



Mackenzie  
District Council

# **Mackenzie District Council**

**2023/2024**

**Annual Report Summary**



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## A quick note from your Mayor and Chief Executive

Welcome to the Mackenzie District Council 2023/2024 Annual Report. This year has been marked by significant achievements and strategic advancements, despite the challenging economic conditions we faced and central government reforms that affected all local government.

### Economic Conditions

The economic landscape has been challenging, with high inflation rates and increasing interest rates.

### Water Reform

During 2024/2025 Council will need to consider service delivery models and produce a Water Services Delivery Plan for approval by 1 September 2025 as per the Local Waters Done Well legislation. This will consider structural models for delivery, finance and governance arrangements as well as economic regulation by the Commerce Commission.

### Tourism Recovery

From 1 July 2023 to 30 June 2024, the Mackenzie District experienced a robust recovery in tourism. The district saw a significant increase in international guest nights, which rose by 42% over the year, reflecting the return of international visitors.

### Primary Sector

We want to express our deep appreciation for the hard work and dedication of our farmers, who continue to comply with various regulatory requirements and challenging economic conditions.

## OVERALL FINANCIAL PERFORMANCE

Council performance in this report shows an operating deficit of \$4,566,000 compared to the budgeted deficit of \$780,000 with the revaluation of assets resulting in an overall bottom-line Comprehensive Revenue and Expense of \$19,204,000. The year end results include significant non-cash items and year-end adjustments. The key focus should be on the cash revenue and expenditure variances which total \$3.5m. Lower revenue (totalling \$940,000) was driven by economic conditions and loss of Alpine Energy dividends. This was not controllable by Council.

Higher operational expenditure (totalling \$1.059m) related to unforeseen emergency events, funding additional toilet cleaning and approved overrun for an approved accelerated review of the District Plan. Unfavourable contractor costs were offset by favourable personnel variances.

## CAPITAL EXPENDITURE

Capital expenditure is \$19.1 million spent for the year equating to 99% of the budgeted full year spend of \$19.3 million.

## FINANCIAL POSITION

The Council's draft balance sheet is \$19.204 million more than the net assets and equity as at 30 June 2023 and is mainly a result of revaluations completed out of cycle for three waters and roading infrastructure assets. Cash and cash equivalents are lