

Strategy Committee
Chair: James Leslie

YOUR COMMUNITY BOARDS

Your Community Boards

The Mackenzie District has three community boards:

- Twizel – elected by the electors of the Twizel township
- Takapō/Tekapo – elected by the electors of the former Tekapo ward
- Fairlie – elected by the electors of the Fairlie community board boundary



TWIZEL

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Council Executive Team at 1 February 2020

Chief Executive Officer**Angela Oosthuizen**

angela.oosthuizen@mackenzie.govt.nz

Oversees the operational structure of the entire Mackenzie District Council.

General Manager - Operations**David Adamson**

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General Manager of Operations - Engineering,
Community Services, Planning and Regulatory
General Manager - Corporate Services

Paul Numan

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General Manager of Corporate Services
- Finance, Information and Engagement
Property and Customer Services
Manager - People and Culture

Alexis Gray

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Manager of People and Culture
Manager - Information and Engagement

Chris Clarke

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Manager of Information and Engagement

SECTION 1

2020/21
Year in Review
Te Arotake O Te
Tau 2020/21

SECTION 1: 2020/21 Year in Review | Te Arotake O Te Tau 2020/21

How we've met our priorities

The 2020/21 year has seen a continuation of our services and activities of fostering our community as set out for Year 3 (2020/21) in our Long-Term Plan (LTP) 2018-28.

We have continued to do more with less, and while this is a perennial constraint, it gives us an opportunity to become more innovative and resourceful as we embrace those challenges. We have maintained current levels of service throughout the year.

Some of our plans for the year did change since we adopted our LTP and projects have been introduced, brought forward or delayed – however, these have not impacted on existing levels of service.

In addition, we reviewed our budgets and made some changes to support our community recognising the impact of COVID-19, while maintaining a strong level of service.

Here are the highlights of what we achieved this year.



Photo credit: Tonia Kraakman / Unsplash



Water Supply

Fairlie water treatment plant

The construction of a new treatment plant to upgrade Fairlie's drinking water supply was deferred from 2019/20. The deferral was required as the plant had not been designed nor the site finalized and secured. Council progressed design via a professional services contract and commenced negotiations re site purchase. The delays have no impact on the budget. Work also proceeded on the identification of procurement options moving forward. Depending on supply chain issues the plant is scheduled for completion in quarter 4 2024.

Fairlie water reservoir

In our LTP we had also planned to build a new water reservoir in Fairlie in 2025/26. To prioritise shovel-ready capital works and to complete the upgrade of Fairlie water, we decided to bring this project forward and to progress this in conjunction with our water treatment plant. The project will be completed within the \$1.5m budgeted for 2025/26 and will be debt funded. Performance documents for the reservoirs were drafted during the period.

Water pipe replacement in Twizel and Fairlie

In our LTP we planned to progress the replacement of AC pipe in Twizel and concrete pipe in Fairlie over the life of the plan however, to prioritise shovel-ready projects we have brought the project forward. This will be debt funded with no change to the total cost of \$7.8m, and repayments will be made from the budgeted annual works. This was split into four contracts, and these have been progressively let starting with two contracts in Twizel which were designed and let during this period. The remaining two contracts will be let early in the 2021/22 financial year and are scheduled to be substantially completed by financial year close.

Burkes Pass water supply treatment upgrade

We indicated last year that our planned upgrade the Burkes Pass water supply treatment would be delayed until 2020/21. This work was substantially completed during the year and the outcome peer reviewed as part of the preparation of the Water Safety Plan for Burkes Pass due for finalization in March 2022.



Tourism, Economic Development and Commercial Activities

Forestry harvesting

We completed the delayed harvesting and some additional areas in 2020/21. This activity has generated additional revenue which has been reinvested in forestry as well as to offset rates requirements.

SECTION 1: 2020/21 Year in Review | Te Arotake O Te Tau 2020/21

Forestry carbon credits

Our forestry estate qualifies for carbon credit allocations and we applied carbon credits to offset rates in 2020/21 by an additional \$435,500.

Changes to tourism information services, Twizel

During the year we installed 24/hour self-service kiosks in Market Place to provide information services for visitors to the area. This included the provision of a free Wi-Fi zone in Market Place. In light of this change, the current Information Centre has returned to being a postal centre and Council office, ensuring that the needs of our communities have been met without competing demands on access and staff.

Tourism Promotion and Economic Development

We reviewed our contracts for tourism promotion and economic development and make some changes to the way we provide these services to our communities. We have continued to contract some services from our current providers and have supported our communities with internal staff having employed an Economic Development Officer in conjunction with the existing Business Liaison role. Council then formally adopted an Economic Development Strategy to support delivering access to prosperity. The Economic Development strategy aligns with Council's other strategic planning instruments such as Te Manahuna Ki Uta | Destination Mackenzie, Spatial Plan, Long Term Plan and the Land Strategy

**Community and Township Services****Mackenzie Community Centre, Fairlie**

We are progressing the improvements to our Community Centre to increase its usability. This year we prepared plans for upgrading the kitchen, safety improvements to the theatre and other minor improvements. A kind donation by the Jack and Enid Hutt Trust, allowed us to also upgrade the kitchenette and making aesthetic improvements to the Jack and Enid Hutt Lounge. Physical works have been delayed due to the inability to secure trades people to undertake these works.

Tekapo Development Plan

We continued to progress the Tekapo Development Plan while ensuring that works are after and complementary of the Motuariki Lane development. This year we focused on the redevelopment of the Barbara Hay Reserve, the reserve on D'Archiac Drive, and installing a lakefront footpath. Plans for these projects were completed and Council undertook consultation with our community and the community board regarding these plans. Construction is scheduled for 2021/22. Complications regarding land ownership on the Lake front at Tekapo delayed progress on the lakefront footpath.

Fairlie Dog Park

The Fairlie Community Board is planning on establishing a dog park on Allandale Road. This will be a multiyear project, with the Community Board committing available funds to make continuous improvements to this space. Concepts and layouts were developed in partnership with the Board.

Twizel Events Centre

We are continuing the improvement we have made over the last two years. In 2020/21 resurfaced the sports hall floor and made security and access improvements. This is a multi-year project and priority moving forward is being set on safety and environmental improvement.

Market Place upgrade

We completed the design of the accessibility improvements to the eastern side of Market Place. These will be put to market and constructed in the 2021/22 year.

**Planning and Regulatory Services****District Plan Review (DPR)**

We have made good progress on our spatial Planning in 2019/20 and the spatial plan was substantially completed this year. The District Plan review will occur over the next 3 years and will amongst other things will give effect to the spatial plan. Council has been progressing plan changes specifically plan change 18 and 19 both which have taken significant resource. Specialist planning staff have been difficult to recruit thus meaning the planning team remained under resourced.

**Roading****Minor improvements and safety improvements**

In response to COVID-19, we have prioritised key shovel-ready projects with a safety stimulus package. Within roading, we have focussed on projects where we can maximise our available NZTA co-funding and low interest rates. Our 49% share was funded from reserves with the rates impact limited. We delivered a number of projects totalling \$1.445m, (Council share \$708,100) with the majority being new footpaths to provide safe shared-use paths throughout our townships. The largest project was the shared use path in Twizel which was broken into 4 packages to provide opportunities for local

SECTION 1: 2020/21 Year in Review | Te Arotake O Te Tau 2020/21

contractors.

Financial Highlights

Financial Highlights

- We achieved an before tax surplus of \$1.737 million, with total revenue of \$24.6 million, and total expenditure of \$22.9 million.
- Subsidies and Grants received totalled \$4.16 million. This was received primarily from Central Government and helped co-fund investment in Tourism, Camping, the Mayoral taskforce for Jobs initiative as well investing in our roading and 3 waters infrastructure.
- We struck a lower than planned rates increase of 5.6% for 2020/21 after considering the impact that COVID is having on our community.
- We continue to run a strong balance sheet with cash reserves of \$11.6 million at 30 June 2021.
- We invested \$6 million in capital expenditure (excluding vested assets)
- We continue to hold no external debt although this will change in 2021/2022 as our Capex programme ramps up.
- The value of the of our Land and Buildings increased by \$2.3 million, our Forestry Plantations value by \$886,000 and we received \$671,000 worth of carbon credits.

We received Subsidies and Grants of \$4.16 million

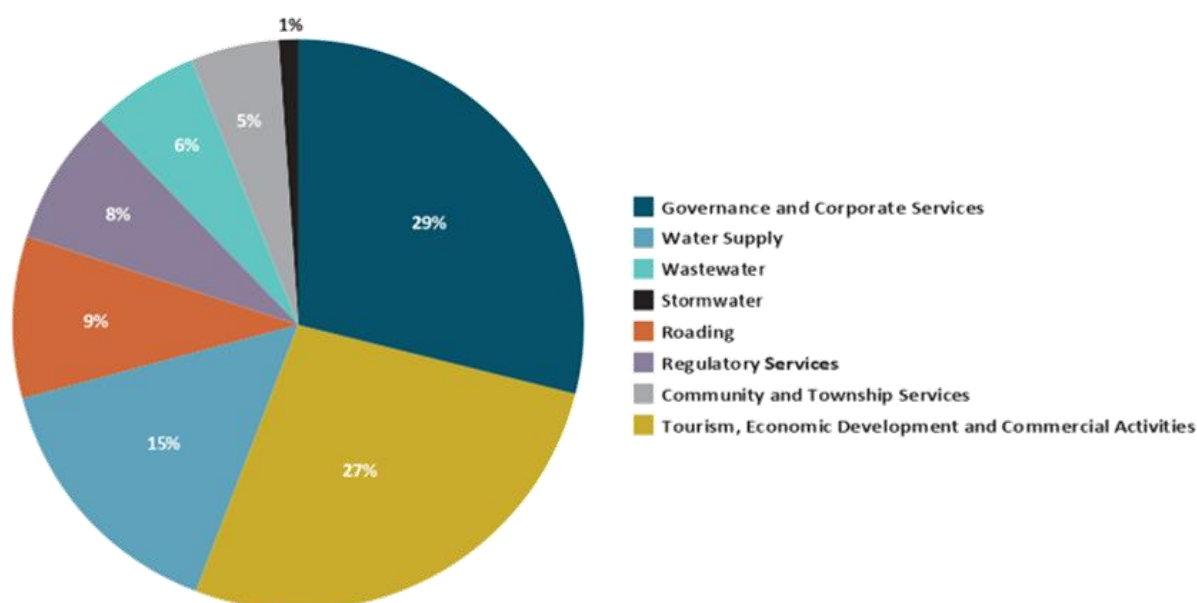
- Roading received funding assistance from Waka Kotahi of \$2.7 million which we used to maintain our roading network and invest in improvements to keep our community safer on the road.
- As part of the Government's response to COVID-19, we received stimulus funding of \$800,000 during the year. This has been invested in our 3 Waters activities (wastewater, stormwater and drinking water). All up, we will receive \$5.2 million to invest in our 3 Waters infrastructure.
- We received \$600,000 of other Government funding to invest locally into Tourism, apprenticeships for our youth, and ambassadors for our Camping grounds.

We are growing

- We have 190 new rating units.
- We processed 383 building consents.
- We processed 147 resource consent.
- And we continued to provide the same levels of services that you expect and deserve.

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

During we collected \$11.1 million of rates during the year. Below illustrates how we have spread your rates over our activities.



SECTION 1: 2020/21 Year in Review | Te Arotake O Te Tau 2020/21

Council incurred expenditure, including non cash expenditure such as depreciation, of \$22.9 million during the year. Below illustrates the proportion of expenditure in relation to each activity incurred.

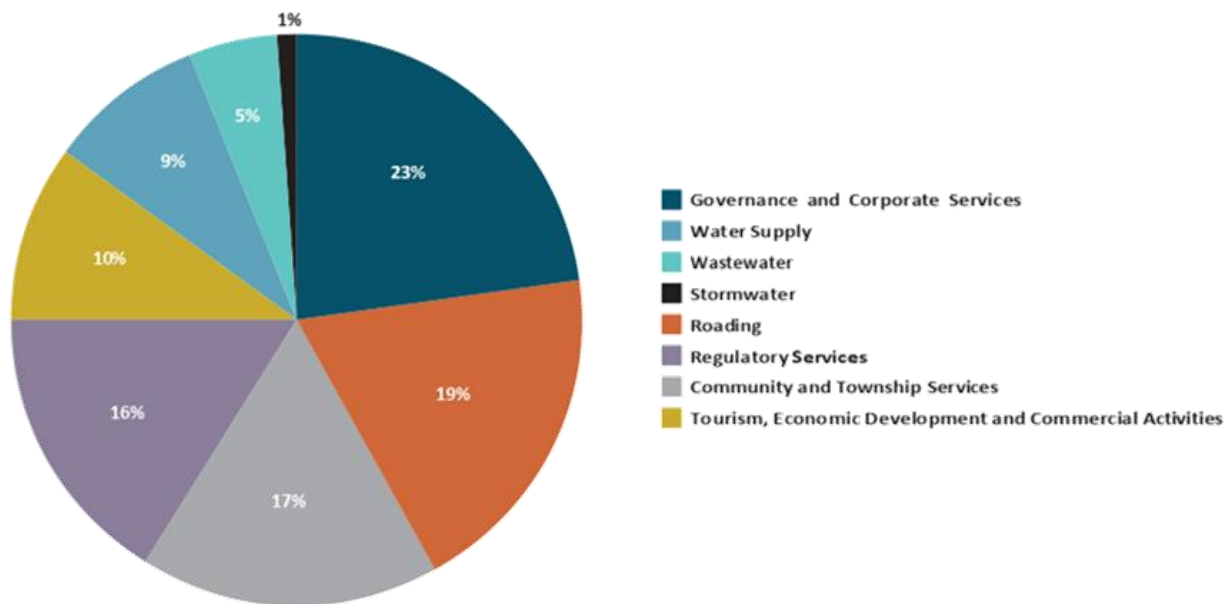


Photo credit: Aston Yao / Unsplash

Key Variances to budget

Council adopted the 2021 Annual Plan on 30 June 2020. These are the key variances between the 2021 Annual Report and the 2021 Annual Plan.

- Overall Comprehensive Revenue and Expense was \$2.7 million more favourable than budget.
- Subsidies and Grants were \$600,000 more favourable than budget thanks to additional funding for 3 Waters \$800,000 and Mayoral Taskforce funding \$250,000.
- Development and Financial Contributions were \$500,000 less favourable than budget and vested assets \$900,000 less favourable than budget. This is attributable to a slow down in subdivision activity.
- Gain on Revaluation of Assets were \$2.5 million more favourable than budget thanks to the revaluation of Council's land and building Assets.
- Other expenses were \$2.2 million less favourable than budget due to higher contractor costs incurred in operating the Council's pools, Rooding and 3 Water Activities. Some of this was co-funded. The Mayoral taskforce for Jobs incurred \$250,000 of costs but this was fully funded by Government Subsidies.

SECTION 2

Setting the Scene

Whakaritea

Te Wāhi





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

The Mackenzie District, while having the third smallest usually resident population in New Zealand, has the tenth largest land mass. We however have a peak daily visitor population which is 6 times our resident population. We also have the third lowest rates in the country. This all means that we have to do a lot, with a little. Understanding how we are changing and growing as a District is key to ensuring that we are positioned to respond and retain what is important for our district.

Our District is diverse with several industries contributing to our GDP. At a high level, these are agriculture (including aquaculture) and tourism related industries (accommodation and services). For the year 2019, the nominal GDP of Mackenzie District was \$259m. The annual GDP growth of Mackenzie District was 11.1%, while Canterbury Region and New Zealand had a GDP growth of 3.6% and 5.0%, respectively.

Our tourism numbers and spend have been increasing considerably prior to COVID-19. For the year 2020, the domestic tourism spending in Mackenzie District was \$96m while international tourism spending exceeded \$190m. The top three regions for international tourism spending were Rest of Asia (\$34m), Australia (\$33m), and China (\$27m).

The status of our people and communities is important to the prosperity of the District. The annual average unemployment rate in Mackenzie District was 1.1% in June 2020, up from 0.8% a year earlier. While this has increased, in large part due to the impacts of COVID-19, the district remains below the national average of 4.1% for the same period. Accommodation and Food Services remains the largest source of employment in the District. According to the Index of Multiple Deprivation, Mackenzie District had an overall deprivation score of 3 (1: least deprived; 10: most deprived). As we continue to feel the impacts of COVID-19, with loss international

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. Council considers it important to maintain the existing strong connections as well as further develop build relationships with the papatipu rūnanga who have interests in the district, as the fostering of these relationships is key to assisting the contribution of Māori to decision-making processes. Council will endeavour to extend and promote opportunities for involvement as far as practicable, and as available resources allow.

Council provides copies of all plans, including the Long Term Plans and annual plans, providing opportunities for papatipu rūnanga to make submissions. Early consultation on resource management plans, water and waste developments and relevant policies is also undertaken. Council will continue to work with ngā papatipu rūnanga where processes and decisions will involve or are relevant to mana whenua.

To maintain good working relationships, Council seeks to meet with papatipu rūnanga a minimum of twice a year to discuss matters of common interest. Council's Executive Management Team met with runanga 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 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 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 2020/21 year, the Council has continued to engage with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu as appropriate seeking opportunities to foster these relationships. There were several formal meetings between Council representatives and representatives of ngā papatipu rūnanga or Te Rūnanga o Ngāi Tahu during the year. Our target for the year was for two meetings, however this was exceeded due to the work being undertaken with Te Manahuna Ki Uta, Te Mana o Te Wai and Three Waters, Spatial Planning relating to the District Plan review, and Aoraki Environmental Consulting. Due to the number of projects, there were regular meetings with mana whenua. These meeting include site visits as appropriate.

Council worked has worked with ngā papatipu rūnanga, or their representatives on the District Plan Review. Mana whenua were our key partners for all the spatial plan sessions that occurred throughout the district.

Representatives of ngā paptipu rūnanga have been supportive of increasing the Council employee's cultural awareness, learning and development. During the 2020/21 year members from Arowhenua marae provided a presentation to Council employees onsite about the cultural significance of the Mackenzie District.

In 2017, Council signed a Service Level Agreement with Aoraki Environmental Consultancy Limited, a consultant organisation working on behalf of Te Rūnanga o Arowhenua. This has enabled Council to establish a process for efficient and effective engagement, with staff continuing to directly consult and liaise with papatipu rūnanga where decisions involve and are relevant to Māori. This agreement was renewed mid 2021.

Discussions have been held with Te Rūnanga o Waihao, initiating work on establishing a Service Level Agreement between Mackenzie District Council, Te Rūnanga o Waihao and Aukaha (1997) Limited being the environmental entity of Te Rūnanga o Waihao.

We have actively partnered with Iwi to better understand their vision and aspirations for Te Manahuna Ki uta.

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 2021.

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. Water Supplies
3. Wastewater
4. Stormwater
5. Roading
6. Regulatory Services
7. Community and Township Services
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 2018-2028 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 2021, 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 2020/21 year are shown as Achieved, Not Achieved or Not Applicable, if the target relates to a different time period.

Results for 2020/21	
Achieved	43
Not Achieved	13
Not Applicable until 2021/22	0

Overall, the year-end result for the 2020/21 performance targets is a 77% (43 of 56) achievement level. This compares with 62.5% (2019/20) and 62% (2018/19) and is reflective of some targets being aspirational and others having dependencies outside of our control.

Events during the year contributed to the delays and non-achievement in some programmes e.g. Emergency events/fires, and the COVID-19 pandemic.

SECTION 3.1: Governance and Corporate Services

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 2021)

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 – Engineering & Services; Planning & Regulations; Commercial & Economic Development Strategy; Audit & Risk; Chief Executive Performance.
 35 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.

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 2020/21

As well as business as usual administration and support for Council activities, we had planned several projects for the 2020/21 year within our Governance and Corporate Services activity area.

Project 1 – Web site development (completed)

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

To ensure that we made the most of this opportunity, a number of related workstreams have been planned, including rebranding. The rebranding exercise has been completed and is reflected in the look and feel of the new website. The new site makes information easier to find and enables customers to access more services and complete more forms online. We're now working on a customer login portal which will allow more services to be delivered online and enable customers to see all information relating to them in one place.

Project 2 – Property file digitisation (completed)

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

Project 3 – Rates and funding review (progressing)

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

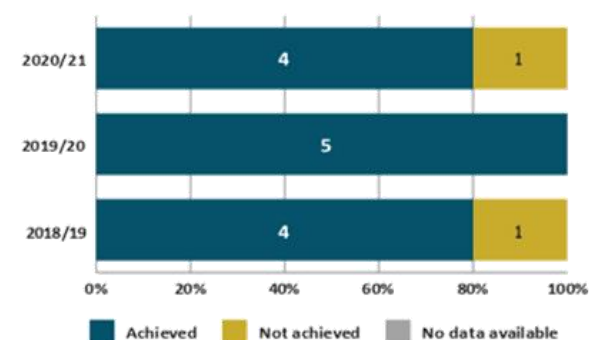
We are continuing to progress this work and are looking at additional opportunities for more 'user pays' where it is cost effective to do so. We have indicated in our LTP 2021-2031 an increase to the Uniform Annual General Charge (UAGC), the flat charge roading rate and a change in the funding of community swimming pools and halls.

Project 4 – Office improvements (completed)

A budget of \$514,000 set aside for 2019/20 for the renovation of our Fairlie office. Following our organisational review, it was identified that additional space was required in our Twizel and Fairlie offices. It was proposed that a lesser upgrade of both offices be undertaken to create more useable space, while modernising and creating more customer centric environments. Work was delayed mid construction due to COVID-19, recommencing in June 2020. The increase to the scope of works to include our office in Twizel without an increase to the overall budget has caused challenges and an increase to the overall budget allocation was required, increasing to a total of \$928,000. The increased funding requirement has been sourced from the Council's Capital Reserves budgets. The renovation of the Fairlie office was completed in July 2020 and the Twizel office in February 2021.

Assessment of performance against measures and targets for 2020/21

We achieved 80% of our non-financial performance standards in the governance and corporate services activity.



SECTION 3.1: Governance and Corporate Services

The following tables show how our governance and corporate services activity performed as measured against the targets set for the 2020/21 year.

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

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

What we did: The Council is required to adopt its Annual Reports by 31 October each year [which Government has

extended this date to 31 December for 2021 and 2022 Annual Reports]. For the 2019/20 Annual Report, the Council received an unmodified audit opinion, and adopted the Annual Report on 23 February 2021. 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 2019/20.

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

2018/19 2017/18 AR	2019/20 2018/19 AR	2020/21 2019/20 AR
✓	✗	✗

Measure 2: The annual plan is prepared within statutory timeframes.

Target: The annual plan is prepared within statutory timeframes

What we did: Our Long Term Plan 2018-28 was adopted on 19 June 2018 with an unmodified audit opinion. This report relates to the Annual Plan of Year 3 of the Long Term Plan. The Annual Plan was adopted within the statutory timeframe.

Challenges/issues we experienced: No significant challenges or issues were experienced relating to the preparation of our 2020/21 Annual Plan.

Looking ahead: Council always maintains a focus on meeting statutory timeframes.

2018/19	2019/20	2020/21
✓	✓	✓

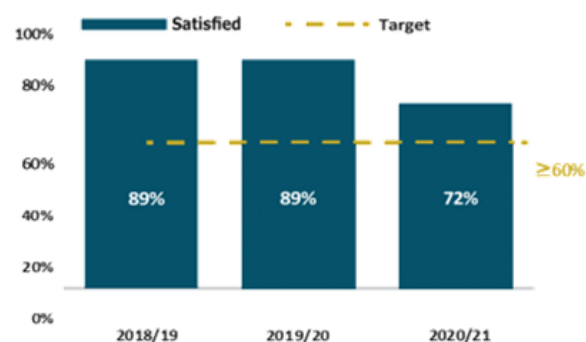
Measure 3: The percentage of residents across the district who say they are satisfied with the performance of the councillors and Mayor in the annual ratepayer survey

Target: 60% or above

What we did: In 2020/21, 72% of residents surveyed were satisfied with the performance of the councillors and Mayor, exceeding our target for the year¹. Satisfaction levels have held

Challenges/issues we experienced: Apart from matters associated with recovery from the Covid-19 pandemic, no other significant challenges or issues were experienced during the 2020/21 year.

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



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

Target: 2 or more

What we did: Council representatives met with representatives of ngā papatipu rūnanga or Te Rūnanga o Ngāi Tahu three times during the year (9 September 2020; 30 November

steady since 2017/18, following an increase on previous years.

SECTION 3.1: Governance and Corporate Services

2020 – Waihao rūnanga only; 5 February 2021), therefore achieving our annual target. In addition, we had a number of meetings which have been hugely beneficial for all as it is a sign that our positive relationships with ngā papatipu rūnanga are continuing to evolve. We have continued to work with rūnanga representatives on joint programmes which include Te Manahuna Kī Uta (Destination Mackenzie).

Aoraki Environmental Consultants partnered with Council for the Spatial Planning Project, and we had two cultural consultants at all of the public sessions and also carried out project team workshops.

Key projects on Spatial Planning included:

- Issue identification meetings;
- Optioneering workshops; and
- Presentation workshops.

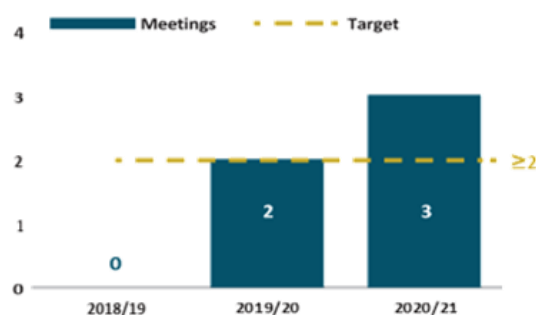
*The 2020/21 Residents Opinion Survey did not include this specific measure. Instead, this measure reflects the results of resident's overall satisfaction of Council's overall performance.

Challenges/issues we experienced: Council recognises the constraints on capacity between ngā papatipu rūnanga and Council and therefore endeavors to ensure that the number of meetings between rūnanga and Council are appropriate and will offer the greatest opportunity for effective and meaningful engagement.

Looking ahead: We recognise the importance and value of building strong, effective, enduring and open relationships with ngā papatipu rūnanga and Te Rūnanga o Ngāi Tahu. We will continue to work closely with our papatipu rūnanga and their representative agencies to prioritise opportunities for meaningful engagement and collaboration. Our service level agreement (SLA) with Aoraki Environmental Consultancy Ltd will continue to be key in assisting us with our work. We will continue to progress the development of an SLA with Te Rūnanga o Waihao and Te Runanga o Moeraki.

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SECTION 3.1: Governance and Corporate Services

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

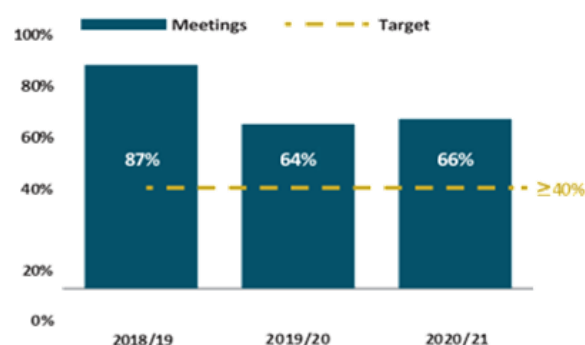
Target: 40 or more

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

What we did: During the 2020/21 year, Council met in public 12 times, Committees of Council were held 21 times, and there were 18 Community Board meetings held. A total of 15 other public forums were held including drop-in session for community feedback on the Spatial Plan. A combined total of 66 public forums were held during the year, exceeding our target of 40.

Challenges/issues we experienced: The 2020/21 year included a significant period of lockdown to arrest the spread of Covid-19. This was a significant challenge; however, we are conscious of the need to engage with communities and ratepayers in a variety of ways. Council moved online where appropriate and held more meetings than usual outside of the lockdown period. This allowed the target to be met and exceeded.

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.



SECTION 3.1: Governance and Corporate Services

Funding Impact Statement – Governance and Corporate Services

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	2,168	2,456	3,152
Targeted rates	32	33	34
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	57
Internal charges and overheads recovered	1,547	1,499	2,093
Local authorities fuel tax, fines, infringement fees and other receipts	74	76	86
Total Operating Funding	3,821	4,064	5,423
Applications of operating funding			
Payments to staff and suppliers	3,524	3,711	5,535
Finance costs	-	-	-
Internal charges and overheads	128	164	(71)
Other operating funding applications	-	-	-
Total applications of operating funding	3,652	3,875	5,465
SURPLUS / (DEFICIT) OF OPERATING FUNDING	169	189	(42)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	680	81	642
Increase/(decrease) in reserves	(511)	108	(684)
Increase/(decrease) of investments			
Total applications of capital funding	169	189	(42)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(169)	(189)	42
FUNDING BALANCE	0	0	0

The LTP Comparatives have been updated to show the General Rates credit as internal charges and overheads recovered. The impact of this update is also shown in the Tourism, Economic Development and Commercial Activities GOA FIS.

Significant Financial Variances between Actual and the Long Term Plan

- Budgeted Increase in staff costs in line with 2021 Annual Plan. These were not reflected in the LTP.
- Rates increase to cover increased operating costs
- Twizel Building Renovations \$350,000

SECTION 3.2: Water Supplies

3.2 Water Supplies

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 2021)

5 Council operated schemes – 4 urban schemes (Twizel, Tekapo, Fairlie & Burkes Pass) and Allandale rural scheme.
3650 properties connected to Council water systems
373km water mains in addition to 15km of service lines and 115km water races
533 hydrants for firefighting water supply

What We Do

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

Council maintains and manages the treatment and distribution of water with community water supplies in the townships of Twizel, Tekapo, Fairlie and Burkes Pass, with rural schemes at Allandale, Kimbell and Albury. The Council manages the four urban schemes, and the rural scheme at Allandale. The Pukaki Airport water supply was recently connected to the Twizel water supply scheme, meaning it no longer acts as an independent water supply 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. Management of a small piped stock water scheme, Kimbell Rural, is carried out by consumers.

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

Key Projects for 2020/21

As well as the routine maintenance and operations required to provide our community water supplies, Council had planned to undertake some significant programmes in 2020/21.

Project 1 – Pipe replacements – Twizel and Fairlie (ongoing)

In 2016/17 we initiated an ongoing programme for the replacement of asbestos cement (AC) pipe in Twizel, which was at risk of failure. This programme is expected to continue over a 20 year period with a budget of \$220,000 being allocated each year. However, as part of our shovel ready projects identified in the COVID-19 Community and Economic Recovery Action Plan, we have brought forward the remaining water pipe replacements in Twizel and Fairlie with the entire programme now planned for completion within the next year. Approximately 80% of the AC pipe in Twizel will be replaced. Work will also continue into Tekapo.

Council has borrowed \$7 million in order to complete this work ahead of schedule.

Project 2 – Fairlie Water Treatment Plant (progressing)

As part of our required work to meet compliance with drinking water standards, we intended to undertake an upgrade of Fairlie's water treatment plant. Although budget of \$900,000 was carried forward for this work from 2018/19, this project has since become significantly larger project, estimated to cost close to \$7 million and comprising of an appropriate filtration and/or membrane treatment plant and two additional reservoirs. Planning and design were largely undertaken in 2020/21, with land purchase negotiations currently underway and expected to be completed in 2021/22. Construction will begin once land is purchased and the work projected be let to the market in 2021/22. The project is expected to be completed by June 2024 but this may vary by 6 months either way due to supply chain variables relating to the membrane technology.

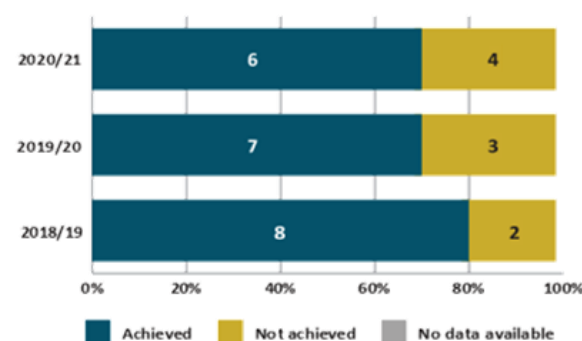
Project 3 – Pukaki Airport water supply upgrade (Completed)

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

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

Assessment of performance against measures and targets for 2020/21

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



SECTION 3.2: Water Supplies

The following tables show how our water supply activity performed as measured against the targets set for the 2020/21 year.

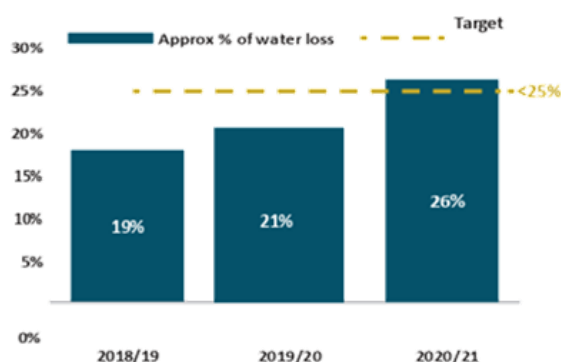
Measure 1: The percentage of real water loss from the networked reticulation system

Target: <25%

What we did: We did not meet this target for 2020/21 with approximately 26% of real water loss. This means the amount of treated water we produce which is leaking from our water supply mains, reservoirs and service connections.

Challenges/issues we experienced: No significant challenges or issues were experienced during the 2020/21 year.

Looking ahead: Water loss has been increasing in recent years. As a result, universal property metering is programmed to commence to be installed during 2021/22. It is Council's intention to carry out metering in a trial area such as Twizel initially and then roll it out to the wider area. Water metering is a fundamental tool in water demand management, water loss monitoring and conservation. It raises awareness of water use and the value of water among customers.



Measure 2: The median response times attend a call-out in response to a fault or unplanned interruption to the network reticulation system

Target: ≤2 hrs

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

Target: ≤12 hrs

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

Target: ≤72 hrs

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

Target: ≤120 hrs

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

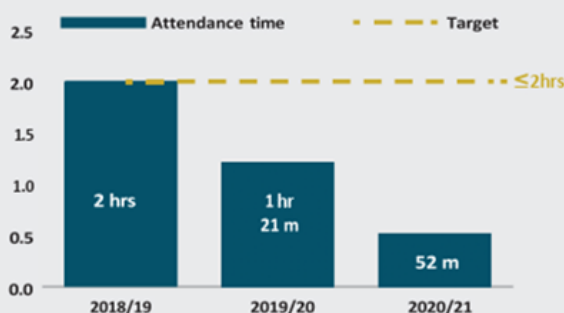
What we did: We achieved each of the targets for median response and resolution of faults for the 2020/21 year.

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

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

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

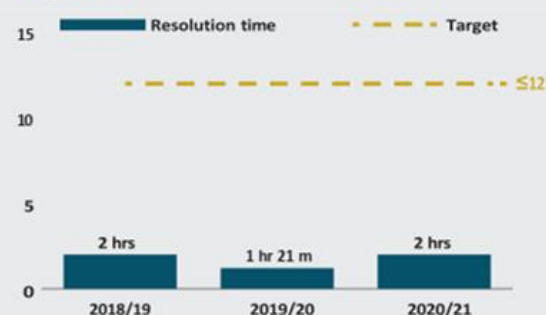
Target: ≤2 hrs



SECTION 3.2: Water Supplies

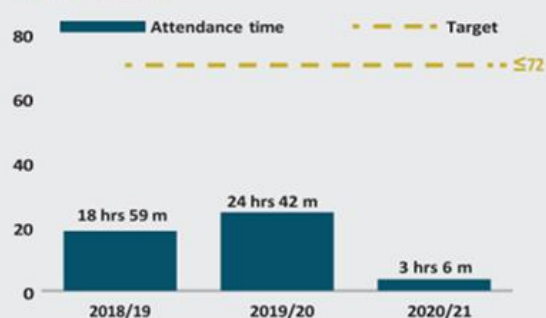
Resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption; and

Target: ≤12 hrs



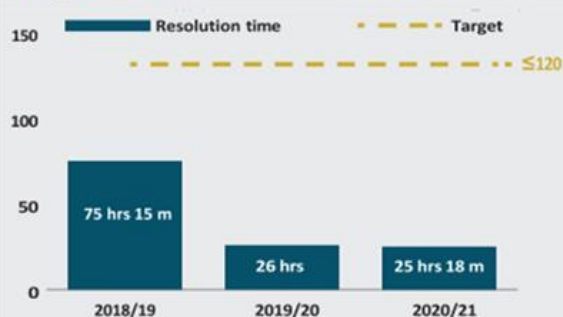
Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site; and

Target: ≤72 hrs



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

Target: ≤120 hrs



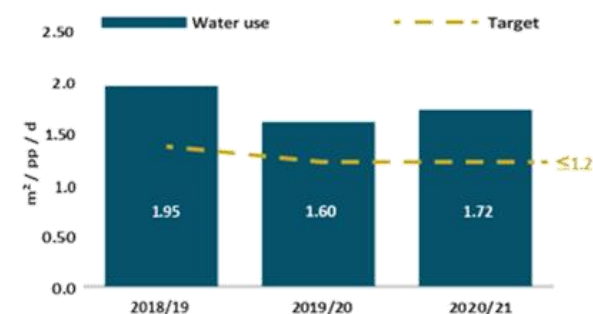
Measure 3: The average consumption of drinking water per day per resident within the District

Target: ≤1.2m³ per person per day within urban schemes

What we did: Our average daily drinking water consumption per resident is in line with previous in recent years meaning with a still noncompliant with our targets.

Challenges/issues we experienced: With our daily water usage levels still non-compliant with our target there is still a need for a greater understanding amongst our residents and visitors of the need to reduce consumption of water. Alternative methods of getting this message out are required to ensure that prudent and efficient usage of water is clearly communicated.

Looking ahead: We will undertake public education to promote prudent and efficient water usage is understood and practiced by our residents and visitors. We will also look at reviewing our target for consumption to ensure that it is practical and explore the possibility of universal smart water



metering.

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

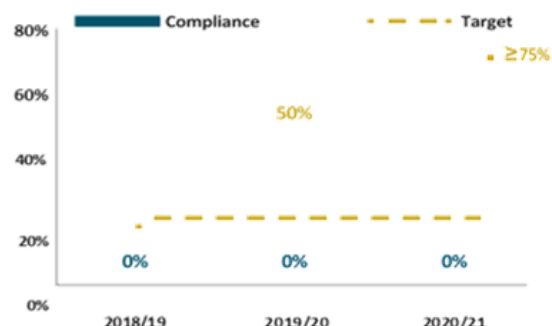
Target: 3 of 4 supplies receive compliance approval (Twizel, Tekapo & Fairlie)

What we did: Although we have the required infrastructure in place for Twizel and Tekapo, (excluding Fairlie) we have yet to receive Drinking Water Assessor sign off for these schemes. Therefore, we did not meet the 2020/21 target for Twizel, Tekapo and Fairlie. Although excluded from our target for 2020/21, Allandale, Albury, Burkes Pass do not yet have the necessary infrastructure to meet protozoa compliance. We are currently in the process of trying to show compliance.

Challenges/issues we experienced: We have experienced challenges in ensuring that evidence of the upgrades to the Tekapo and Twizel supplies is acceptable for the signing off for compliance. Fairlie does not yet have the necessary infrastructure to meet protozoa compliance.

SECTION 3.2: Water Supplies

Looking ahead: We had planned to complete an upgrade of the Fairlie treatment plant during 2020/21. Due to land purchase, design and supply chain issues this project is now due for completion at the end of the 2023/24 financial year. We will continue working towards the installation of appropriate infrastructure at all supplies to meet compliance. We are preparing Water Safety Plans in 2021/22 for all of our schemes which will clearly document processes and infrastructure that is in place to ensure compliance



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

Target: greater than or equal to 95% compliance for all four supplies

What we did: The 2019/2020 data was assessed as insufficient to gain compliance from the Drinking Water Assessors. After checking the data we improved the information so that there are no gaps in the data. The Drinking Water Assessors have yet to return to complete their assessment and these are now not expected due to the water reforms and the transfer of regulatory function. As DWA have not yet completed their assessment for 2020/21 the Ecoli sampling results presented on page 26 are provisional.

Challenges/issues we experienced: There remain challenges with getting the samples taken on the correct days and delivered on time to the laboratory for testing which has resulted in non-compliance with the standard. Data from the tests taken shows however bacterial compliance was achieved in all supplies when assessed alongside the New Zealand Drinking Water standards excluding the fact that there were minor gaps in the data.

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



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

(a) drinking water clarity; (b) drinking water taste; (c) drinking water odour; (d) drinking water pressure or flow; (e) continuity of supply; and (f) Council's response to any of the above¹⁰.

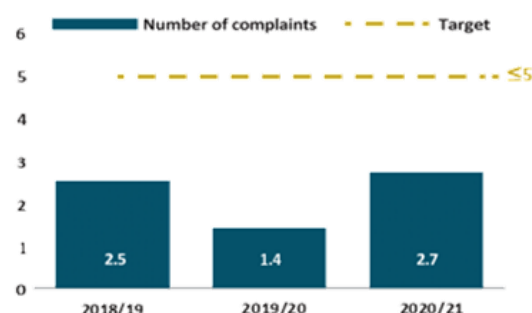
Expressed per 1000 connections to the networked reticulation system.

Target: less than 5 complaints/1000 connections within urban schemes

What we did: We continue to work with our contractor to minimise any issues than may cause a complaint. During the year, we received 10 complaints. This equates to 2.7 complaints per 1000 connections, meaning we met our target. Most complaints received related to chlorine in the water supply.

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

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



SECTION 3.2: Water Supplies

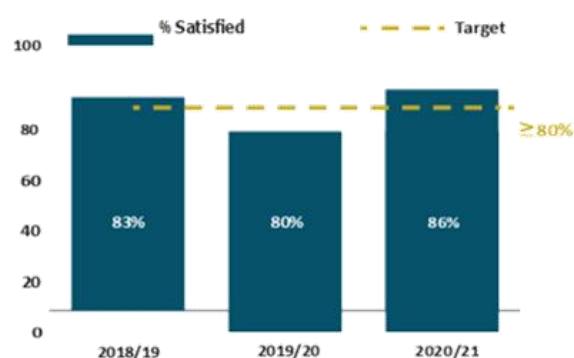
Measure 7: The percentage of ratepayers satisfied with the water supply service.

Target: 80%

What we did: We met our target More than 80% of customers surveyed stated that they were satisfied with the water supply service received during 2020/21.

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

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

**Summary of E.coli sampling results (as per Measure 5)**

A major flood event during the week of 26 May to 1 June 2021 prevented sampling of Treatment Plants and Distribution Networks

Treatment Plants

Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Fairlie	104	125	0	Compliant
Burkes Pass	52	59	0	Compliant
Tekapo	52	56	0	Compliant
Twizel	104	125	0	Compliant
Albury	52	58	0	Compliant
Allandale	52	64	0	Compliant

Notes: 1 Council contractors missed the sampling times required and a major flood prevented samples getting to the testing lab.

Distribution Networks

Plant name	Required number of samples	Number of collected samples	Number of transgressions	Compliance
Albury	12	17	0	Compliant
Allandale	12	21	0	Compliant
Burkes Pass	12	13	0	Compliant
Fairlie	52	64	0	Compliant
Kimbell	12	13	0	Compliant
Tekapo	12	61	0	Compliant
Twizel	52	59	0	Compliant

SECTION 3.2: Water Supplies

Funding Impact Statement – Water Supplies

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,431	1,466	1,587
Subsidies and grants for operating purposes	-	-	602
Fees and charges	-	-	87
Internal charges and overheads recovered	5	5	3
Local authorities fuel tax, fines, infringement fees and other receipts	191	195	20
Total Operating Funding	1,627	1,666	2,300
Applications of operating funding			
Payments to staff and suppliers	692	717	1,197
Finance costs	-	-	-
Internal charges and overheads	220	190	56
Other operating funding applications	-	-	-
Total applications of operating funding	912	907	1,253
SURPLUS / (DEFICIT) OF OPERATING FUNDING	715	759	1,047
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	764	385
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	764	385
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	179
- to replace existing assets	889	108	1,485
Increase/(decrease) in reserves	(174)	1,415	(231)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	715	1,523	1,432
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(715)	(759)	(1,047)
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Stimulus Funding received for 3 Waters work funded 100% by the Crown
- Development and Financial Contributions down as highly variable
- Capex spending increased due to carry forwards and stimulus funding work

SECTION 3.3: Wastewater

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 2021)

4 treatment facilities: each of the four schemes are treated with waste stabilisation pond wastewater treatment systems
94.2km sewer lines
1,037 manholes
6 pump stations
2,997 properties connected to Council wastewater systems

What We Do

Wastewater is one of the core functions of Council. Council is responsible for the management of wastewater collection, treatment and disposal services for its urban communities. Wastewater services are provided to support the development of the district and to protect the physical environment and the health of our communities. There are community wastewater systems in the townships of Twizel, Tekapo, Fairlie and Burkes Pass. In each case, effluent is collected and treated by way of an oxidation pond system and then discharged to ground.

Key Projects for 2020/21

Council identified key priorities to be progressed within the wastewater supply activity within Year 3 with the work programme being confirmed by the Annual Plan 2020/21.

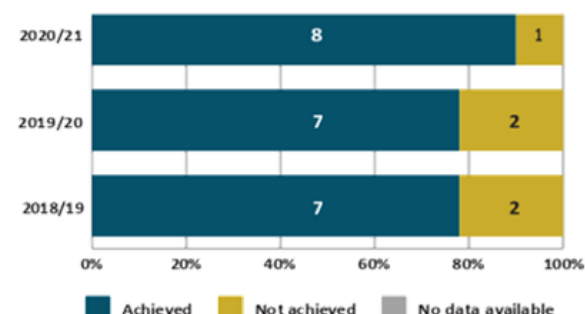
Project 1 – Fairlie sewer main review (work not required)

In our Long Term Plan 2018-2028 we indicated that we would carry out a review of our Fairlie wastewater mains and had provisionally budgeted for replacement works if the review showed that they were indicated. Approximately 80% of Fairlie sewer mains have been CCTV'd to date the rest to be done by March 2022.

Each year we review the condition of our wastewater mains through the use of CCTV. The review in 2020/21 did not indicate the need for any replacement works. We will continue to monitor the condition of our pipework and prioritise any replacements.

Assessment of performance against measures and targets for 2020/21

We achieved 89% of our non-financial performance standards in the wastewater activity.



The following tables show how our wastewater activity performed as measured against the targets set for the 2020/21 year.

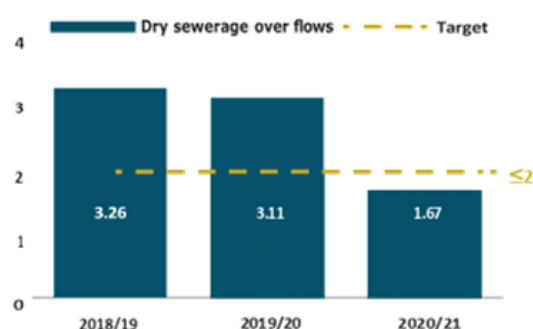
Measure 1: The number of dry weather sewerage overflows from Council's sewerage system. Expressed per 1000 connections to that sewerage system.

Target: <2 events

What we did: During the 2020/21 year, there were 5 dry weather overflows. With 2,997 properties connected to Council's wastewater systems throughout the district, this equates to 1.67 dry weather sewerage overflow events per one thousand connections.

Challenges/issues we experienced: In most cases, overflows resulted from blocked drains which had a significant fat build up from adjacent residential properties.

Looking ahead: Council will work on preparing educational material to remind those with properties connected to our wastewater systems about what can and cannot be disposed of to our reticulated wastewater systems.



SECTION 3.3: Wastewater

Measure 2: Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of:
 (a) abatement notices; (b) infringement notices; (c) enforcement orders; and (d) convictions, received by the Council in relation to those resource consents.

Target: Nil

What we did: Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of resource consents which Council operates for its wastewater systems. Council continues to monitor all sites and report all information to ECAN, in addition to site inspections being carried out by ECAN monitoring staff.

Challenges/issues we experienced: There has been some issue staying within our consent requirement which we are working on to meet these requirements.

Looking ahead: Council will continue to monitor the operation of our wastewater discharge systems and available data to ensure that the ponds continue to operate well and that they remain able to cope with future growth within our townships. The desludging of the main receiving ponds at each of the Town will help going forward. Increase in monitoring of the wastewater.

	2018/19	2019/20	2020/21
Abatement notices	NIL	NIL	NIL
Infringement notices	NIL	NIL	NIL
Enforcement orders	NIL	NIL	NIL
Convictions	NIL	NIL	NIL

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

Target: ≤ 1 hr

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

Target: ≤ 4 hrs

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

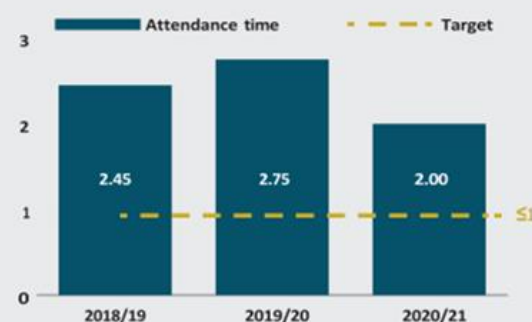
What we did: Council did not meet its targets for the attendance of sewerage overflows resulting from a blockage or other fault in the wastewater system for the 2020/21 year but did meet their targets for resolution timeframes.

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: Council will work with its contractor to review existing processes and resourcing levels to identify opportunities to reduce response times.

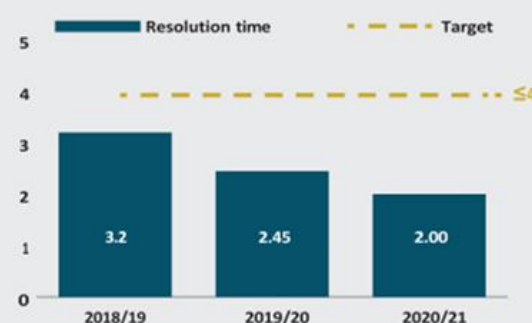
Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and

Target: ≤ 1 hr



Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault¹

Target: ≤ 4 hrs



SECTION 3.3: Wastewater

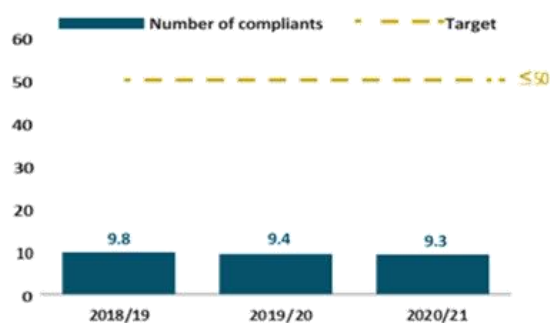
Measure 4: The total number of complaints received by the Council about any of the following: (a) sewage odour; (b) sewerage system faults; (c) sewerage system blockages; and (d) the Council's response to issues with its sewerage system. Expressed per 1000 connections to the Council's sewerage system.

Target: ≤50 complaints/1000 connections

What we did: During 2020/21, we received 28 complaints regarding the above matters in relation to our wastewater systems. With 2,997 properties connected to Council's wastewater systems, this equates to 9.34 complaints per one thousand connections.

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



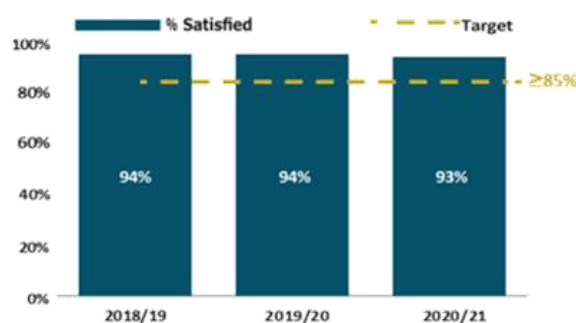
Measure 5: The percentage of ratepayers satisfied with the sewerage treatment and disposal service.

Target: ≥85%

What we did: Of those residents surveyed, 93% stated that they were satisfied with Council's sewerage treatment and disposal system during 2020/21. This exceeds the annual target of 85%.

Challenges/issues we experienced: There were no significant challenges or issues in the management of wastewater within the district in the 2020/21 year.

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



SECTION 3.3: Wastewater

Funding Impact Statement - Wastewater

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	726	774	729
Subsidies and grants for operating purposes	-	-	195
Fees and charges	-	-	34
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10	11	-
Total Operating Funding	736	785	958
Applications of operating funding			
Payments to staff and suppliers	335	471	616
Finance costs	-	-	-
Internal charges and overheads	6	6	31
Other operating funding applications	-	-	-
Total applications of operating funding	341	477	647
SURPLUS / (DEFICIT) OF OPERATING FUNDING	395	308	311
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	248	218
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	248	218
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	927	-	31
- to replace existing assets	273	15	39
Increase/(decrease) in reserves	(805)	751	460
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	395	766	529
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(395)	(308)	(311)
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Stimulus Funding received as part of government COVID-19 response package

SECTION 3.4: Stormwater

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 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 2021)

22,851 m² treatment area
3641.5 properties connected to council stormwater system
22.8km of pipelines
342 manholes
6.2km of open drains

What We Do

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

Council manages stormwater networks in Twizel, Tekapo and Fairlie. Each of these schemes are subject to consent conditions imposed by Environment Canterbury Regional

Council (ECAN).

Our networks to discharge to ground or to water after flowing through some form of treatment such as a swale or larger

vegetated treatment area. All the stormwater reticulation is via gravity with pipes ranging from 150mm to 1,050mm in diameter.

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

Key Projects for 2020/21

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

Project 1 – Tekapo (Lochinvar subdivision) discharge treatment area revegetation (work not required)

The Tekapo Lochinvar subdivision treatment zone was constructed in 2014/15 and requires regular maintenance to ensure it performs as designed. We made allowance to revegetate bare areas and replace contaminated soils every 5 years. Inspection of the discharge has shown that this work was not required during 2020/21.

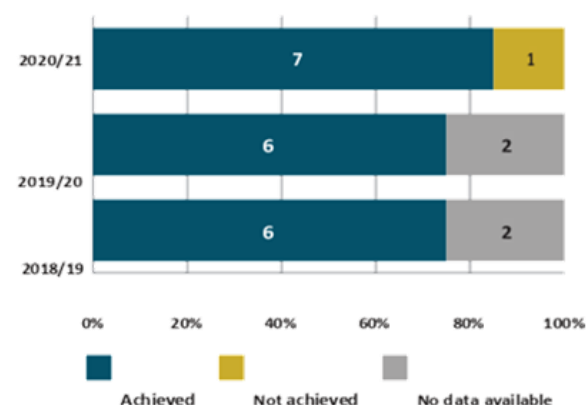
We will continue to monitor this system to ensure that it continues to operate as design and will prioritise revegetation and replacement of contaminated soils when required.

Project 2 – Stormwater management plans update (progressing)

Environment Canterbury's Land and Water Regional Plan requires our urban networks to have a Stormwater Management Plan. We have prepared consents for Twizel and Tekapo and lodged the plans with Environment Canterbury for approval during 2019/20. The consent for Fairlie is still being developed.

Assessment of performance against measures and targets for 2020/21

We achieved 87.5% of our non-financial performance standards in the stormwater supply activity.



The following tables show how our stormwater activity performed as measured against the targets set for the 2020/21 year.

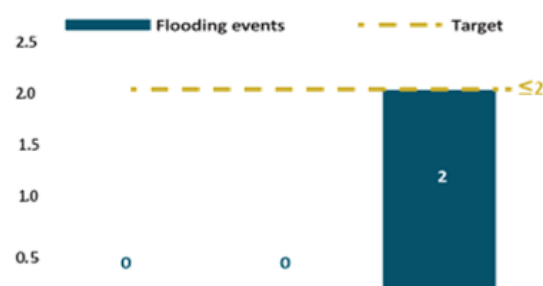
Measure 1: The number of flooding events that occur in the district

Target: ≤2

We had 2 significant flooding events in 2020/21.

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

Looking ahead: 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 blockages or failures.



SECTION 3.4: Stormwater

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

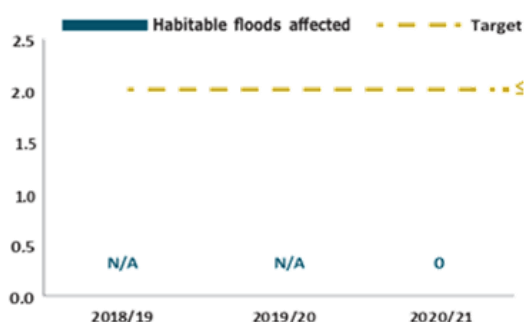
Expressed per 1000 properties connected to the Council's stormwater system.

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

What we did: Whilst there were 2 significant flood events during 2020/21, there were no habitable floors affected by those floods

Challenges/issues we experienced: No issues or challenges were experienced during 2020/21.

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 blockages 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; and (d) convictions, received by the Council in relation to those resource consents

Target: nil

What we did: Environment Canterbury Regional Council (ECAN) did not issue any compliance notices for any of resource consents which Council operates for discharge from its stormwater systems during the 2020/21 year. Council continues to monitor all discharges and report all information to ECAN, in addition to site inspections being periodically carried out by ECAN monitoring staff.

Challenges/issues we experienced: There were no challenges or issues affecting the Council's ability to operate our stormwater treatment facilities within our resource consent conditions and good practice guidelines.

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

	2018/19	2019/20	2020/21
Abatement notices	NIL	NIL	NIL
Infringement notices	NIL	NIL	NIL
Enforcement orders	NIL	NIL	NIL
Convictions	NIL	NIL	NIL

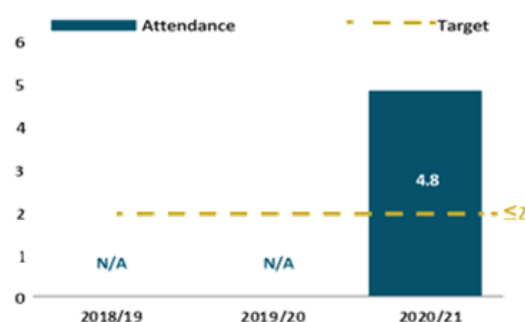
Measure 4: The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site

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

What we did: The median response time to attend a flooding event during 2020/21 was 4.8 hours which is greater than our target of 2 hours.

Challenges/issues we experienced: There were no challenges or issues affecting the Council's stormwater infrastructure in the 2020/21 year.

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



SECTION 3.4: Stormwater

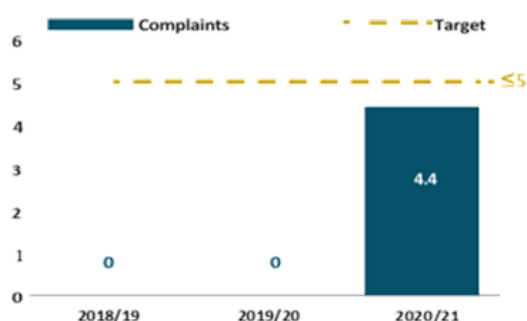
Measure 5: The number of complaints received by the Council about the performance of its stormwater system. Expressed per 1000 properties connected to the Council's stormwater system.

Target: <5 complaints per 1000 connected properties

What we did: We received 4.4 complaints per 1000 connections (or a total of 16 complaints for the year) about our stormwater system during 2020/21.

Challenges/issues we experienced: We did not experience any issues or challenges in our management of stormwater this year.

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 blockages or failures.



Other community feedback (ex survey)

Stormwater Services – Community Satisfaction Measure
This measures overall community satisfaction with the Council's Stormwater Services



SECTION 3.4: Stormwater

Funding Impact Statement - Stormwater

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	141	139	121
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	141	139	121
Applications of operating funding			
Payments to staff and suppliers	48	37	52
Finance costs	-	-	-
Internal charges and overheads	14	14	4
Other operating funding applications	-	-	-
Total applications of operating funding	62	51	57
SURPLUS / (DEFICIT) OF OPERATING FUNDING	79	88	64
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	128	28
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	128	28
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	79	216	92
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	79	216	92
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(79)	(88)	(64)
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Financial Contributions down as dependent on subdivision activity.

SECTION 3.5: Rooding

3.5 Rooding

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

Key Facts (as at 30 June 2021)

213km of sealed roads
 519km unsealed roads
 Local roads owned and maintained by Council (excludes State Highways and roads within Mt Cook village)
 69km footpaths
 97 bridges
 1,251 street lights

What We Do

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

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

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

The rooding assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights, signage and other assets associated with transportation. The carrying value for Council's rooding assets is \$118.3 million.

Key Projects for 2020/21

Renewals, replacements and maintenance of our network to appropriate standards for our communities and visitors continued to be a focus for the 2020/21 year. Some of the key projects we undertook to maintain our levels of service are outlined below.

Project 1 – Gravel application, resealing and maintenance works (ongoing)

To maintain levels of services across our rooding network we undertake ongoing resealing and maintenance works. Each year, we lose approximately 17mm off gravel of our unsealed roads. To manage this, we apply approximately 23,263m² of gravel to maintain the base and surfaces of our unsealed roads annually.

We are also continuing to make improvements to our gravel roads to reduce maintenance requirements. This includes

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

During 2020/21, we undertook 11.75km of resealing of the sealed network (6.2% of our sealed network). We also undertook a number of rehabilitation and improvement works including those on Lakeside Drive, Lilybank Road and North West Arch.

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

Project 2 – Low cost low risk improvements (Ongoing)

Each year we undertake several rooding improvement projects which are designed to address localised pressures from growth on our network. We have an annual budget of \$300,000 for these low cost low risk projects, of which we need to fund 49% from rates.

In 2020/21 we completed projects in Tekapo, including Lakeside Domain upgrades to improve connectivity and flow around Motuariki Lane and Maclaren footbridge. This work was in addition to a carparking project funding by the Ministry of Business, Innovation and Employment.

Other low cost low risk projects in 2020/21 included bank removal on Andrew Don Drive, to increase visibility and widen the road to provide two way access. We also widened Rapuwai Lane. Other projects included the installation of drainage at various locations. There were also footpaths improvements within Tekapo.

Project 3 – Streetlighting replacement programme update (progressing)

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

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

This year we let a contract to replace all of our street lights including bollards. This contract was 30% completed by financial year close and unfortunately delayed due to supply chain issues.

SECTION 3.5: Rooding

Project 4 – Footpaths update (Progressing)

Following an announcement by Chorus regarding the rollout of ultra-fast broadband (UFB) for Twizel, Tekapo and Fairlie we decided to delay footpath replacements until Chorus' work is completed. In the interim, we have been undertaking some maintenance to ensure necessary levels of safety are maintained. The UFB rollout in Twizel was completed in 2019/20. Tekapo and Fairlie rollout commenced in 20/21 and is continuing.

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

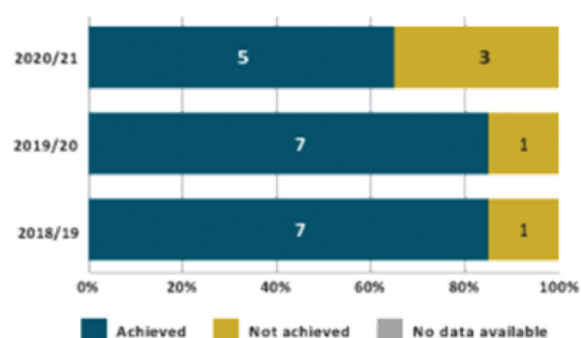
Project 5 – Transportation Study update (Progressing)

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.

We are progressively delivering actions identified within the plan with a lot of emphasis on Tekapo due to transport pressures being experienced here. Covid has however significantly disrupted traditional patterns and therefore ongoing studies have been limited as data collected could be uncharacteristic of the true issues. The situation is unlikely to resettle into a new norm for at least 24 months.

Assessment of performance against measures and targets for 2020/21

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



The following tables show how our roading activity performed as measured against the targets set for the 2020/21 year.

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

- Rural roads: $\geq 90\%$
- Urban roads: $\geq 75\%$

What we did: We continually aim to maintain our network to a high standard, reducing the need for costly repairs. We have quality control processes in place to ensure that all works completed on our networks and all assets vested to us (e.g. through subdivisions) are constructed to a high standard, and that works within the corridor (e.g. service trenches) are restored to the same high standard. To ensure this occurs, staff carry out quality assurance checks during construction and prior to surfacing. If works do not meet the appropriate standard, they are reworked or reconstructed. These measures ensure the quality of ride on our rural and urban roads, measured by smooth travel exposure, is maintained. The latest roading roughness count was completed in October 2020 which are reflected in the 2020/21 results below.

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.

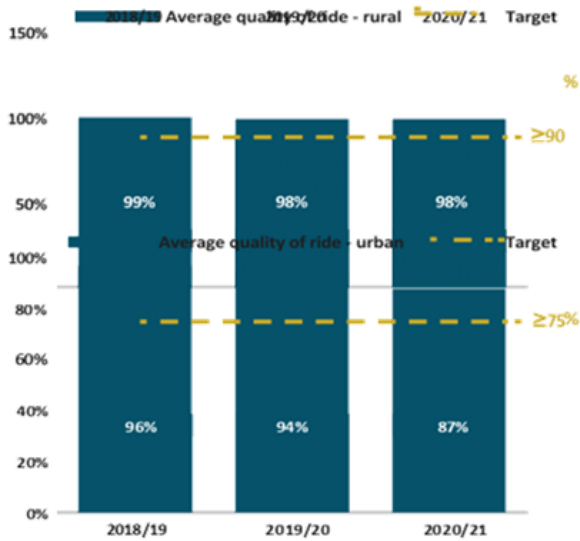
Some long term traffic counts have been undertaken over the 2020/21 financial year but the regular counting program has been on hold and predominantly unachievable. This is primarily due to resourcing but also COVID levels and settings due to this COVID this has reduced traffic across the district we are still experiencing seasonal peaks in the domestic tourism market. The 2021 traffic counts haven't been included in the system hence they are not part of the 2021 performance result.

The net effect on road roughness (measured as Smooth Travel Exposure (STE)) is minimal as in the recent roughness survey the latest historic traffic data has been used for the calculation on a three yearly counting cycle. This may have a slight effect on the result but given traffic volumes have reduced (less traffic) this is likely to improve the result.

Council are in the process of restarting the counting programme using the road maintenance resource for physical works and collection. They will manage the date and Road Asset Maintenance Management System (RAMM) inputs internally going forward.

SECTION 3.5: Roading

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



SECTION 3.5: Roading

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

Target: $\geq 4\%$

What we did: During the 2020/21 year, we sealed a total of 93,600 m² over 11.75 km of road. This consisted of 8.75km of urban roads and 3.00 km of rural road. This equated to 6.2% of our sealed local road network, achieving our annual target of 4%.

Challenges/issues we experienced: At the end of May 2021, we experienced a significant flooding event that effected sections of the rural network predominantly outside of the Mackenzie basin. Damage was assessed at just over \$2 million and strategies have been put in place to fix this damage over time. Some of the damage will attract an enhanced financial assistance rate of an additional 20%.

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

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

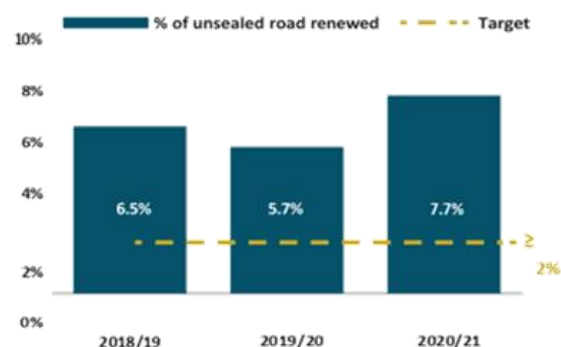
Target: $\geq 2\%$

What we did: During the 2020/21 year Council applied 23,263 m³ of granular material on our unsealed roads; 68.3 km of maintenance metalling and 39.7km of wearing course treatments. 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

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 been trialling over the last thirteen years. We have also started blending weathered rock with our crushed river aggregate source to improve product performance and achieve longer life for our material. This work is proving successful, and moves us towards addressing some of our challenges.

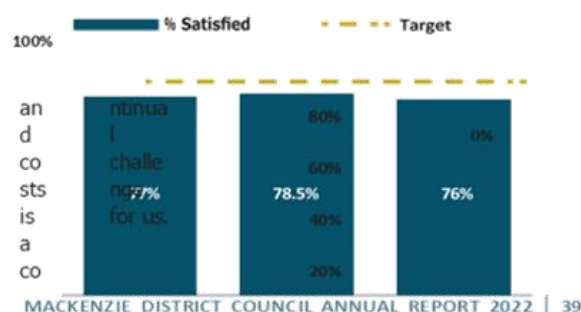
**Measure 4: The percentage of road users satisfied with the roading network**

Target: $\geq 85\%$

What we did: Of those surveyed, 87% stated that they were satisfied with our urban roading network, 68% were satisfied with our rural road network and 72% stated they were satisfied with our footpaths. This is an average satisfaction of 76%. This is slightly lower than the year before meaning we did not meet our target for 2020/21.

Challenges/issues we experienced: At the end of May 2021, we experienced a significant flooding event that effected sections of the rural network, likely leading to the lower satisfaction levels from this year's survey. However approximately \$2 million has been invested into the restoration of these roads and footpaths.

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



SECTION 3.5: Roading

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

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

What we did: There were no fatal, 1 severe and 9 minor injuries on our roading network in 2020/21. These were the result of 8 separate crashes on Council controlled roads. The social cost of these crashes has been estimated at \$1.67million. This compares to 2019/20 when there was a total of 13 crashes on local roads, but these did not include any fatal or serious injuries.

Challenges/issues we experienced: Traffic volume growth

increases the potential for conflict. Care is especially required on our unsealed roads where the majority of crashes have occurred. Given the makeup of our network and variant use it

is hard to predict any trends. This is compounded by the lack of recorded near miss/crash data. For these reasons, we work to ensure that our entire roading network is maintained to a high standard to improve safety.

Looking ahead: We have planned a number of safety improvement projects as part of our Long Term Plan 2021-2031. Due to budget restrictions, we had to prioritise improvement works. In addition to improvements, we will continue to maintain our existing traffic services and maintenance including vegetation control (to increase visibility), and pothole repair to improve the safety of our roading network.

	2018/19	2019/20	2020/21
Change from			
previous financial year	0	-2	1

Measure 6: The percentage of customer service requests relating to roads and footpaths to which Council responded to within 10 working days

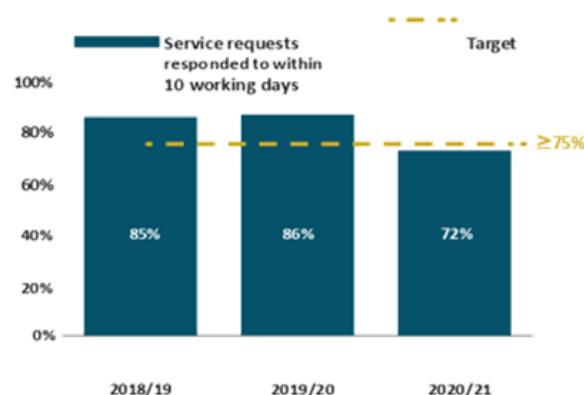
Target: ≥75% of service requests relating to roads and footpaths will be responded to within 10 working days

What we did: In 2020/21 we responded to 72% 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: Due to the complexity of some issues, additional time may be required to resolve the issue, particularly if a specialist contractor is required to undertake the works. This is particularly true for areas which were more heavily impacted by the flooding event in May.

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

**Measure 7: The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP**

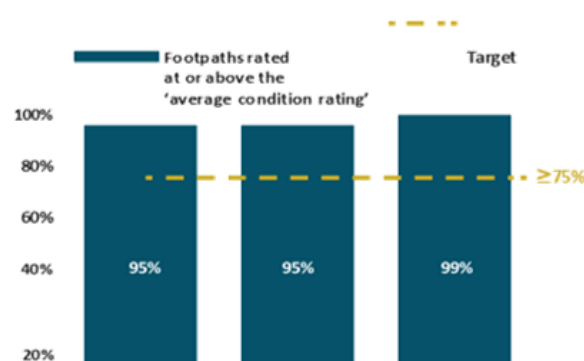
Target: ≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.

What we did: We have continued to repair footpaths where they posed an immediate hazard or where failure of the asset may have occurred if not attended to. At present, 99.3% of the total length of our footpaths are at, or above, the average condition rating, exceeding the target.

Challenges/issues we experienced: Programmed improvement works was put on hold, to coincide with the

UFB rollout. As the cable infrastructure will be installed within the shoulders/berms of our road reserves, the trenching and associated works will impact on our footpaths.

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



SECTION 3.5: Roading

Funding Impact Statement - Roading

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,799	1,517	1,020
Subsidies and grants for operating purposes	857	878	770
Fees and charges	-	-	55
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	29	29	84
Total Operating Funding	2,685	2,424	1,930
Applications of operating funding			
Payments to staff and suppliers	1,793	1,870	1,705
Finance costs	-	-	-
Internal charges and overheads	196	231	167
Other operating funding applications	-	-	-
Total applications of operating funding	1,989	2,101	1,872
SURPLUS / (DEFICIT) OF OPERATING FUNDING	696	323	58
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	989	1,963
Development and financial contributions	958	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	958	989	1,963
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	334
- to replace existing assets	2,054	2,124	2,775
Increase/(decrease) in reserves	(400)	(812)	(1,088)
Increase/(decrease) of investments	-	-	(0)
Total applications of capital funding	1,654	1,312	2,021
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(696)	(323)	(58)
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Rates drop attributable to budgeting error.
- Subsidies and Grants - Increased funding received for key projects.
- Substantial higher spend on Minor Improvements Capex.

SECTION 3.6: Regulatory Services

3.6 Regulatory Services

The Council undertakes a range of regulatory activities to enhance the safety of those who live in and visit the Mackenzie District. It also aims 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 2021)

147 resource consents processed/146 within statutory timeframes
 383 building consents processed
 1,502 dogs registered in the district
 59 liquor licences including off and on licences
 72 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, civil defence and emergency management, and public health and liquor licensing.

Resource management

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

Building control

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

Civil Defence and Emergency Management

Council is responsible, under the Civil Defence Emergency Management Act 2002, to ensure that the Council and community are prepared and able to respond in the event of a civil defence emergency. Council's civil defence activity relies

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

Public Health and Liquor Licensing

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

Key Projects for 2020/21

It has been a busy year for the regulatory services activity area. As well as processing significant numbers of building and resource consents and liaising with stakeholders in relation to environmental management, Council also increased its resourcing of its civil defence and emergency management function to review and improve its ability to respond to emergencies.

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 will then encompass all other outstanding issues.

Stage Two of the DPR was scheduled for 2019/20 and 2020/21 with our strategic focus being on visitor accommodation, managing rural areas outside of the Mackenzie Basin, and township form, growth and development.

Following on from the commencement of the spatial planning work in 2019/20, the spatial planning project went through a multistage process for each township including:

- Community Workshops,
- Shortlist Development,
- Community Engagement on Shortlists,
- Option Analysis,
- Community Engagement on the Preferred Options,
- Adoption of Preferred Options.

This process culminated in the adoption of the Spatial Plans by Council on 29 June 2021. This has allowed for staff to complete the final Spatial Planning document and supporting technical documents in early 2021/22.

Alongside the spatial planning work the District Plan Review has been progressed through the identification of key resources that need to be procured to support the project. This has seen the creation of a procurement plan and request for proposals template. These documents will go to market as soon as funding is confirmed through the LTP.

The remainder of the DPR is scheduled for 2021/22 to 2023/24.

SECTION 3.6: Regulatory Services

Project 2 – Civil defence generator (Complete)

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

Due to the impacts of COVID-19 and competing priorities within our Civil Defence and Emergency Management activity, this project was deferred to 2020/21, but has since been complete.

Project 3 – Plan Change 18: Indigenous Biodiversity (ongoing)

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

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

Since beginning our work on PC18, central government have begun developing guidance, offering a refreshed New Zealand Biodiversity Strategy and new National Policy Statement on Indigenous Biodiversity (NPS) to be developed in the context of the Strategy. As this national work has the potential to affect our Plan Change provisions and how we progress, we sought to extend our processing of PC18, awaiting the release of the Proposed National Policy Statement on Indigenous Biodiversity. This 12 month extension was approved by the Minister for the Environment and was due to expire in December 2020. A further extension was sought in December 2020 and was granted until 30 June 2021. Council made the decision to progress this plan change prior to the national direction being released.

In 2020/2021 staff progressed Plan Change 18, through the engagement of consultants to prepare necessary reports and the appointment of a hearings panel to hear and make recommendations on Plan Change 18. Hearings were held in Fairlie from the 8th to 10th of March 2021. On 22 June 2021 Council adopted the recommendations of the Commissioners as Council's decision on Plan Change 18. This was subsequently notified on 24 June 2021.

The 2021/22 year will see Plan Change 18 go through the Environment Court Appeals process, with four appeals received.

Project 4 – Te Manahuna Ki Uta Destination Mackenzie study (Ongoing)

Te Manahuna Ki Uta/Destination Mackenzie is a multi-partner strategic planning process for the Mackenzie District lead by Council with Ministry Business, Innovation and Employment (MBIE), Land Information New Zealand (LINZ), the Department of Conservation (DOC), Waka Kotahi (NZTA) and the Mackenzie Development Group (representing local businesses).

The co-design with our Treaty partners is a crucial element of the project and all work will be informed by mana whenua values and aspirations.

Engagement with the community on the project occurred in August 2021 and the finalisation of the Destination Management Plan is scheduled for early 2022. The Destination Management plan (Te Manahuna Ki Uta) will be a key strategic document that will help inform and guide future tourism development in the Mackenzie for the next 100 years. It will highlight potential projects and opportunities that will need to be considered in the future with our key partners, stakeholders and other investors.

Achievements for the 2020/2021 financial year include the collaborative development of values and aspiration with mana whenua through two Wananga held with the chairs and cultural leaders of the three rūnanga. This is still being finalized with mana whenua. Currently we are working with the partners on the decision-making framework, scenario development and assimilating feedback from the engagement and determining how this influences and informs the development of the Destination Management Plan.

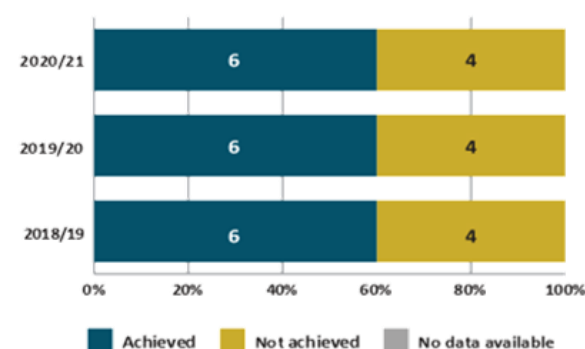
Project 5 – Policies and Bylaw Review

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. This is stage one of the policies and bylaw workstream with 2021/2022 to see hearings held for the notified policies and bylaws and progression of reviews of additional policies and bylaws that need review or establishment.

Assessment of performance against measures and targets for 2020/21

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



SECTION 3.6: Regulatory Services

The following tables show how our regulatory services activity performed as measured against the targets set for the 2020/21 year.

Resource Management

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

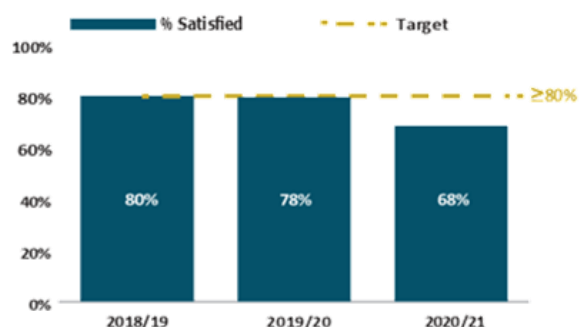
Target: ≥80%

What we did: This year, 68% of those surveyed were satisfied with how we are managing resource management issues within the district. This did not meet our target for 2020/21.

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.



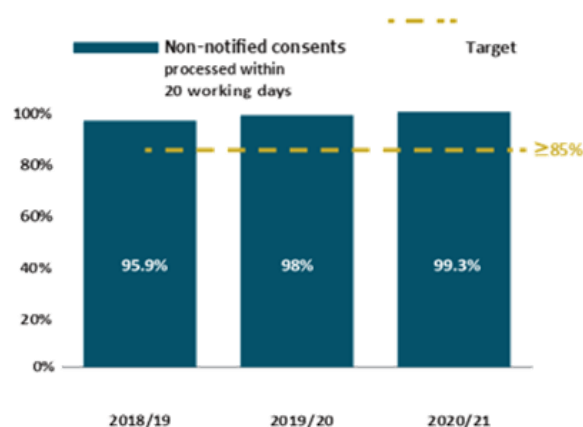
Measure 2: Non-notified consents are processed within the statutory timeframe of 20 working days

Target: ≥85%

What we did: This year we have met our target of 85% of non-notified consents being processed within statutory timeframes. This increase continues prior year results which reflect the improvements we have made to processes, in particular the tracking and monitoring of consent processing.

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

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



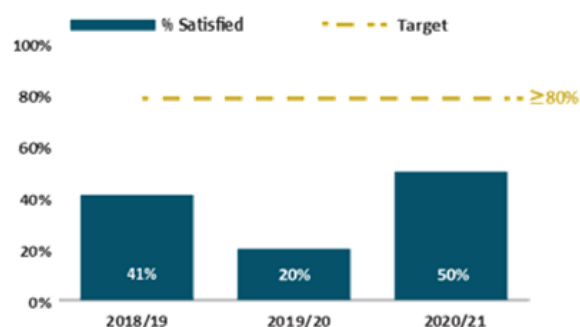
Measure 3: The percentage of applicants for resource consents that are satisfied with the quality of services they receive

Target: ≥80%

What we did: During 2020/21, there was an increase in customer satisfaction with the quality of service from the previous year. However, satisfaction levels were still below 80% meaning Council did not meet its target. It is not clear why this is so low considering an overall increase in the number of consents being processed within 20 working days.

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

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



SECTION 3.6: Regulatory Services

Building Control

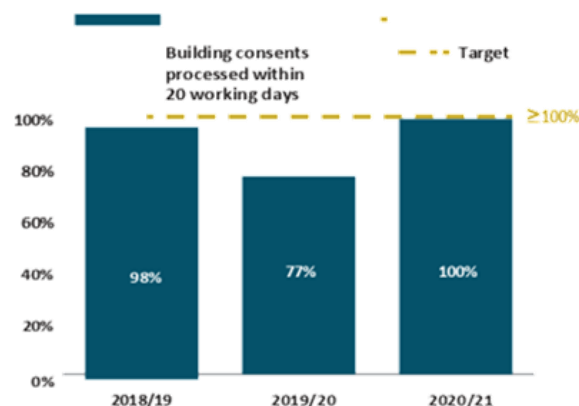
Measure 4: Building consents are processed within the statutory timeframe of 20 working days

Target: 100%

What we did: With 100% of building consents processed within statutory timeframes, we did meet our target for 2020/21.

Challenges/issues we experienced: Increased level of building activity in the region especially Tekapo and Twizel coupled with in house vacancies in technical positions has created significant challenges in meeting our 20 working days statutory timeframes for processing building consents. Council has managed to meet this demand by contracting out these services.

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

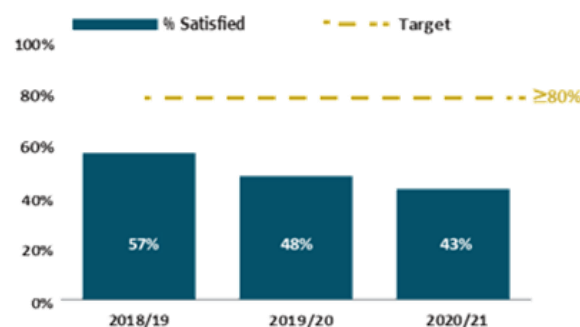
**Measure 5: The percentage of applicants for building consents that are satisfied with the quality of the service they receive**

Target: ≥80%

What we did: During 2020/21, we did not meet this target for 2020/21.

Challenges/issues we experienced: A number of factors have impacted on our delivery of building control services. Growth across the district has made for a very busy year. We have continued to have challenges around recruiting and retaining appropriately skilled and experienced in house staff. Currently we only undertake a survey once a year. It is considered that the time delay between our customers seeking building consent and being surveyed may affect the validity of the survey.

Looking ahead: We will continue to assess staffing requirements as part of the review of our Building Control Authority and Territorial Authority functions. We will also be making improvements to our survey questions, and sending out surveys at the time decisions are made. We believe this will increase the number of survey responses that we receive and ensure that responses are reflective of the consenting processes our customers experience.

**Measure 6: Accreditation is retained.**

Target: Accreditation is retained (new measure in 2018/19)

What we did: An accreditation assessment was undertaken by IANZ in June 2020 which identified a significant amount of non-compliances. Issues that were identified were addressed by February 2021. A further accreditation assessment was undertaken in July 2021 which identified 6 non-compliances in total of which none were serious and 2 were cleared during the assessment. Leaving only 4 outstanding to address.

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

Looking ahead: Following the audit in June 2020, the Building Control Authority (BCA) actively worked to clear the significant amount of general non-compliances to enable the BCA to maintain accreditation.

Following the July 2021 audit, the BCA have and 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.

2018/19	2019/20	2020/21
✓	✓	✓

SECTION 3.6: Regulatory Services

Animal Control

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

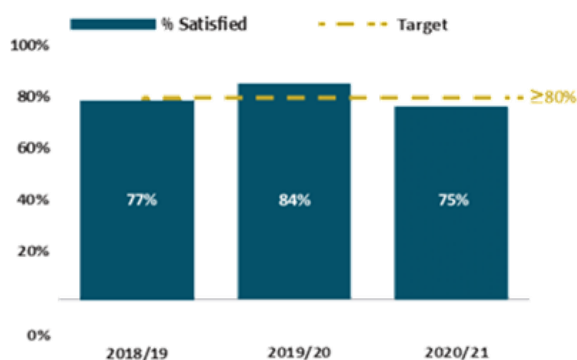
Target: ≥80%

What we did: During 2020/21, we experienced a slight decrease in satisfaction with our dog control activities. This has meant we have not met our target for 2020/21.

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.

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)

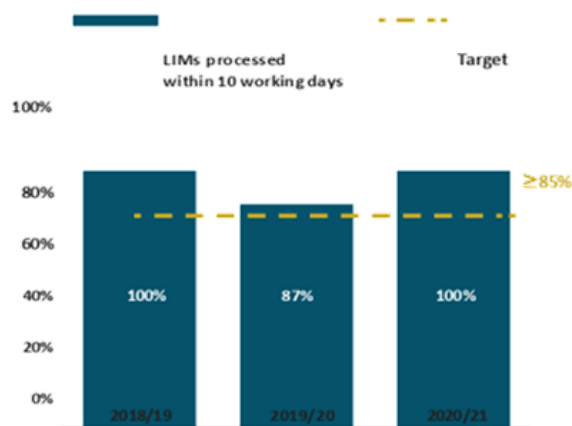
Measure 8: LIMs are processed within the 10 working day statutory timeframe.

Target: ≥85% (new measure in 2018/19)

What we did: During 2020/21, we issued 252 LIMs, all of which were within the statutory 10 working day timeframe.

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.



SECTION 3.6: Regulatory Services

Civil Defence and Emergency Management

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

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

What we did: Our Emergency Management Officer (EMO) continued to support and prepare the CDEM volunteer Community Response Teams in Twizel, Tekapo, and Fairlie providing training so they can support their communities at times of need.

On 25 June 2021, we conducted our annual Emergency Operations centre (EOC) exercise which was based on implementing the EOC management software system while dealing with a flood. Ongoing training was offered to staff throughout the year.

Emergency Response:

Council staff at the request of Fire and Emergency NZ responded to Twizel to assist within their Incident Management Team (IMT) with the extinguishment of the wildfire known as "Pukaki Downs" fire that burnt 3,500 Ha including one dwelling and numerous on-farm infrastructure over the period 30 August to 4 September 2021. Fire and Emergency NZ and council then collaborated to coordinate the recovery of the affected landowners over the following two weeks, this provided a sound foundation to enable the landowners to then continue with their individual recovery.

The Emergency Management Officer was then requested to assist with the support of residents evacuated from the Ōhau village as a result of a wildfire that burnt 5,500 Ha and the loss of 50 homes. Council staff and the Twizel CDEM Community Response Team (CRT) provided immediate welfare support to this community for the first 48 hr. The CRT continued to support Waitaki CDEM with ongoing welfare support for this community

for 6 days.

The EOC activated for 5 days for the region wide declaration as a result of the MetService RED weather warning resulting in widespread flooding across the Canterbury region for the period from 30 May to 3 June 2021.

Recovery Activities:

Due to the significance of the flooding event Council appointed a Recovery Manager to assist with the coordination and the advocacy for the flood impacted landowners and council infrastructure. This continues into the new reporting year.

Challenges/issues we experienced: The Covid-19 pandemic continues to impact on programmed training for council staff and volunteers along with the associated resurgence planning and lower Alert Level planning and responses.

Looking ahead: We will provide improved and ongoing upskilling opportunities in the form of monthly training for EOC staff. This will ensure that staff (and volunteers as required) are familiar with the required systems and processes. The focus will include the planning and testing of an alternate EOC to consolidate our CDEM contingency planning.

2018/19	2019/20	2020/21
✓	✓	✓

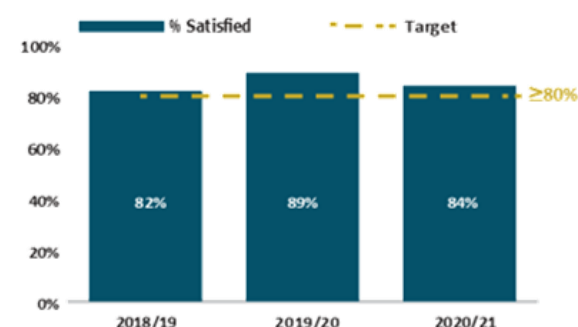
Measure 10: The percentage of the community surveyed that believe they are adequately prepared for a civil defence emergency

Target: ≥80%

What we did: We met our target for 2020/21. The communities of the Mackenzie are now confident of the ability of council to respond to any emergency that requires Emergency Management coordination, the challenge going forward will be to continue to deliver on that expectation into the future. Community engagement and education continues to be a priority including the partnering with other agencies to complement or multiply the messages being shared.

Challenges/issues we experienced: With the increase of regular emergencies this has had the ability to engage with our communities regarding preparedness and resilience. However, for council staff and other agencies response fatigue is also a risk especially in relation to the ongoing COVID-19 resurgence planning and associated responses.

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

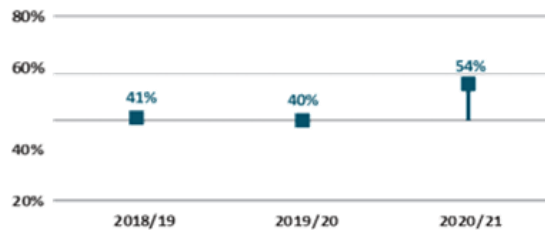


SECTION 3.6: Regulatory Services

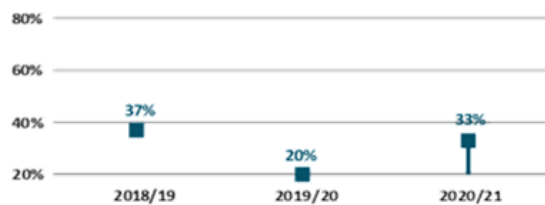
Other community feedback

Resource Management

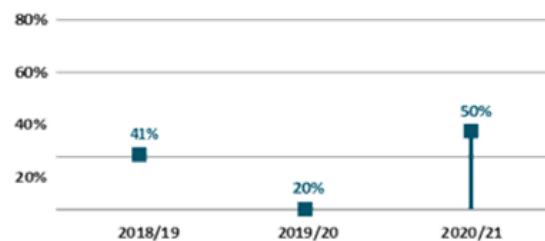
54% of resource consent applicants surveyed were satisfied with the helpfulness of our planning staff



33% of resource consent applicants surveyed considered that the cost and time commitments associated with obtaining a resource consent are reasonable

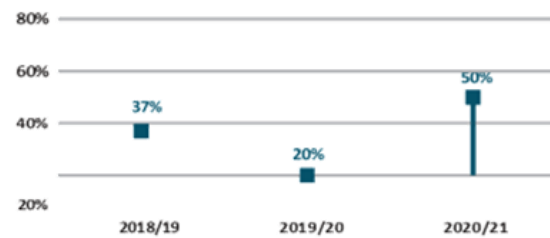


50% of resource consent applicants surveyed were satisfied with the quality of service they received

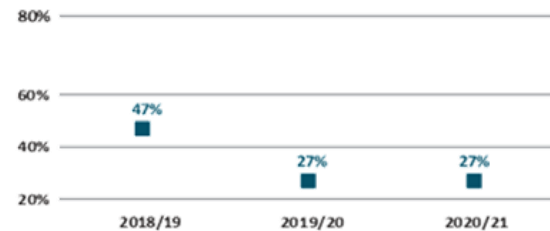


Building Control

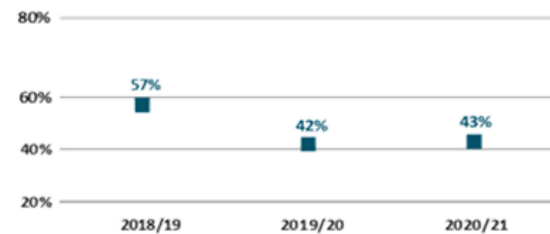
50% of building consent applicants surveyed were satisfied with the helpfulness of our building staff



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



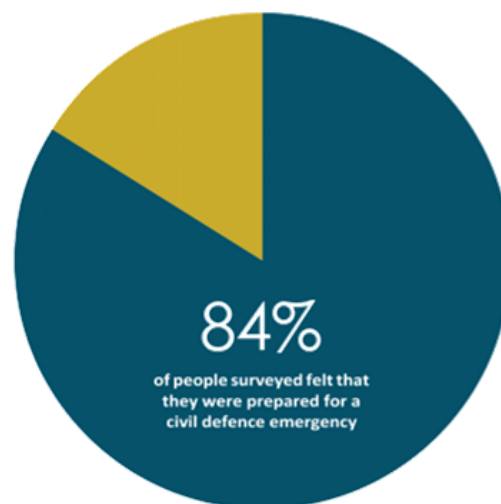
43% of building consent applicants surveyed were satisfied with the quality of service they received



Civil Defence and Emergency Management

84% of people surveyed felt that they were prepared for a civil defence emergency

SECTION 3.6: Regulatory Services



SECTION 3.6: Regulatory Services

Funding Impact Statement - Planning and Regulation

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	799	969	930
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	182
Fees and charges	-	-	1,178
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,309	1,350	-
Total Operating Funding	2,108	2,319	2,290
Applications of operating funding			
Payments to staff and suppliers	1,917	1,997	3,570
Finance costs	-	-	-
Internal charges and overheads	87	96	140
Other operating funding applications	-	-	-
Total applications of operating funding	2,004	2,093	3,710
SURPLUS / (DEFICIT) OF OPERATING FUNDING	104	226	(1,420)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	154	158	375
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	154	158	375
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	36	-	4
Increase/(decrease) in reserves	222	384	(1,049)
Increase/(decrease) of investments	-	-	0
Total applications of capital funding	258	384	(1,044)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(104)	(226)	1,420
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Fees and Charges previously coded to other receipts
- Payments to staff and suppliers up due increased Building Control costs.
- Reserves decreased to fund District Plan work.

SECTION 3.7: Community & Township Services

3.7 Community & Township Services

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

Key Facts (as at 30 June 2021)

9 pensioner housing units – three in Twizel and six in Fairlie
 5 cemeteries – Twizel, Tekapo, Burkes Pass, Fairlie and Albury
 2 swimming pools – Twizel and Fairlie
 378ha of recreational land - Recreation A (Active) and Recreation P (Passive) zoned land including domains, parks and walkways
 3 resource recovery parks
 Urban household waste and recycling collection

What We Do

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

- Parks and Open Spaces
- Swimming Pools
- Public Toilets
- Trees
- Community and Recreation Centres
- Council Administration Buildings
- Cemeteries
- Streetscapes
- Trails
- Community Housing
- Playgrounds

ASSETS MANAGED BY MACKENZIE DC INCLUDE

Urban (Actively maintained parks)	105 ha
Playgrounds	10
Skate Parks	1
Community Centres and Halls	5
Community Housing units (two sites)	9
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	Not defined
Cemeteries	4

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

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

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

Key Projects for 2020/21

2020/21 was a busy year for many aspects of this activity. As well as maintaining our parks, reserves, and facilities, we provide support to other community services and organisations to ensure a broad range of community services and support are available in our district. The level of significant visitor growth meant also increased requirements for activities such as waste management, freedom camping and public toilets. Some key projects are further outlined below.

Project 1 – Twizel Community Centre upgrade (progressing)

As part of our Long Term Plan 2018-28 we intended to make improvements to the Twizel Community Centre. This year our focus was going to be upgrading the kitchen, providing additional storage, resurfacing the sports hall floor and making security and access improvements.

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

The sports hall floor resurfacing was completed in during the year and will extend the life of this popular community asset, including updated line marking for the various sports utilising this facility. The rest of the work was put on hold as there were concerns regarding works required to ensure the facilities

Certificate of Public Use, (CPU) could be maintained. This work was scoped and has been set as a priority for 2021/22.

We are also planning to investigate options to re-clad the exterior of the gym section of the Twizel Community Centre and the kitchen upgrade but this will be undertaken after the essential work required for the issuing of our CPU.

SECTION 3.7: Community & Township Services

Project 2 – Twizel Market Place landscaping and upgrade (progressing)

We had planned to improve accessible access from the Market Place carpark, near the Council office, through to the centre of Market Place and the post boxes. This work was intended to be completed in 2020/21 however this was delayed due to COVID-19. We have prepared plans for this upgrade which have been supported by the Twizel Community Board and procurement processes are underway

This work will now be undertaken in 2021/22 construction season.

Project 3 – Mackenzie Community Centre upgrade (progressing)

We are continuing to make improvements to the Community Centre to increase its useability. A kind donation by the Jack and Enid Hutt Trust, allows us to also upgrade the kitchenette which is due to be undertaken in 2021/22 and making aesthetic improvements to the Jack and Enid Hutt Lounge.

Project 4 – Lakeside Domain, Lake Tekapo (progressing)

This year our focus was on redevelopment of the Barbara Hay Reserve, the reserve on D'Archiac Drive (Maukatua Reserve), and landscaping improvements adjacent to the Church of the Good Shepherd carpark.

We are continuing to progress the Tekapo Development Plan with a focus on improvement to the wider lakefront reserve, with a key development being the improvement and completion of the path linking Tekapo Springs to the Outlet footbridge.

Project 5 – Waste Management and Minimisation Contract (completed)

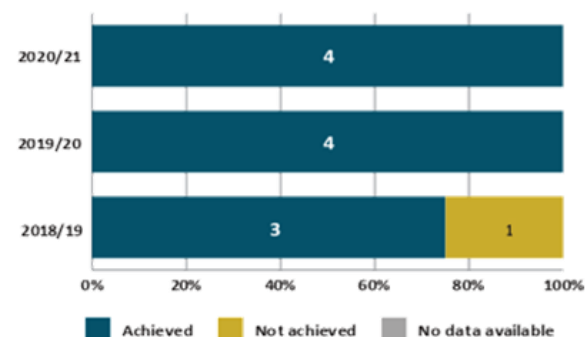
Council joined together with Timaru and Waimate District Council's to undertake a joint procurement process for our waste minimisation and management services, with each Council awarding individual contracts. The joint approach provided a number of benefits in the procurement process and offered the opportunity for shared resources. Our contract is for a term of 14 years 9 months, with a potential additional 5 years subject to performance. It provides waste services throughout our district for refuse, recycling, and glass including collection and the operation of our resource recovery parks and deansfill sites. A key component of the contract is providing an option for an organics kerbside collection, which would allow our district to divert significant volumes of waste from landfill. Envirowaste was our Council's successful tenderer and commenced the Waste Minimisation and Management Contract on 1 October 2021.

Project 6 – Fairlie Dog Park (progressing)

The Fairlie Community Board is planning on establishing a dog park in Fairlie. A site on Allandale Road adjacent to the Opihi River has been identified. This will be a multiyear project, with site planning and a budget to be developed in 2021/22. The Community Board will then work on identifying funding to progress the development over coming years.

Assessment of performance against measures and targets for 2020/21

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



The following tables show how our community and township services activity performed as measured against the targets set for the 2020/21 year.

SECTION 3.7: Community & Township Services

Community and Township Services

Measure 1: Average customer satisfaction rating for township services and facilitiesTarget: $\geq 84\%$

What we did: As an overall measure across all of our township services and facilities, we received an average customer satisfaction rating of 90% from those surveyed in the 2020/21 year. This is consistent with previous years. Further details of satisfaction levels with individual township and community services and facilities are included on page 52.

Challenges/issues we experienced: Covid-19 and various lockdowns impacted on our timeframes and ability to deliver some of our capital improvement projects within 2020/21.

Looking ahead: We will continue to manage our township services and facilities to the benefit of our communities and visitors. Activities in this area are likely to continue to be steady with domestic visitor numbers to the district and international visitors returning over a period of time post the Covid-19 pandemic and once the country's borders open again to travellers. We are also working on the completion of the Community Facilities Strategy encompassing parks, trails, public toilets and playgrounds, in consultation with our communities, to allow us to better plan improvements and additional requirements into the future. This work will be informed by our Strategic Planning work undertaken as part of our District Plan review.

Following a single season interim contract for 2020/21, a new four year contract has been let for the operation of Twizel and Strathconan (Fairlie) Swimming Pools to a specialist recreation facility management company.

The overall satisfaction score from the pool user survey conducted during the 2020/21 season was a combined 96%



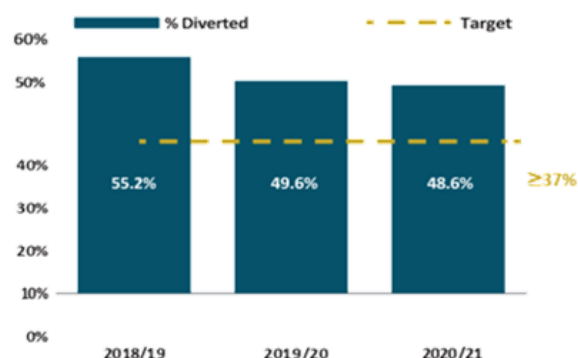
Solid Waste

Measure 2: The percentage of solid waste from the district resource recovery diverted from landfillsTarget: $> 37\%$

What we did: In 2020/21, we diverted 48.6% of solid waste from a Class 1 landfill. We exceeded the target for solid waste diverted from landfill. Our communities continue to show their dedication to recycling which is integral to achieving this target.

Challenges/issues we experienced: We experienced a number of challenges to our waste services due to restrictions imposed by Covid-19. While solid waste management was identified as an essential service, we had to make various changes to our collections and Resource Recovery Park operations.

Looking ahead: Our current waste services contract ended in October 2021. A new contract was awarded on 11 August 2020 which commenced in October 2021 and will run through to July 2036. The contract places an importance of minimising waste to landfill and provides an option for an organics kerbside collection, allowing the district to divert a significant volume of waste from landfill.



SECTION 3.7: Community & Township Services

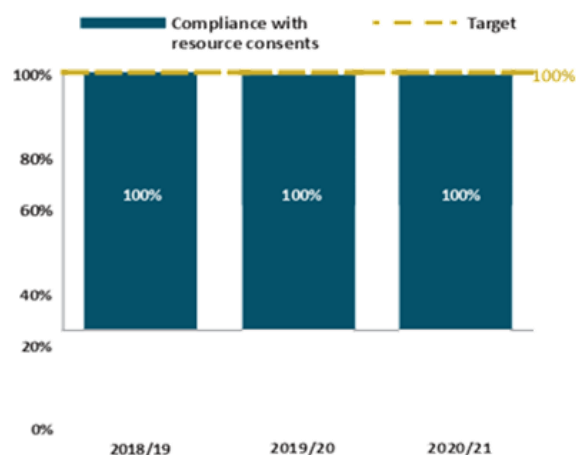
Measure 3: Compliance with resource consent conditions

Target: 100%

What we did: Council has a number of resource consents associated with our Resource Recovery Parks and Clean Fill sites. During 2020/21 we achieved our target of 100% compliance with the conditions of these consents.

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 remain fully compliant with all of our resource consents.

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

Target: ≥80% (new measure in 2018/19)

What we did: Of those surveyed, 96% reported that they were satisfied with our rubbish collection, recycling and recovery parks. We did meet our target for 2020/21.

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

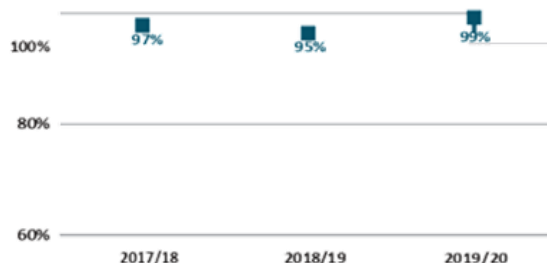
Looking ahead: Our new waste services contract commenced in October 2021. We will continue to focus on minimising waste to landfill through the option of providing an organics kerbside collection.

**Other community feedback**

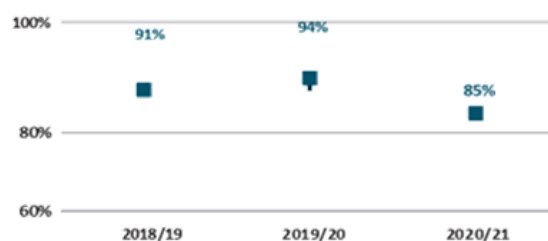
94% of those surveyed were satisfied with our parks, reserves and playground facilities



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

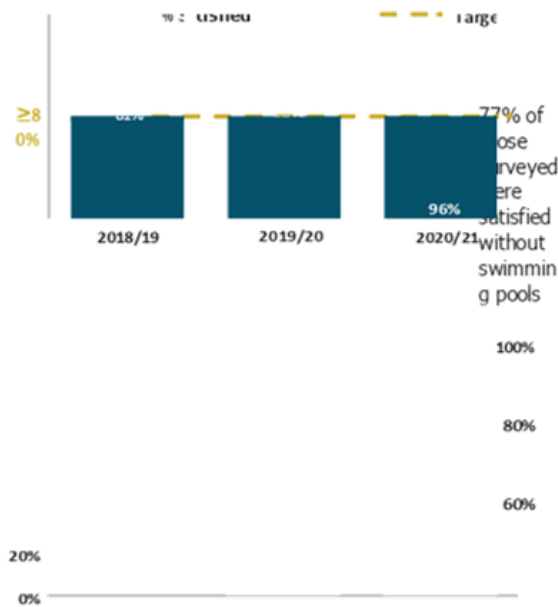


85% of those surveyed were satisfied with our community halls and buildings

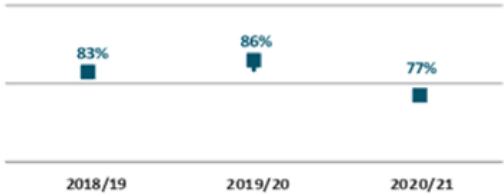


97% of those surveyed were satisfied with our library services



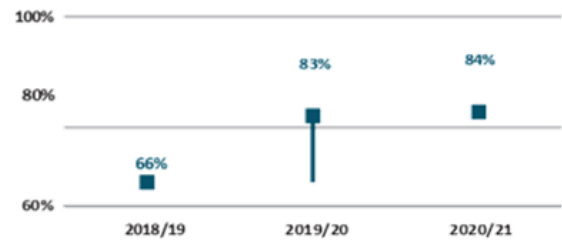


SECTION 3.7: Community & Township Services

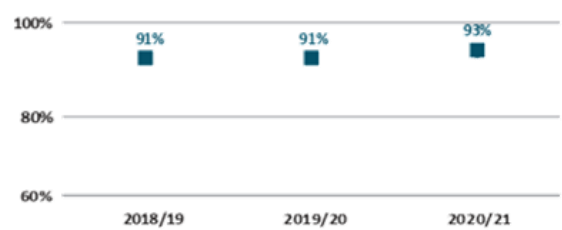


SECTION 3.7: Community & Township Services

84% of those surveyed were satisfied with our public toilets



93% of those surveyed were satisfied with our transfer stations



SECTION 3.7: Community & Township Services

Funding Impact Statement – Community and Township Services

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	615	1,027	900
Targeted rates	2,080	2,207	2,056
Subsidies and grants for operating purposes	22	23	136
Fees and charges	-	-	615
Internal charges and overheads recovered	8	7	-
Local authorities fuel tax, fines, infringement fees and other receipts	606	633	98
Total Operating Funding	3,331	3,897	3,806
Applications of operating funding			
Payments to staff and suppliers	2,885	3,027	3,405
Finance costs	-	-	-
Internal charges and overheads	196	198	95
Other operating funding applications	-	-	-
Total applications of operating funding	3,081	3,225	3,500
SURPLUS / (DEFICIT) OF OPERATING FUNDING	250	672	306
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	110
- to replace existing assets	711	449	424
Increase/(decrease) in reserves	(461)	223	(228)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	250	672	306
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(250)	(672)	(306)
FUNDING BALANCE	0	0	0

Significant Financial Variances between Actual and the Long Term Plan

- Fees and Charges previously coded to other receipts.
- Capex increased due to Tekapo Township and Twizel Community Centre work.

SECTION 3.8: Tourism, Economic Development and Commercial Activities

3.8 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 2021)

6,500 pines planted (commercial forestry)
 \$10.41m invested in bond market and term deposits
 \$1,318,000 in property sales
 \$56,000 economic development support
 \$191,000 promotions spend

What We Do

Tourism promotion

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

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

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

Economic development

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

Commercial activities

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

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

Key Projects for 2020/21

As well as the planned and ongoing programmes of work in forestry, airport, tourism promotion, investments and economic development, there were some amendments to projects undertaken that had not been anticipated in the Long Term Plan. Some key projects and variances are outlined below.

Project 1 – Alps2Ocean update (ongoing)

In addition to cofunding the maintenance and promotion of the Alps2Ocean cycleway with Waitaki District Council, we have been working on off-roading sections of the Alps to Ocean Cycleway on Hayman Road to address significant safety concerns and increase the level of service for riders. During 2020/21 we undertook a business case to test multiple off-roading options across the entire Alps 2 Ocean Cycleway which identified Hayman Road and Quailburn the highest priority sections.

Stage One, a 23.1km section from Mt Cook Station to Bolton Gully is in the consenting stage, with work intended to be completed ahead of the summer season in 2021/22. Following this, we will off-road the remaining section from Bolton Gully to the Tekapo B Powerhouse as Stage Two.

During 2020/21 we spent \$23,000 on marketing and \$25,000 on consenting for Stage One.

Project 2 – Forestry: wilding control (ongoing)

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

As a responsible land owner, we will prioritise our wilding tree and pest control work relating to our forestry operation. As we plan our wilding control works for 2021/22, we will look for funding opportunities to maximise the extent of our control work, while minimising the cost to our communities. We will also continue to work with other agencies and trusts in supporting local and national wilding control programmes and efforts.

During 2020/21 we undertook out the clearance of wilding pines at Pukaki Airport. Wilding Pine control is part of Council's wider weed control programme and is an action under the Council's forestry strategy.

Project 3 – Forestry harvesting (completed)

In 2019/20 we had planned to harvest some of our forestry however the international market and Covid-19 delayed this. We intended to complete this harvesting and some additional areas in 2020/21 and the budgeted returns less cost of sales was set at \$1.3m, which would be reinvested in forestry as well as offset rate requirements. Our actual return from harvesting is \$1.08m.

Project 4 – Forestry carbon credits

Our forestry estate qualifies for carbon credit allocations. As in 2019/20 we planned to apply carbon credits to offset rates and we intended to increase the offset by an additional \$435,000 (17,240 carbon credits at a value of \$25/unit). In 2020/21 we received 17,420 carbon credits during the year. These were valued at \$756,899 as at 30 June 2021.

SECTION 3.8: Tourism, Economic Development and Commercial Activities

Project 5 – Changes to tourism information services, Twizel

During the year we installed 24/hour self-service kiosks in Market Place to provide information services for visitors to the area. This included the provision of a free Wi-Fi zone in Market Place. In light of this change, the current Information Centre has returned to being a postal centre and Council office, ensuring that the needs of our communities have been met without competing demands on access and staff.

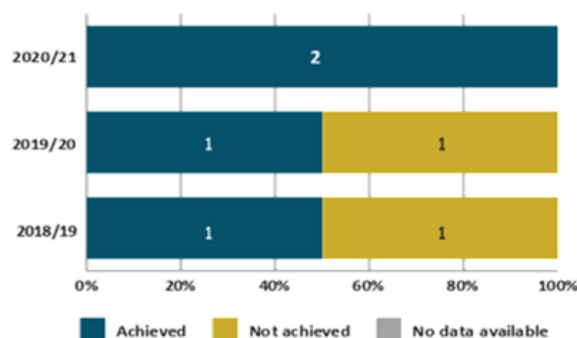
Project 6 – Tourism Promotion and Economic Development

We reviewed our contracts for tourism promotion and

economic development and planned to make some changes to the way we provide these services to our communities. While we will continue to contract some services from our current providers, we are moving to be able to support our communities with internal staff. The net cost of this change will be \$58,000.

Assessment of performance against measures and targets for 2020/21

We achieved 100% of our non-financial performance standards in the tourism, economic development and commercial activities.



The following tables show how our tourism, economic development and commercial activities performed as measured against the targets set for the 2020/21 year.

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

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

What we did: We undertook the quarterly reviews of our investment portfolio throughout the year. Our portfolio out-performed the benchmark in all four quarters measured. Looking at the year as a whole we achieved an increase in value of 1.61% compared to the benchmark of 0.37%.

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 two bonds 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 four term deposit investments in our portfolio.

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

2018/19	2019/20	2020/21
		✓

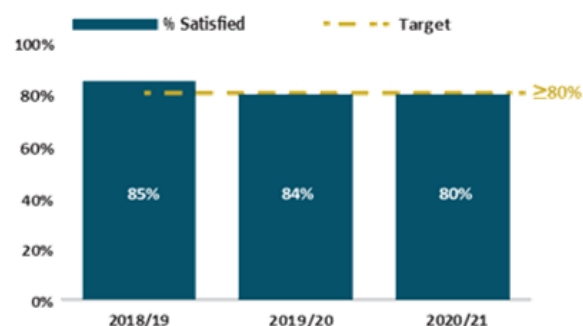
Measure 2: Percentage of ratepayers satisfied with the Council's tourism promotion and economic development

Target: ≥80%

What we did: We met our target for 2020/21 with 80% of ratepayers surveyed were satisfied with our tourism promotion and economic development activities. The Business Liaison Officer position we established last year has proven beneficial in managing our relationships with businesses across our district.

Challenges/issues we experienced: Prior to Covid-19, we experienced a wide range of impacts from mass tourism including parking, traffic, toilets and the provision of downstream retail services. As international tourism halted as a result of Covid-19 travel restrictions, our district enjoyed strong support within domestic tourism during the winter months. We are continuing to invest significantly in diversifying our economy and seeking to incentivise job growth.

Looking ahead: Council recruited an Economic Development Officer who commenced in November 2020. The ED officer developed a formal ED Strategy which was workshopped during the 20/21 financial year and was adopted by Council on 3 August.



SECTION 3.8: Tourism, Economic Development and Commercial Activities

Funding Impact Statement – Tourism, Economic Development and Commercial Activities

	LTP 2019-20 \$000	LTP 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING			
Sources of operating funding			
General Rates, Uniform annual general charges, rates penalties	-	-	0
Targeted rates	297	305	516
Subsidies and grants for operating purposes	-	-	314
Fees and charges	-	-	323
Internal charges and overheads recovered	882	882	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,656	1,400	1,220
Total Operating Funding	2,835	2,587	2,373
Applications of operating funding			
Payments to staff and suppliers	846	850	2,318
Finance costs	244	306	2
Internal charges and overheads	1,595	1,494	1,669
Other operating funding applications	-	-	-
Total applications of operating funding	2,685	2,650	3,988
SURPLUS / (DEFICIT) OF OPERATING FUNDING	150	(63)	(1,616)
CAPITAL FUNDING			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,984	924	-
Gross proceeds from the sale of assets	717	735	3,028
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,701	1,659	3,028
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	555	-	53
Increase/(decrease) in reserves	2,296	1,596	1,359
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	2,851	1,596	1,412
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(150)	63	1,616
FUNDING BALANCE	0	0	0

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

Significant Financial Variances between Actual and the Long Term Plan

- Subsidies up due to Mayoral Taskforce and Destination Mackenzie Funding.
- Expenses increased due to Mayoral Taskforce, Destination Mackenzie operating costs and costs associated with the sale of assets.
- Gross proceeds from the sale of assets up due to unbudgeted sales of Pukaki Sections and Timber.

SECTION 4

Finances Pūtea

XXXXXX



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 2021. The statement does not include asset 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 2021. 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 2020/2021.

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).

SECTION 4: Finances | Pūtea

Mackenzie District Council

Statement Of Comprehensive Revenue and
Expenditure For The Year Ended 30 June 2021

		Actual 2021 \$000	Council Budget 2021 \$000	Actual 2020 \$000
REVENUE				
	Note			
Rates	3	11,046	10,829	10,503
Fees and charges	5	1,927	2,198	2,530
Subsidies and grants	4	4,164	3,523	2,450
Interest revenue	6	273	543	513
Other revenue	7	4,686	2,676	2,584
Development and financial contributions	-	1,006	1,507	3,185
Vested assets	-	330	1,274	1,528
Other gains/(losses)	8	1,187	-	1,165
Total revenue		24,619	22,550	24,458
EXPENSES				
Personnel costs	10	4,878	5,309	4,677
Finance costs	-	2	151	-
Other expenses	11	13,516	11,203	10,422
Depreciation and amortisation expense	18a	4,486	4,438	4,320
Total expenses		22,882	21,101	19,419
Surplus / (deficit) before TAX		1,737	1,449	5,039
Surplus / (deficit)		1,737	1,449	5,039
Other comprehensive revenue and expense				
<i>Items that could be reclassified to surplus/(deficit)</i>				
Fair value movement of listed bonds	27	(21)	-	-
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Fair value movement of listed and unlisted shares	27	672	-	369
Gains on Revaluations of Assets	27	2,408	519	1,400
Total other comprehensive revenue and expense		3,059	519	1,769
Total comprehensive revenue and expense		4,796	1,968	6,808

Mackenzie District Council
Statement Of Changes In Equity
For The Year Ended 30 June 2021

	Actual 2021 \$000	Council Budget 2021 \$000	Actual 2020 \$000
Equity at the beginning of year	289,749	258,980	282,941
Total comprehensive revenue	4,796	1,968	6,804
Total revenue and expense	4,796	1,968	6,804
De-recognition of Albury Water Supply	-155	-	-
EQUITY AT END OF YEAR	294,390	260,948	289,745

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Mackenzie District Council

Statement of Financial Position
As at 30 June 2021

		Actual 2021 \$000	Council Budget 2021 \$000	Actual 2020 \$000
ASSETS	Note			
Current assets				
Cash and cash equivalents	13	11,607	7,249	2,897
Receivables	14	3,355	2,670	3,884
Inventories	15	28	2,282	66
Prepayments	16	84	-	95
Other financial assets	17	9,750	1,526	16,214
Total current assets		24,824	13,727	23,156
Non-current assets				
Property, plant and equipment	18	252,084	242,449	247,554
Inventories	15	558	-	958
Intangible Assets	19	809	-	34
Forestry Assets	20	8,063	6,557	7,177
Investment property	21	4,319	-	4,073
Other financial assets	17	11,318	12,349	10,932
Total non-current assets		277,151	261,355	270,728
Total assets		301,975	275,082	293,884
LIABILITIES				
Current liabilities				
Payables and deferred revenue	23	7,200	3,231	3,793
Employee entitlements	24	298	329	266
Provisions	25	5	-	4
Total current liabilities		7,503	3,560	4,063
Non-current liabilities				
Employee entitlements	24	31	22	29
Provisions	25	58	52	50
Borrowings	-	-	10,500	-
Total non-current liabilities		89	10,574	79
Total liabilities		7,592	14,134	4,142
Net assets		294,383	260,948	289,742
EQUITY				
Accumulated Funds	27	126,396	124,290	126,133
Reserves	27	15,038	12,571	13,622
Revaluation Reserves	27	152,956	124,087	149,994
Total equity		294,390	260,948	289,749

Mackenzie District Council
Statement Of Cashflows
For The Year Ended 30 June 2021

	Actual 2021 \$000	Council Budget 2021 \$000	Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from rates revenue	11,158	10,829	10,287
Receipts from other revenue	5,310	5,984	6,506
Subsidies and grants received	4,164	3,523	3,200
Interest and dividends from investments	549	940	999
Financial and development contributions	1,006	-	-
Payments to suppliers and employees	(11,206)	(16,160)	(14,423)
Finance costs	(2)	(151)	-
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	10,979	4,965	6,569
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	3,028	-	519
Proceeds sale of investments	1,714	-	7,675
Purchase of Fixed Assets and intangibles	(7,010)	(15,541)	(5,101)
Purchase of Investments	-	-	(15,180)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(2,268)	(15,541)	(12,087)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowing	-	10,500	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	0	10,500	0
NET INCREASE/(DECREASE) IN CASH HELD	8,710	(76)	(5,518)
Opening Cash Balance 1 July	2,897	7,325	8,415
Total current assets	11,607	7,249	2,897
REPRESENTED BY			
Cash & cash equivalents	11,607	7,249	2,897
	0	0	0

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Mackenzie District Council
Funding Impact Statement – Whole Of Council
For The Year Ended 30 June 2021

	Annual Plan 2019-20 \$000	Actual 2019-20 \$000	Annual Plan 2020-21 \$000	Actual 2020-21 \$000
OPERATING FUNDING				
Sources of operating funding				
General Rates, Uniform annual general charges, rates penalties	4,669	4,756	4,900	4,983
Targeted Rates (other than metered water supply rates)	5,610	5,747	5,989	6,063
Subsidies and grants for operating purposes	878	1,433	1,993	2,201
Fees and charges	0	0	0	2,366
Interest and dividends from investments	862	1,011	940	549
Local authorities fuel tax, fines, infringement fees and other receipts	4,007	4,771	4,417	942
Total Operating Funding	16,026	17,718	18,239	17,104
Applications of operating funding				
Payments to staff and suppliers	13,658	15,044	16,512	18,394
Finance costs	114	0	151	2
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,772	15,044	16,663	18,396
SURPLUS / (DEFICIT) OF OPERATING FUNDING	2,254	2,674	1,576	(1,292)
CAPITAL FUNDING				
Sources of capital funding				
Subsidies and grants for capital expenditure	931	1,017	1,530	1,963
Development and financial contributions	1,832	3,186	1,507	1,006
Increase/(decrease) in debt	2,081	0	10,500	0
Gross proceeds from the sale of assets	0	608	0	3,028
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	4,844	4,811	13,537	5,997
Applications of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	40	3,421	654
- to replace existing assets	5,684	4,787	10,846	5,422
Increase/(decrease) in reserves	1,414	2,658	846	(1,287)
Increase/(decrease) of investments	0	0	0	(0)
Total applications of capital funding	7,047	7,485	15,113	4,705
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(2,254)	(2,674)	(1,576)	1,292
FUNDING BALANCE	0	0	0	0

Notes to the financial statements

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 2021. The financial statements were authorised for issue by Council on 12 April 2022, 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

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments Recognition and Measurement. The Council has early adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in Note 30a.

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Changes in accounting policies

Accounting policies have been changed to incorporate all necessary changes as required by the new Public Benefit Entity (PBE) Standards. No changes to recognition/measurement were required.

The current PBE Standard on financial instruments, PBE IPSAS 29 Financial Instruments: Recognition and Measurement, is based on IAS 39 Financial Instruments: Recognition and Measurement issued by the IASB (International Accounting Standards Board). That standard has since been replaced by the IASB with IFRS 9 Financial Instruments.

In early 2017 the NZASB (NZ Accounting Standards Board) issued PBE IFRS 9 Financial Instruments based on IFRS 9 to give PBEs the opportunity to adopt a PBE Standard equivalent to IFRS 9 to reduce compliance costs that may arise on consolidation of mixed groups. Now that the IPSASB (International Public Sector Accounting Standards Board) has issued a revised standard on financial instruments, IPSAS 41 Financial Instruments (based on IFRS 9), the NZASB has incorporated that standard into the PBE Standards. PBE IPSAS 41 Financial Instruments will replace both PBE IPSAS 29 and PBE IFRS 9.

IPSAS 41 is effective from 1 July 2022. The Council has early adopted this standard from 1 July 2020. The Council has assessed the changes have minimal impact on the prospective statements.

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.

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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.

Balance Sheet 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, (2020: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.

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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 (Bonds) 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 reclassified to surplus and deficit. Debt instruments in this category are the Council's listed bonds.

Financial Assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. This 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 the other comprehensive revenue and expense is transferred to accumulated funds within 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.

ECLs 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.

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- **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
Resource Recovery Parks	No	Depreciated Historical Cost
Restricted Assets		
Land	Yes	Fair Value
Flood Protection and Control Works	No	Not Applicable
Landfills	No	Depreciated Historical Cost
Village Projects	No	Depreciated Historical Cost
Alps2Ocean Cycleway	No	Deemed Cost
Infrastructure Assets		
Land Under Roads	No	Not Applicable
Roads and Footpaths	Yes	Optimised Depreciated Replacement Cost
Resource Consents	No	Depreciated Historical Cost
Stormwater	Yes	Optimised Depreciated Replacement Cost
Wastewater	Yes	Optimised Depreciated Replacement Cost
Water Supplies	Yes	Optimised Depreciated Replacement Cost

The net revaluation results are credited or debited to other comprehensive revenue and 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
Resource Recovery Parks	Straight Line	10 - 33

Infrastructural Assets	Depreciation Method	Value Basis
Landfills	Straight Line	30 - 50
Village Projects	Straight Line	15 - 80
Alps2Ocean Cycleway	Straight Line	50
• Formation	Not Depreciated	-
Land Under Roads	Not Depreciated	-
Roads		
• Formation	Not Depreciated	-
• Sub-base	Straight Line	0 - 100
• Base Course	Straight Line	75 - 100
• Surfacing	Straight Line	3 - 17
• Kerb and Channelling	Straight Line	10 - 100
• Street Signs	Straight Line	13 - 24
• Streetlighting	Straight Line	15 - 40
• Bridges	Straight Line	80 - 100
• Shoulders	Straight Line	15 - 75
Footpaths		
• Surface	Straight Line	25-75
• Base	Straight Line	30-75
• Formation	Not Depreciated	-
• Sub base	Not Depreciated	-
Resource Consents	Straight Line	10-33

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Stormwater		
• Lines	Straight Line	60 – 150
• Manholes	Straight Line	150
• Open Drains	Not Depreciated	-
Wastewater		
• Mains	Straight Line	10 - 80
• Pumps	Straight Line	15 - 25
• Oxidation Ponds	Not Depreciated	-
• Box Culverts	Straight Line	100
• Manholes	Straight Line	80
Water Supplies		
• Piping Mains	Straight Line	10 - 80
• Pumps	Straight Line	15 - 25
• Service Lines	Straight Line	60 - 80
• Hydrants	Straight Line	80
• Valves and Air Valves	Straight Line	20 - 80
• Meters	Straight Line	10 - 25
• Reservoirs	Straight Line	50 - 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 and restricted)

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 cost 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. Council's infrastructural assets, except rural water races, village projects, resource consents 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), performed the roading revaluation with an effective date of 30 June 2019. Miles Wyatt (DipBus (InfoSys), CMEngNZ, MIAM, REAcap) performed the three waters revaluation with an effective date of 30 June 2019. 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.

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- 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 and peer reviewed by Brian Smith Advisory Services (B Com CA), using a replacement cost basis and the valuation is effective at 30 June 2019.

Land under roads, includes under formed roads and subsequent additions vested to Council. The value is based on the average value of the land in the associated ward deemed by Quotable Value. These values have been adopted as deemed cost.

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.

Fair Value of forestry Assets

Independent registered Valuer, Terry O'Neill, has valued forestry assets as at 30 June 2021. This 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 valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 7.0% (2019/20: 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 realizable ("immediate liquidation") value.
- Land value has been expressed as an annual land rental included in annual overhead costs. 42% of Council's 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 the value that is \$60/ha/year. Costs include Silverculture, Harvesting and Transport, and Overheads. These are applied on either a per hectare or tonnage basis.
- Radiata Pine gross log prices have increased by 7.5%, (2020: decrease of 6.8%)

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

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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 a 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 2021 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.

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:

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

Operating reserves

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

Capital reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the Long-Term Plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves involve all capital revenue received for the activity and any capital expenditure incurred within that activity. The capital revenue includes depreciation funded from rates, financial contributions, upgrade contributions and grants. Depending on the movements in the capital reserve, the balance can be in funds or in deficit. An interest component is applied to the capital reserve depending on whether the reserve is in funds or deficit.

Asset revaluation reserves

This reserve relates 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.

Other Reserves and Special Funds Reserves**Other reserves**

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

Restricted reserves

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

Council-created reserves

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

Accumulated General Funds

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

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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 18: Property, plant and equipment.
- Estimating the fair value of forestry assets – see Note 20
- Estimating the landfill aftercare provision – see Note 25: Provisions.

Critical judgements in applying accounting policies

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

- Classification of property – see Note 18: Property, plant and equipment.
- Accounting for suspensory loan from Housing New Zealand - see Note 4: Revenue.

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 26: Contingencies.

- Accounting for donated or vested land and buildings with use or return conditions - see Note 4: Revenue.

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.

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Notes To The Financial Statements for the year ended 30 June 2021

2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

	Council		
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
1.REVENUE			
Water Supplies	2,819	1,627	3,345
Wastewater	1,254	881	1,777
Stormwater	149	125	266
Roading	3,952	4,194	4,017
Planning and Regulation	2,621	3,335	3,718
Tourism, Economic Development and Commercial Activities	4,996	1,585	3,210
Community and Township Services	3,855	3,492	3,347
Governance and Corporate Services	4,972	7,311	4,773
Total activity revenue	24,618	22,550	24,453
Expenditure			
Water Supplies	1,990	1,627	1,730
Wastewater	1,111	881	856
Stormwater	120	125	128
Roading	4,294	4,194	3,975
Planning and Regulation	3,711	3,335	2,743
Tourism, Economic Development and Commercial Activities	2,387	1,585	1,583
Community and Township Services	3,957	3,492	3,204
Governance and Corporate Services	5,311	5,862	5,200
Total Expenditure	22,881	21,101	19,419

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.

3. RATES

	Council	
	Actual 2021 \$000	Actual 2020 \$000
General rates	4,941	4,674
Water Supplies	1,587	1,460
Wastewater	729	741
Stormwater	121	123
Roading	1,020	967
Tourism, Economic Development and Commercial Activities	516	508
Community and Township Services	2,056	1,909
Governance and Corporate Services	34	38
Rates Penalties	42	83
	11,046	10,503
Rates charged on Council owned Properties (not eliminated from Revenue and Expenditure)	259	205
Ratings base		
Revenue from rates for Mackenzie District Council was billed on the following information:		
Number of rating units at end of preceding year	5,236	5,025
Total capital value of rating units at end of preceding year	4,452,166	4,336,046
Total land value of rating units at end of preceding year	2,348,717	2,306,777

4. SUBSIDIES AND GRANTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
New Zealand Transport Roading subsidies	2,733	1,863
3 Waters reform grants	798	-
Other subsidies and grants	633	587
Total Subsidies and Grants	4,164	2,450

5. FEES AND CHARGES

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Water by Meter	86	125
Regulatory	1,178	1,732
Other Fees and Charges	663	673
Total Fees, Charges and Metered Water Supply	1,927	2,530

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6. INTEREST REVENUE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Finance revenue		
Finance Revenue	273	513
Total Finance Revenue	273	513

7. OTHER REVENUE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Petrol tax	84	82
Dividend Revenue	276	498
Rental Revenue	439	435
Sales Forestry	1,710	785
Carbon Credits Received	671	437
Sales Inventory	1,318	68
Other Revenue	188	279
Total Other Revenue	4,686	2,584

7a. OPERATING LEASES AS LESSOR

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Revenue from exchange transactions		
Not later than one year	208	177
Later than one year and not later than five years	488	484
Later than five years	1,337	1,431
Total revenue non-exchange	2,033	2,092

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 operation leases are as presented in the table above.

8. OTHER GAINS/(LOSSES)

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Gain / (Loss) changes fair value Forestry Assets	886	621
Gain / (Loss) changes fair value Investment Property	260	98
Gain / (Loss) disposal Carbon Credits	0	446
Gain / (Loss) disposal property, plant and equipment	41	224
Total gains/(losses)	1,187	1,165

9. REVENUE EXCHANGE / NON-EXCHANGE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Revenue from non-exchange transactions		
Rates	11,046	10,503
Subsidies and Grants	4,163	2,450
Fees and Charges	1,149	1,732
Other Revenue	2,681	5,943
Total revenue non-exchange	19,039	20,628
Revenue from exchange transactions		
Sales of goods	2,762	2,033
Fees and Charges	188	125
Finance Revenue	549	1,011
Other Revenue	2,085	659
Total revenue exchange	5,584	3,828

10. PERSONNEL COSTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Salaries and wages	4,746	4,529
Defined contribution plan employer contributions	132	148
Total personnel costs	4,878	4,677

Employer contributions to defined contributions plans include contributions to Kiwisaver.

The 2020 comparative for personnel costs now excludes non-remuneration staffing costs of \$191,000 which have been reclassified to other operating expenses.

During the year the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, and Chief Executive of the Council were as follows:

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Elected representatives remuneration		
Mayor Graham Smith	82	80
Councillor Stuart Barwood	34	30
Councillor James Leslie	34	30
Councillor Matt Murphy	18	13
Councillor Emily Bradbury	18	13
Councillor Murray Cox	34	21
Councillor Anne Munro	34	30
Councillor Paul Hannagan (previous)	-	6
Councillor Russel Armstrong (previous)	-	6
Councillor Chris Clarke (previous)	-	6
Fairlie Community Board Members	10	10
Tekapo Community Board Members	10	10
Twizel Community Board Members	12	10
	286	265
Chief Executive total remuneration paid or payable for the year (including any non financial benefits)	234	219

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Remuneration for employees by band as at 30 June	Council Actual 2021 \$000
\$160,000 - 239,999	4
\$100,000 - 159,999	6
\$80,000 - 99,999	7
\$60,000 - 79,999	14
\$59,999 and less	14
	45

Remuneration for employees by band as at 30 June	Council Actual 2020 \$000
\$180,000 – 239,000	2
\$120,000 - 179,999	7
\$80,000 - 119,999	9
\$60,000 - 79,999	15
\$59,999 and less	19
	52

The number of full time equivalents (FTE) employees as at 30/06/2021 was 42.2 (2020: 46.2) where 37.5 hours a week is considered full time. Of this 36 FTE, (2020: 39), were fulltime with the remaining 6.2, (2020: 7.2), FTE consisting of employees on Part time and Casual type contracts.

For the year ended 30/06/2021 Council made 2 severance payments,(2020: 0), to employees totalling \$17,500,(2020: 0). The Value of the severance payments were \$11,000 and \$6,500,(2020: 0).

11. OTHER EXPENSES

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Expenses include:		
Fees to principal auditor		
Audit fees for financial statement audit	62	94
Audit fees for Long Term Plan audit	77	26
Fees for assurance review of the debenture trust deed this year	5	-
Fees for assurance review of the debenture trust deed previous year	4	2
Other assurance services	38	-
Other Employee Costs	146	189
Cost of Goods Sold	957	564
Insurance	218	223
Operating Leases	132	145
Administration Expenses	632	410
Impairment of Receivables	25	8
Operating and Maintenance	4,818	4,417
Contractors and Professional Services	5,602	3,583
Utilities	441	438
Other operating expenses	359	323
Total other expenses	13,516	10,422

11a. OPERATING LEASES AS LEASEE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Not later than one year	7	4
Later than one year and not later than five years	-	33
Later than five years	-	-
Total revenue non-exchange	7	37

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum contract payments under non-cancellable operating contracts are as 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 (2020: \$nil).

12. TAX

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Surplus/(deficit) before tax	1,737	5,035
Tax at 28%	486	1,410
Non-taxable income / (expenditure) @ 28%	(486)	(1,410)
Tax expense/(benefit)	-	-

The Council has unrecognised tax losses of \$XXXXXX (2020: \$158,716), with a tax effect of \$XXXXX at 28% (2020: \$44,440) available to carry forward and offset against assessable income in future year.

13. CASH AND CASH EQUIVALENTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Cash at bank and in hand	11,607	2,897
Total cash and cash equivalents	11,607	2,897

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 \$55,000 (2020: \$55,000). The fund relates to trusts and bequests received (see Note 27), and other funds received with restrictions where spending of the funds is separately monitored.

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14. RECEIVABLES

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Rates receivables	414	526
Other receivables	2,952	3,007
Accrued Interest Revenue	19	53
GST receivable	-	305
Estimated Credit Losses	(30)	(7)
Total receivables	3,355	3,884

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	389	2,422
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,941	1,462
	3,330	3,884

Movement in the provision for impairment of receivables are as follows:

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Balance at 1st July	7	-
Additional provisions made during year	23	7
Balance at 30th June	30	7

15. INVENTORIES

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Held for distribution or consumption	28	66
Total inventories	28	66
Non current assest held for sale		
Commercial inventory - land developed for sale	558	958
Total non-current Inventories	558	958

The carrying amount of inventories pledged as security for liabilities is \$nil (2020: \$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.

16. PREPAYMENTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Prepayments	84	95
Total prepayments	84	95

17. OTHER FINANCIAL ASSETS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Current portion		
Short term deposits	9,459	15,180
Eversley Sewerage	9	9
Investments in debt securities	282	1,025
Total Current Portion	9,750	16,214
Non-current portion		
Investments in CCOs and similar entities		
Eversley Sewerage	92	100
Total investments in CCOs and similar entities	92	100
Investments in other entities		
Bonds	526	829
Unlisted Shares	10,700	10,003
Total investment in other entities	11,226	10,832
Total Non-Current Portion	11,318	10,932

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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 \$0 (2020: \$1,024,639). 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% and 0% (2020: 0.49% and 3.25%).

The fair value of corporate bonds is \$807,742 (2020: \$829,062). 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 0.72% and 1.30% (2020: 1.11% and 1.51%).

Unlisted Shares

Council holds 2,049,870 fully paid shares (2020: 2,049,870) of \$5.22 (2020: \$4.88) in Alpine Energy Limited. The shares are recognised at fair value as assessed by Ernst & Young for the year ending 30 June 2021.

The fair value of unlisted shares have been determined using a valuation technique based on discounted cashflows using a risk rate of 2.5% based on 10 Year Government Bonds and a calculated WACC of 5.7%. The forecast periods for the valuations was financial years 2022-2030. The cashflow projections over the DCF timeframe have been inflated using an annual inflationary factor of 1.5% based on the CPI index.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

18. PROPERTY, PLANT AND EQUIPMENT

	1 July 2020			30 June 2021										30 June 2021		
	Cost/ Revalua- tion	Accum dep and impair- ment charges	Carrying amount	Current year revalua- tion	Accum Depn reversed on reval- uation	Current year ad- ditions	Current year Trfs within PPE	Current year dis- posals	Current year disposals deprecia- tion	Current year im- pairment charges	Current year deprecia- tion	Net Book Value	Cost	Accum Depn and impair- ment charges	Carrying amount	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
OPERATIONAL ASSETS																
Buildings	17,386	21	17,365	186	410	529	572	0	0	0	389	18,673	18,674	0	18,674	
Computer Hardware	417	362	55	0	0	48	0	0	0	0	32	71	465	394	71	
Furniture and Fittings	677	497	180	0	0	40	0	0	0	0	28	192	717	525	192	
Heritage Assets	30	17	13	0	0	0	0	0	0	0	0	13	30	17	13	
Land	31,113	0	31,113	1,456	0	0	42	0	0	0	0	32,611	32,611	0	32,611	
Motor Vehicles	604	252	352	0	0	72	0	108	100	0	109	307	568	261	307	
Office Equipment	146	129	17	0	0	4	0	0	0	0	4	17	150	133	17	
Plant and Machinery	910	552	358	0	0	57	0	23	23	0	55	360	944	584	360	
Resource Recovery Parks	171	130	41	0	0	0	0	0	0	0	8	32	171	139	32	
Total Operational Assets	51,454	1,962	49,493	1,642	410	750	614	131	123	0	625	52,275	54,330	2,054	52,275	
RESTRICTED ASSETS																
Land	9,725	0	9,725	362	0	0	0	0	0	0	0	10,087	10,087	0	10,087	
Total Restricted Assets	9,725	0	9,725	362	0	0	0	0	0	0	0	10,087	10,087	0	10,087	
INFRASTRUCTURAL ASSETS																
Flood Protection and Control Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Landfills	136	81	55	0	0	0	0	0	0	0	4	51	136	85	51	
Village Projects	3,359	1,047	2,312	0	0	218	0	0	0	0	97	2,433	3,577	1,144	2,433	
Alps 2 Ocean Cycleway	740	99	641	0	0	0	0	0	0	0	15	626	740	114	626	
Land Under Roads	6,110	0	6,110	0	0	2	0	0	0	0	0	6,112	6,112	0	6,112	
Roads and Footpaths	120,224	2,341	117,884	0	0	2,871	0	0	0	0	2,418	118,337	123,095	4,759	118,337	
Resource Consents	472	144	328	0	0	0	0	0	0	0	19	309	472	163	309	
Stormwater: Drainage	7,511	62	7,449	0	0	0	0	0	0	0	62	7,386	7,511	124	7,386	
Stormwater: Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sewerage Schemes: Treat- ment plants and facilities	2,521	38	2,483	0	0	19	0	0	0	0	24	2,478	2,540	62	2,478	
Sewerage Schemes: Other assets	19,434	424	19,010	0	0	89	0	0	0	0	426	18,673	19,523	850	18,673	
Water Supplies: Treatment plants and facilities	223	9	214	0	0	96	0	0	0	0	10	300	319	19	300	
Water Supplies: Rural	1,173	324	849	0	0	0	0	0	0	0	28	821	1,173	352	821	
Water Supplies: Other assets	29,238	647	28,591	0	0	693	418	0	0	0	665	29,037	30,349	1,312	29,037	
Total Infrastructural Assets	191,140	5,215	185,926	0	0	3,988	418	0	0	0	3,768	186,564	195,546	8,983	186,564	
Capital Work in Progress	1,253	0	1,253	0	0	1,725	(990)	2	0	0	0	1,986	1,986	0	1,986	
Joint Operation Assets	1,194	38	1,156	0	0	42	0	0	0	0	27	1,171	1,236	65	1,171	
TOTAL PROPERTY, PLANT AND EQUIPMENT	254,767	7,215	247,553	2,004	410	6,505	42	133	123	0	4,420	252,084	263,186	11,102	252,084	

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	1 July 2019			30 June 2020										30 June 2020		
	Cost/ Revalua- tion	Accum dep and impair- ment charges	Carrying amount	Current year revalua- tion	Accum Depn reversed on reval- uation	Current year ad- ditions	Current year Trfs within PPE	Current year dis- posals	Current year disposals deprecia- tion	Current year im- pairment charges	Current year deprecia- tion	Net Book Value	Cost	Accum Depn and impair- ment charges	Carrying amount	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
OPERATIONAL ASSETS																
Buildings	17,319	20	17,300	(121)	380	494	0	307	0	0	381	17,365	17,386	21	17,365	
Computer Hardware	386	350	36	0	0	47	0	17	7	0	19	55	417	362	55	
Furniture and Fittings	621	479	142	0	0	60	0	3	3	0	22	180	677	497	180	
Heritage Assets	30	17	13	0	0	0	0	0	0	0	0	13	30	17	13	
Land	30,232	0	30,232	881	0	0	0	0	0	0	0	31,113	31,113	0	31,113	
Motor Vehicles	464	221	243	0	0	225	0	85	76	0	107	352	604	252	352	
Office Equipment	146	125	21	0	0	0	0	0	0	0	4	17	146	129	17	
Plant and Machinery	840	503	337	0	0	70	0	0	0	0	49	358	910	552	358	
Resource Recovery Parks	171	122	49	0	0	0	0	0	0	0	8	41	171	130	41	
Total Operational Assets	50,209	1,837	48,373	760	380	896	0	412	86	0	591	49,492	51,454	1,962	49,492	
RESTRICTED ASSETS																
Land	9,334	0	9,334	325		66						9,725	9,725	0	9,725	
Total Restricted Assets	9,334	0	9,334	325	0	66	0	0	0	0	0	9,725	9,725	0	9,725	
INFRASTRUCTURAL ASSETS																
Flood Protection and Control Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Landfills	136	77	59	0	0	0	0	0	0	0	4	55	136	81	55	
Village Projects	2,952	1,025	1,927	0	0	474	0	67	67	0	88	2,312	3,359	1,047	2,312	
Alps 2 Ocean Cycleway	740	84	656	0	0	0	0	0	0	0	15	641	740	99	641	
Land Under Roads	6,104	0	6,104	0	0	6	0	0	0	0	0	6,110	6,110	0	6,110	
Roads and Footpaths	116,795	0	116,795	0	0	3,366	63	0	0	0	2,341	117,884	120,224	2,341	117,884	
Resource Consents	472	124	348	0	0	0	0	0	0	0	20	328	472	144	328	
Stormwater: Drainage	7,402	0	7,402	0	0	109	0	0	0	0	62	7,449	7,511	62	7,449	
Stormwater: Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sewerage Schemes: Treat- ment plants and facilities	2,449	14	2,435	0	0	72	0	0	0	0	24	2,483	2,521	38	2,483	
Sewerage Schemes: Other assets	19,180	0	19,180	0	0	254	0	0	0	0	424	19,010	19,434	424	19,010	
Water Supplies: Treatment plants and facilities	189	0	189	0	0	34	0	0	0	0	9	214	223	9	214	
Water Supplies: Rural	1,173	296	877	0	0	0	0	0	0	0	28	849	1,173	324	849	
Water Supplies: Other assets	28,899	0	28,899	0	0	339	0	0	0	0	647	28,591	29,238	647	28,591	
Total Infrastructural Assets	186,491	1,620	184,871	0	0	4,653	63	67	67	0	3,662	185,926	191,140	5,215	185,926	
Capital Work in Progress	517	0	517	0	0	800	(63)	0	0	0	0	1,253	1,253	0	1,253	
Joint Operation Assets	1,173	5	1,168	0	0	21	0	0	0	0	33	1,156	1,194	38	1,156	
TOTAL PROPERTY, PLANT AND EQUIPMENT	247,724	3,462	244,263	1,085	380	6,436	0	478	153	0	4,285	247,552	254,767	7,215	247,552	

Core infrastructure asset disclosures

Included in the Council infrastructure assets are the following core assets:

	Closing Book Value \$000	Additions: constructed by Council \$000	Additions: transferred to Council \$000	Most recent replacement cost estimate for revalued assets * \$000
2021				
Water:				
- treatment plants and facilities	290	96	-	353
- other assets (such as reticulation systems)	31,097	1,090	63	47,264
Sewerage:				
- 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
Roads and footpaths	118,336	2,770	100	172,238
2020				
Water:				
- treatment plants and facilities	214	34	-	345
- other assets (such as reticulation systems)	29,440	192	146	45,641
Sewerage:				
- treatment plants and facilities	2,483	72	-	3,217
- other assets (such as reticulation systems)	19,010	33	221	31,717
Stormwater	7,449	48	61	9,801
Roads and footpaths	117,884	2,402	1,027	170,565

*The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 1 July 2019 plus additions during 2020/21 and 2019/20 at cost.

Insurance on Assets

The following information relates to the insurance of Council assets as at 30 June

	Council	
	Actual 2021 \$000	Actual 2020 \$000
The maximum amount to which insured assets are insured	53,330	51,264
The total value of all Council assets covered by insurance contracts	260,147	254,730
Total value of assets that are self-insured	177,025	176,479
Value of funds maintained for self insurance	3,000	3,000

In addition to Council's insurance, in the event of natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, drainage and sewerage assets and provide a subsidy of 55-75% towards the restoration of roads.

An insurance reserve of \$200,000 (2020: \$200,000) exists to meet the costs of claims that fell below deductible levels under Council insurance policies. Refer to Note 27.

Council has resolved to hold cash funds of \$3 million, (2020: \$3 million) to cover the costs of self insurance in the event of a natural disaster.

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Capital Commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Utilities maintenance	4,502	5,460
Road maintenance	-	1,520
Refuse operations	159	780
Twizel building upgrades	-	175
Pukaki airport water supply	-	112
Watermain renewals	-	157
Township maintenance	111	-
Downlands water network upgrade	497	-
3 waters reform stimulus programme	424	-
Support to deliver substantial capital works	121	-
Twizel water main	1,676	
LED Streetlight Upgrade	746	
	8,236	8,204

18a. DEPRECIATION AND AMORTISATION EXPENSE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Water	741	721
Wastewater	464	461
Stormwater	64	63
Roading	2,422	2,346
Planning and Regulation	1	6
Tourism, Economic Development and Commercial Activities	54	53
Community and Township Services	456	432
Governance and Corporate Services	284	238
	4,486	4,320

19. INTANGIBLE ASSETS

	Computer Software \$000	Carbon Credits \$000	Total \$000
Balance as at 1 July 2020			
Cost	332	7	339
Accumulated amortisation and impairment	(305)	-	(305)
Opening carrying amount	27	7	34
Year ended 30 June 2021			
Additions	156	665	906
Amortisation charge	(44)	-	(44)
Balance as at 30 June 2021			
Cost	488	672	1,245
Accumulated amortisation and impairment	(349)	-	(349)
Closing carrying amount	139	672	896
Balance as at 1 July 2019			
Cost	326	376	702
Accumulated amortisation and impairment	(270)	-	(270)
Opening carrying amount	56	376	432
Year ended 30 June 2020			
Additions	6	427	433
Disposals	-	(796)	(796)
Amortisation charge	(35)	-	(35)
Balance as at 30 June 2020			
Cost	332	7	339
Accumulated amortisation and impairment	(305)	-	(305)
Closing carrying amount	27	7	34

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.

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20. FORESTRY ASSETS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Balance as at 1 July	7,178	6,557
Gains/(losses) arising from changes in fair value	1,939	(234)
Other Increases / decreases)	-	1,168
Decreases due to harvest	(1,053)	(313)
Balance as at 30 June	8,064	7,178

During the financial period 39.7 hectares were harvested and 33.8 hectares were replanted. (2020: 16.6 harvested, 4.9 replanted). The District Forester employed by Ashburton District Council has valued the forestry assets as at 30 June 2021. 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.

21. INVESTMENT PROPERTY

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Balance as at 1 July	4,073	3,975
Fair value gains/(losses) on valuation	247	98
Balance as at 30 June	4,320	4,073

Council's investment properties are valued annually at fair value effective 30 June 2021 for the financial year by Valuation Partners. 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 Property Institute of New Zealand cost information. Where just the land value has been assessed a market-based evidence approach has been used. This method involves reference to sales of properties with comparable land values.

The valuation report has indicated that a greater degree of uncertainty is attached to the valuation of the investment properties due to severe market disruption and lack of transactional data as a result of COVID-19.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements (2020: Nil).

22. SUBSIDIARIES AND COUNCIL CONTROLLED ORGANISATIONS

The Mackenzie District Council has two Council Controlled Organisations, Mackenzie Holdings Limited and Mackenzie Tourism and Development Trust.

"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 to Mackenzie Holdings Limited status as a Council Controlled Organisation. Mackenzie Holdings Limited will be wound up at some time in the future. This decision was reconfirmed by Council on 23 June 2020."

"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 to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation. Mackenzie Tourism and Development Trust will be wound up at some time in the future. This decision was reconfirmed by Council

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23. PAYABLES AND DEFERRED REVENUE

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Exchange Transactions		
Trade & Other Payables	4,354	2,753
Revenue in advance	2,337	219
Deposit on land sales	484	821
GST Payable	25	-
Total trade and other payables	7,200	3,793

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.

Department of Internal Affairs have provided 3 Waters Reform programme funding. At 30 June 2021, Mackenzie District Council had received \$2,560,000 which is 50% of its total claim. This funding is repayable if the Council does not spend the full amount received by June 2022. As at 30 June 2021 Mackenzie District Council had \$1,762,085 unspent.

24. EMPLOYEE ENTITLEMENTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Current		
Accrued salaries and wages	47	41
Annual leave	251	225
Total current portion	298	266
Non Current		
Retiring gratuities	31	29
Total non current portion	31	29
Total employee entitlements	329	295

25. PROVISIONS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Landfile aftercare provision		
Opening balance	54	55
Additional provisions made during the year	14	(2)
Unused Amounts reversed	-	3
Discount unwinding	(5)	(2)
Closing balance	63	54

As the former owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment. The council has obtained resource consents expiring 27th of July 2031; for the closure of Burkes Pass, Fairlie, Tekapo, Twizel, Haldon, 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 1.88 (2020: 0.97).

26. CONTINGENCIES

Contingent Liabilities

Housing New Zealand contribution 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 (2020 : \$516,000) will cease on 12 June 2028.

Contingent Liabilities

There are no contingent assets at balance date (2020: Nil)

27. EQUITY

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Accumulated funds		
As at 1 July	126,129	120,937
Surplus/(deficit) for the year	4,903	6,804
Revaluation of Property		
Revaluation of Unlisted Shares		-
Derecognition of Albury Water Supply	(155)	
Reserve Transfers		
Special Funds	(260)	(743)
Separate funds	(1,156)	900
Revaluation Reserves	(2,962)	
As at 30 June	126,499	127,898
Other Reserves		
As at 1 July	9,844	9,101
Transfers from Retained Earnings	1,349	988
Transfers to Retained Earnings	(1,089)	(245)
As at 30 June	10,104	9,844
General Reserve		
As at 1 July	3,778	4,678
Transfers from Retained Earnings	13,942	7,394
Transfers to Retained Earnings	(12,786)	(8,294)
As at 30 June	4,934	3,778
Other Reserves		
As at 1 July	149,994	148,225
Revaluation gains/(losses) Property	2,408	1,769
Revaluation gains/(losses) Unlisted Shares	651	
Revaluation reserve written off	(97)	-
As at 30 June	152,956	149,994
Total Other Reserves	167,994	163,616

SECTION 4: Finances | Pūtea

Information in regards reserve funds held for a specific purpose is provided below:

			2020-2021			
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
SPECIAL RESERVES						
Albury Water Supply	Water Supplies	Accumulate suplusess/(deficits) from Albury water supply rate funded activities	40	0	0	40
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/ Opuha Water scheme	(40)	0	0	(40)
Housing Replacement	Communities and Township Services	To fund district housing	7	0	0	7
Insurance	Governance and Corporate Services	To fund disaster cover	200	0	0	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	0	0	2
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	0	0	44
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	0	39
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Accumulate operating results for the Council's real estate activities	4,115	968	(203)	4,880
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	2	0	(1)	1
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	0	0	4
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	0	0	6
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	0	0	2
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	1	0	(1)	0
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	0	0	2
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	0	0	10
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	30	0	0	30
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	0	256	0	256
Carpark Development	Roading	To future development of carparking in the district	0	0	0	0
			9,844	1,349	(578)	10,616
SEPARATE – CAPITAL RESERVES						
Administration	Governance and Corporate Services	Fund capital replacement of administration assets	(45)	2	0	(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	0	30
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	84	0	0	84
Civil Defence	Governance and Corporate Services	To fund capital requirements of civil defence	(132)	8	0	(124)
District Council	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	0	0	(1)
Council Building - Fairlie	Governance and Corporate Services	building in Fairlie To fund replacement of Council's administration	(529)	62	0	(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)	0	(1)	(223)
District Wide Roading	Roading	To fund roading capital works district wide	(2,712)	1,945	(3,207)	(3,975)

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Downlands Water Supply	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	55	0	0	55
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	0	0	(1)
Fairlie Medical Centre	Communities and Township Services	To fund replacement of medical facilities in Fairlie	37	0	0	37
Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	132	18	(1)	150
		To fund capital requirements in the Fairlie township	(47)	0	0	(47)
Fairlie Township	Communities and Township Services	To fund the operations of Council's forestry assets	8,304	2,247	(718)	9,833
Forestry	Tourism, Economic Development and Commercial Activities	To fund capital replacement of Council's IT assets	(593)	75	(174)	(692)
Information Technology Department	Governance and Corporate Services					
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	22	0	0	22
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(22)	9	(3)	(15)
Lake Tekapo Township	Communities and Township Services	To fund capital works in the Tekapo township	116	31	(202)	(55)
			91	39	(7)	123
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	22	0	0	22
Manuka Terrace Water	Water Supplies	to fund investigation and construction of a new water supply for Manuka Terrace	(81)	109	(30)	(1)
Plant Account	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	(323)	76	0	(247)
Public Toilets	Communities and Township Services	To fund replacement of public toilets within the district				
Real Estate	Tourism, Economic Development and Commercial Activities	To fund subdivision of Council's real estate assets	41	0	0	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		To fund capital requirements of the Roading business unit	(9)	4	(5)	(10)
	Roading		26	0	0	26
School Road Water	Water Supplies	To fund capital requirements of the School Road water scheme	23	0	0	23
Sherwood Downs Hall	Communities and Township Services	To fund capital requirements of the Sherwood Downs hall				
Sherwood Downs Recreation Reserve	Communities and Township Services	To fund capital requirements of the Sherwood Downs reserves	37	0	0	37
Spur Road Water	Water Supplies	To fund Spur Road capital debt	0	0	0	0
Swimming Pool - Strathconan	Communities and Township Services	To fund replacement of the Fairlie swimming pool	24	8	0	32
Swimming Pool - Twizel	Communities and Township Services	To fund replacement of the Twizel swimming pool	(677)	8	0	(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	0	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	10,107	(10,224)	6,877
SEPARATE – OPERATING RESERVES						
Albury Hall	Communities and Township Services	To fund operations of the Albury hall	18	3	0	21
Albury Water Supply	Water Supplies	Accumulate surpluses/(deficits) from Albury water supply rate funded activities	176	23	(23)	176
			(4,604)	613	0	(3,991)

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District General	Governance and Corporate Services	Accumulate suplus/(deficits) from General rate
Downlands Water Supply		Accumulate suplus/(deficits) from Downlands Water Supply rate funded activities
Eversley/Punaroa Water Races	Water Supplies	Accumulate suplus/(deficits) to fund Eversley/Punaroa operating activities

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Fairlie Works and Services	Communities and Township Services	Accumulate suplus/(deficits) from Fairlie Works and Services rate funded operations	166	221	(322)	65
Lake Tekapo Works and Services	Communities and Township Services	Accumulate suplus/(deficits) from Lake Tekapo Works and Services rate funded operations	(116)	315	(354)	(155)
Other Reserves	Communities and Township Services	Accumulate suplus/(deficits) 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
Roading Professional Services Business Unit	Roading	Accumulate operating results of Council's Rooding business unit	(237)	0	0	(237)
Rural Works and Services	Communities and Township Services	Accumulate suplus/(deficits) from Rural Works and Services rate funded operations	(54)	56	(68)	(67)
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 suplus/(deficits) from Twizel Works and Services rate funded operations	184	524	(435)	273
Waste Management	Communities and Township Services	Accumulate suplus/(deficits) from Council's solid waste operations	(92)	1,174	(923)	158
			(3,216)	3,830	(2,557)	(1,943)
ASSET REVALUATION RESERVES						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share	6,590	697	0	7,287
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	79	0	(46)	33
INFRASTRUCTURAL ASSETS REVALUATION RESERVES						
- Land	Governance and Corporate Services	Accumulate changes in value of Council's land	38,666	1,812	(97)	40,381
- Water Supplies	Water Supplies	Accumulate changes in value of Council's water	17,071	1	0	17,072
- Downlands Water	Water Supplies	Accumulate changes in value of Downlands water	648	0	0	648
- Wastewater Schemes	Wastewater	Accumulate changes in value of Council's wastewater infrastructure	11,207	0	(1)	11,206
- Stormwater Schemes	Stormwater	Accumulate changes in value of Council's stormwater infrastructure	3,083	0	0	3,083
- Rooding	Rooding	Accumulate changes in value of Council's rooding	61,232	0	0	61,232
- Plant	Community and Township Services	Accumulate changes in value of Council's plant	35	0	0	35
- Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,384	595	0	11,979
			149,995	3,105	(144)	152,956
Total Reserves			163,617	18,391	(13,502)	168,505

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			2019-2020			
Reserve	Activity Reserve relates to	Purpose of Reserve	Opening Balance	Transfers Into	Transfers Out	Closing Balance
SPECIAL RESERVES						
Albury Water Supply	Water Supplies	Accumulate suplus(es)/(deficits) from Albury water supply rate funded activities	40	0	0	40
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha Water scheme	(40)	0	0	(40)
	Communities and Township Services	To fund district housing	7	0	0	7
Housing Replacement	Governance and Corporate Services	To fund disaster cover	200	0	0	200
Insurance	Communities and Township Services	To fund district wide projects	4,556	985	(245)	5,296
Land Subdivision	Communities and Township Services	To fund pensioner housing amenities	2	0	0	2
Pensioner Housing Amenities	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	0	0	44
Watertight Building	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	86	0	0	86
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	37	0	0	37
Masonic Lodge Scholarship						
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Accumulate operating results for the Council's real estate activities	4,115	0	0	4,115
Strathconan Pool Capital	Communities and Township Services	To fund Strathconan pool capital	2	0	0	2
Albury War Memorial	Communities and Township Services	To fund maintenance of war memorial	4	0	0	4
Ashwick/Allandale War Memorial	Communities and Township Services	To fund maintenance of war memorial	6	0	0	6
Davidson Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	0	0	2
Gillingham Bequest - Library	Communities and Township Services	To fund the purchase of library books	0	1	0	1
Gould Bequest - Cemetery	Communities and Township Services	To fund cemetery maintenance	2	0	0	2
Patersons Ponds	Communities and Township Services	To fund maintenance at Paterson Ponds	10	0	0	10
Enid Hutt Fairlie Beautifying Fund	Communities and Township Services	To fund expenditure in the Fairlie township	28	2	0	30
Sherwood Downs Sports Trust	Communities and Township Services	Held on behalf of the Sherwood Downs Sports Trust	0	0	0	0
Carpark Development	Roading	To future development of carparking in the district	0	0	0	0
			9,101	988	(245)	9,844
SEPARATE – CAPITAL RESERVES						
Administration	Governance and Corporate Services	Fund capital replacement of administration assets	(48)	3	0	(45)
Allandale Water	Water Supplies	To fund debt repayment of the Allandale water scheme construction and to fund its eventual replacement	(306)	35	(38)	(309)
Animal Control	Regulatory Services	To fund capital requirements of animal control	5	24	0	29
Ashwick/Opuha Water	Water Supplies	To fund capital requirements of the Ashwick/Opuha water scheme	82	2	0	84
Civil Defence	Governance and Corporate Services	To fund capital requirements of civil defence	(18)	6	(120)	(132)
District Council	Governance and Corporate Services	To fund capital requirements of the governance activity	(1)	0	0	(1)
Council Building - Fairlie	Governance and Corporate Services	building in Fairlie To fund replacement of Council's administration	(32)	50	(547)	(529)
Council Building - Twizel	Governance and Corporate Services	To fund replacement of Council's administration building in Twizel	42	26	(6)	62
District General	Communities and Township Services	To fund capital requirements of the district	(174)	0	(48)	(222)
District Wide Roading	Roading	To fund roading capital works district wide	(1,634)	2,225	(3,303)	(2,712)

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	Water Supplies	Council's share of a joint operation to fund the capital requirements of the Downlands Water Scheme	93	0	(38)	55
Downlands Water Supply						
Eversley Sewer	Wastewater	To fund capital requirements of the Eversley wastewater scheme	(1)	0	0	(1)
Fairlie Medical Centre	Communities and Township Services	To fund replacement of medical facilities in Fairlie	33	4	0	37

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Fairlie Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Fairlie	123	9	0	132
		To fund capital requirements in the Fairlie township	0	0	(47)	(47)
Fairlie Township	Communities and Township Services	To fund the operations of Council's forestry assets	7,135	1,169	0	8,304
Forestry	Tourism, Economic Development and Commercial Activities	To fund capital replacement of Council's IT assets	(9)	58	(642)	(593)
Information Technology Department	Governance and Corporate Services					
Kimbell Water	Water Supplies	To fund capital requirements of the Kimbell water scheme	21	1	0	22
Lake Tekapo Community Hall	Communities and Township Services	To fund replacement of the Tekapo community hall	(32)	12	(2)	(22)
Lake Tekapo Township	Communities and Township Services	To fund capital works in the Tekapo township	0	128	(12)	116
Mackenzie Community Centre	Communities and Township Services	To fund the capital works at the Fairlie community centre	143	22	(74)	91
Manuka Terrace Water	Water Supplies	To fund investigation and construction of a new water supply for Manuka Terrace	21	1	0	22
Plant Account	Governance and Corporate Services	To fund capital replacement of Council's motor vehicle assets	20	108	(209)	(81)
Public Toilets	Communities and Township Services	To fund replacement of public toilets within the district	(359)	76	(40)	(323)
Real Estate	Tourism, Economic Development and Commercial Activities	To fund subdivision of Council's real estate assets	109	0	(68)	41
Resource Planning	Regulatory Services	To fund capital requirements of the Planning Resource business unit				
Roading Professional Business Unit		To fund capital requirements of the Roading business unit	(2,611)	102	(151)	(2,660)
	Roading		(13)	4	0	(9)
School Road Water	Water Supplies	To fund capital requirements of the School Road water scheme	23	3	0	26
Sherwood Downs Hall	Communities and Township Services	To fund capital requirements of the Sherwood Downs hall	26	0	(3)	23
Sherwood Downs Recreation Reserve	Communities and Township Services	To fund capital requirements of the Sherwood Downs reserves	37	0	0	37
Spur Road Water	Water Supplies	To fund Spur Road capital debt	(12)	12	0	0
Swimming Pool - Strathconan	Communities and Township Services	To fund replacement of the Fairlie swimming pool	35	5	(16)	24
Swimming Pool - Twizel	Communities and Township Services	To fund replacement of the Twizel swimming pool	(338)	4	(343)	(677)
Twizel Community Centre	Communities and Township Services	To fund replacement of the Twizel Events Centre	252	92	0	344
Twizel Pensioner Housing	Communities and Township Services	To fund the eventual replacement of the pensioner housing stock in Twizel	41	6	(12)	35
Twizel Township	Communities and Township Services	To fund capital works in the Twizel township	(248)	75	0	(173)
Urban Wastewater	Wastewater	To fund district sewer capital works	2,758	979	(154)	3,583
Urban Stormwater	Stormwater	To fund district stormwater capital works	851	136	(37)	950
Urban Water	Water Supplies	To fund district water capital works	330	1,671	(517)	1,484
Waste Management	Communities and Township Services	To fund district solid waste capital works	(105)	142	(8)	29
			6,239	7,190	(6,435)	6,994

SEPARATE – OPERATING RESERVES

Fairlie Works and Services

Downlands Water Supply	Water Supplies
Eversley/Punaroa Water Races	Water Supplies

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To fund operations of the Albury Hill	Communities and Township Services) from General rate funded operations				
		Accumulate suplus/(deficits) from Downlands Water Supply rate funded activities	15	3	0	18
Albury Water Supply	Water Supplies	Accumulate suplus/(deficits) to fund Eversley/Punaroa operating activities	169	23	(16)	176
District General	Governance and Corporate Services	Accumulate suplus/(deficits) from Fairlie Works and Services rate funded operations	(3,375)	0	(1,229)	(4,604)
Community	Communities and Township Services		180	0	0	180
at			(1)	0	0	(1)
the			168	0	(2)	166
surplus						
plus						
/(
deficit						
its						
from						
Albury						
water						
supply						
rate						
funded						
activities						
Accumulate						
suplus						
/(
deficit						
its						

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Lake Tekapo Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Lake Tekapo Works and Services rate funded operations	48	49	(213)	(116)
Other Reserves	Communities and Township Services	Accumulate surpluses from Lake Alexandrina rental receipts	439	2	0	441
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,152	89	(233)	1,008
Roading Professional Services Business Unit	Roading	Accumulate operating results of Council's Rooding business unit	(237)	0	0	(237)
Rural Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Rural Works and Services rate funded operations	(54)	0	0	(54)
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate operating results from the ownership of the Pukaki Visitor Centre	(288)	15	(12)	(285)
Twizel Works and Services	Communities and Township Services	Accumulate surpluses/(deficits) from Twizel Works and Services rate funded operations	196	0	(12)	184
Waste Management	Communities and Township Services	Accumulate surpluses/(deficits) from Council's solid waste operations	27	23	(142)	(92)
			(1,561)	204	(1,859)	(3,216)
ASSET REVALUATION RESERVES						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share	6,214	376	0	6,590
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long-term investments	86	0	(7)	79
INFRASTRUCTURAL ASSETS REVALUATION RESERVES						
- Land	Governance and Corporate Services	Accumulate changes in value of Council's land	37,455	1,211	0	38,666
- Water Supplies	Water Supplies	Accumulate changes in value of Council's water	17,071	0	0	17,071
- Downlands Water	Water Supplies	Accumulate changes in value of Downlands water	648	0	0	648
- Wastewater Schemes	Wastewater	Accumulate changes in value of Council's	11,207	0	0	11,207
- Stormwater Schemes	Stormwater	Accumulate changes in value of Council's	3,083	0	0	3,083
- Rooding	Rooding	Accumulate changes in value of Council's rooding	61,232	0	0	61,232
- Plant	Community and Township Services	Accumulate changes in value of Council's plant	35	0	0	35
- Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	11,195	259	(70)	11,384
			148,226	1,846	(77)	149,995
Total Reserves			162,005	10,228	(8,616)	163,617

27a. INTERNAL BORROWINGS

	Opening \$000	New Debt \$000	Repayment \$000	Closing \$000	Interest Paid \$000
Year ended 30 June 2021					
Administration	38	-	(2)	36	
Allandale Water	289	-	(13)	276	
Planning	2,660	1,602	(89)	4,174	2
Animal Control	5	-	(0)	5	
Waste Management	1	-	(1)	(0)	
Twizel Township	173	-	(31)	142	
	3,166	1,602	(136)	4,632	3
Year ended 30 June 2020					
Administration	40	-	(2)	38	
Allandale Water	298	-	(9)	289	
Planning	2,611	151	(102)	2,660	7
Animal Control	5	-	-	5	
Waste Management	105	-	(104)	1	
Twizel Township	248	-	(75)	173	
	3,307	151	(292)	3,166	8

28. 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 parties 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."

Key management personnel compensation

	Council	
	Actual 2021 \$000	Actual 2020 \$000
Councillors		
Full-time equivalent members	7	7
Remuneration	256	236
Senior management team, including the Chief Executive		
Full-time equivalent members	3	3
Remuneration	590	589
Total full-time equivalent personnel	10	10
Total key management personnel remuneration	846	825

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

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29. EVENTS AFTER BALANCE DATE

On 17 August 2021 all of New Zealand Moved to Covid Delta alert level 4. On 31 August 2021, all of New Zealand south of Auckland moved to alert level 3. On 7 September 2021 New Zealand, except for Auckland, moved to alert level 2. In response to the different threat of the Omicron variant of the Covid, Government introduced the traffic light system on 3 December 2021 for which the Mackenzie moved into the orange setting. At 11.59pm 23 January, all of New Zealand moved into the red setting under the traffic light system. The Council anticipates no significant impact to its levels of service or work programme.

On 27 October 2021, the Minister for Local Government announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from 1 July 2024. There are still a number of uncertainties associated with the new three waters delivery model, including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty, the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

The Council's 2021-31 Long Term Plan was adopted on 14 December 2021. This breached section 93(3) of the Local Government Act 2002, as the Long Term Plan was not adopted before the commencement of the first year to which it relates.

30a. FINANCIAL INSTRUMENTS - EARLY ADOPTION OF PBE IPSAS41

Council				
	PBE IPSAS 29	PBE IPSAS 41	30/06/2020 PBE IPSAS 29 \$000	01/07/20 PBE IPSAS 41 \$000
FINANCIAL ASSETS				
Cash and cash equivalents	Loans and Receivables	Amortised Cost	2,897	2,897
Trade and other receivables	Loans and Receivables	Amortised Cost	3,884	3,884
Term deposits	Loans and Receivables	Amortised Cost	15,180	15,180
Community loans	Loans and Receivables	Amortised Cost	109	109
Listed bonds	FVTOCRE	FVTOCRE	1,854	1,854
Unlisted shares	FVTOCRE	FVTOCRE	10,003	10,003

Additional Information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payment are solely payments of principal or interest or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held to collect except for the Council's listed portfolio which are held to collect and sell in accordance with the Council's Treasury Management Policy to meet capital requirements.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure its unlisted shares at FVTOCRE.

30b. FINANCIAL INSTRUMENTS

	Council	
	Actual 2021 \$000	Actual 2020 \$000
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	11,607	2,897
Trade and other receivables	3,355	3,884
Other financial assets:		
- Term deposits	9,459	15,180
- Community loans	101	109
- Investment in other entities		
Total loans and receivables	24,522	22,070
Fair value through other comprehensive revenue		
Other financial assets:		
- listed bonds	808	1,854
- Unlisted shares	10,700	10,003
Total fair value through other comprehensive revenue and expense	11,508	11,857
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables	4,354	2,753
Total financial liabilities at amortised cost	4,354	2,753

31. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2020/2021 budget, as reflected in the Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

Council made a net surplus of \$1,737 thousand (budgeted surplus of \$1,449 thousand).

Subsidies and Grants higher, \$1.2 million, due to unbudgeted funding, Mayoral Taskforce, \$250,000, 3 Waters Stimulus, \$800,000. Development and Financial Contributions, Vested Assets down due to less development activity.

Other Gains/(losses) higher by \$2.4 million. Gains relate to fair value changes in Forestry Assets, Investment Property, and Property, Plant and Equipment. Gains are not budgeted due to difficulty in forecasting market conditions.

Other Expenses higher, \$2.3 million, due to Building Control contracted out < \$1 million, District Plan costs \$600,000 and costs associated with increased subsidies.

Gains on Revaluations of Assets more favourable by \$1.8 million on Land and Buildings Revaluation. Revaluation movement is not budgeted due to difficulty in forecasting market conditions.

Statement of Financial Position

Cash on Hand higher, \$4.4 million, due to timing of Term Deposits maturing.

Property, Plant and Equipment \$5 million higher due to revaluation of infrastructure, land and building after budget prepared.

Payables and deferred revenue higher, \$3.9 million, due to 3 Waters Stimulus Funding, \$1.5 million, Destination Mackenzie unused funding, \$200,000, and contract payments for Capital Works.

Development and Financial Contributions, Vested Assets down due to less development activity.

32. IMPACTS OF COVID-19

COVID - 19 continues to remain an unknown. As of 11:59 on the 23rd January 2022, New Zealand is operating at Red in the traffic light system. The Delta outbreak has now been overtaken by the Omicron variant, and there is no certainty that the Mackenzie District will not face future lockdowns over the next 12 months. However, based on the 2019/2020 and 2020/21 financial years, Council has not seen a significant impact on our revenue streams or our activities but does acknowledge a drop in regulatory income due to COVID-19. The 2021 Annual Plan was adopted based on assumptions around the potential impact of COVID-19. The adopted 2021/31 Long Term Plan was based on assumptions that included COVID-19. As the majority of Council income is rates related, Council does not believe that there is any material risk to Council's ongoing operations or service levels.

Land and Buildings Valuation

Council revalued Land and Buildings, and Investment Properties at 30 June 2021. At the time of valuation there was substantial market uncertainty related to the Covid-19 outbreak. The valuer had seen no evidence of adverse impact on property values at 30 June 2021 but noted the ongoing nature of the outbreak is such that there may be such impacts on the economy/property market in the medium term.

An assessment of the impact of COVID 19 on Council's balance sheet at 30 June 2021 is set out below.

Cash and cash equivalents

There is no impact to the carrying value of cash on hand.

Debtors and other receivables

Council assesses no impact on outstanding debtors as at 30 June 2021. No impairment is required to be recognised due to COVID-19.

Inventories

Inventories are valued at the lower of cost and net realisable value. Council assesses all inventories held will be sold for more than its cost.

Property, Plant and Equipment

Property, Plant and Equipment are held at either fair value or depreciated replacement cost. Impairment assessments have been carried out and there is no evidence that value of these assets have been impacted due to COVID-19. Land and Buildings were revalued at 30 June 2021 which considered COVID-19 issues in its assumptions. At the time of valuation there was substantial market uncertainty related to the Covid-19 outbreak. The valuer had seen no evidence of adverse impact on property values at 30 June 2021.

Intangible Assets

Software is carried at cost less accumulated depreciation. Carbon Credits are held at Cost or Fair Value on receipt. Council assesses no impact from COVID-19 on the value of these assets.

Forestry and investment property

Forestry and Investment Property are revalued to Fair Value annually taking into account market conditions. Council assesses no impact the fair value of these assets. The investment property valuation noted at the time of valuation there was substantial market uncertainty related to the Covid-19 outbreak. The valuer had seen no evidence of adverse impact on property values at 30 June 2021.

Other financial assets and investments

Short term deposits, investment securities, and Unlisted Shares are listed at Fair Value. Council assesses no impact on the fair value of these assets.

Disclosure Statement

Regulations were introduced in May 2014 requiring the Council to disclose its performance in relation to specific benchmarks.

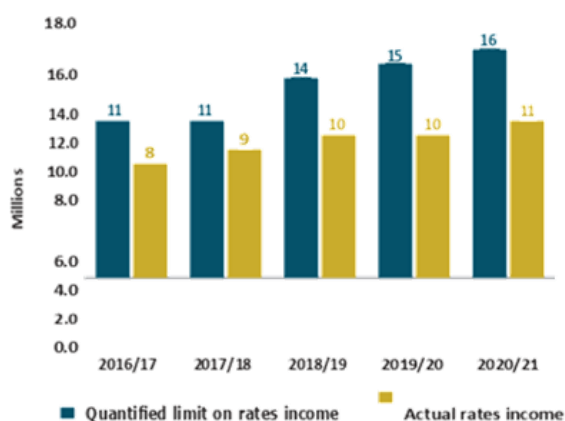
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if

- Its actual rates revenue equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

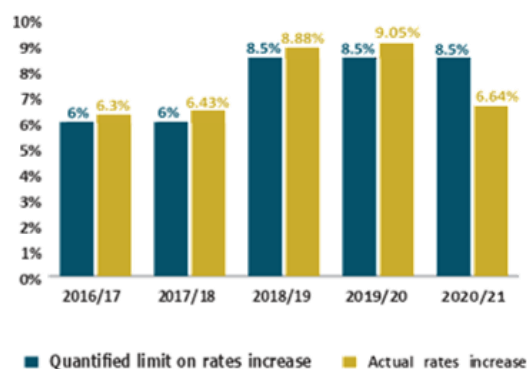
Rates (revenue) affordability

This graph compares Council's actual rates revenue (income) with the quantified limit on rates contained in the financial strategy included in Council's LTP 2018-28. The quantified limit is that total rates will not exceed 0.35% of the total capital value of the District. Council has achieved this benchmark for 2020/21.



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 LTP 2018-28. 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 (8.5% for 2020/21). Council has achieved this benchmark for 2020/21.



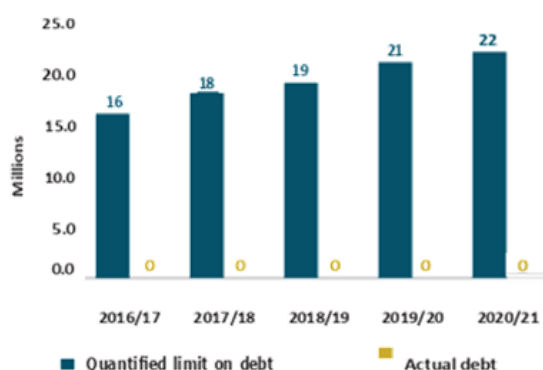
Debt Affordability Benchmark

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 LTP 2018-28.

Debt affordability

This graph compares Council's actual borrowing with the quantified limit that the maximum debt level is no more than two times Council's rates income.

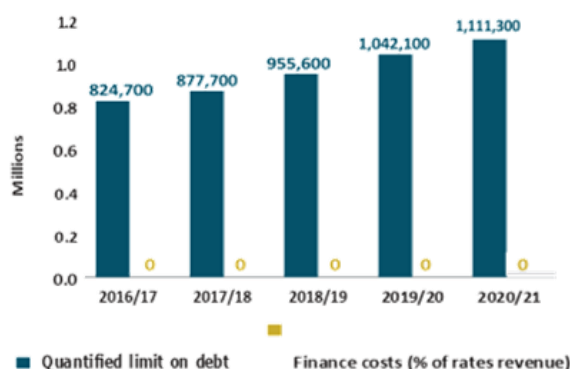
As at 30 June 2021, Council has no debt and has therefore achieved the benchmark for 2020/21.



Financing costs

This graph compares Council's financing costs of borrowing with the quantified limit that financing costs will not be more than 10% of total rates income.

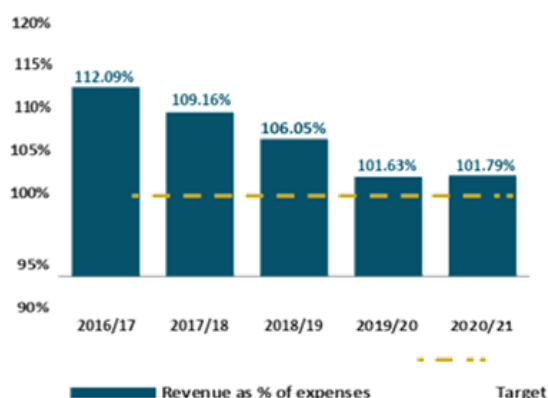
As at 30 June 2021, Council has no debt and has therefore achieved the benchmark for 2020/21.



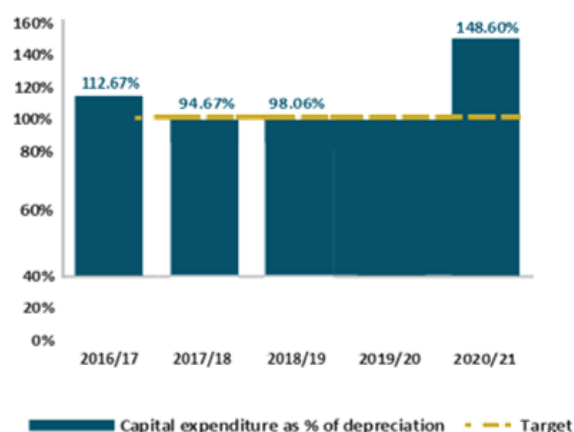
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Balanced Budget Benchmark

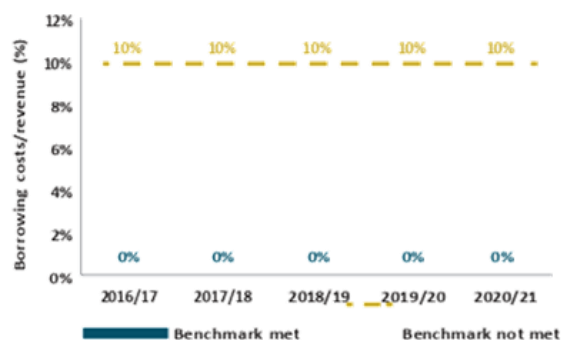
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial 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 achieved this benchmark for 2020/21.

**Essential Services Benchmark**

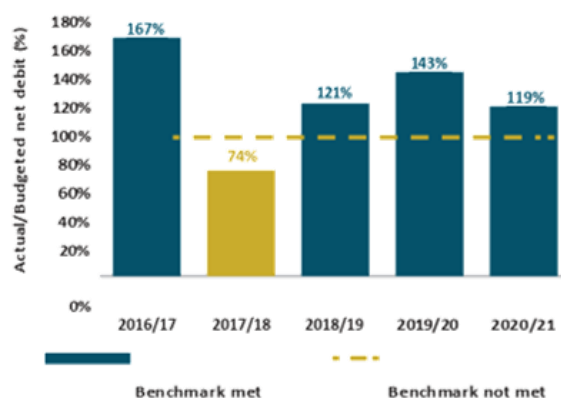
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services (water supply, wastewater including treatment and disposal, stormwater drainage and the provision of roads and footpaths) equals or is greater than depreciation on these services. Council achieved this benchmark for 2020/21.

**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. As at 30 June 2021 Council has no debt and has therefore achieved this benchmark for 2020/21.

**Debt Control Benchmark**

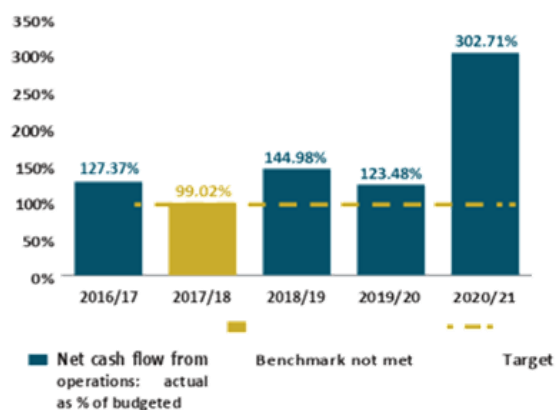
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets this benchmark if its actual net debt equals or is less than its planned 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 2020/21 cash flow from operations was \$11.065m which was higher than the budgeted cash flow from operations of \$3.691m. Council achieved this benchmark for 2020/21.



SECTION 5

Audit Opinion Arotake

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SECTION 5: Audit Opinion | Arotake



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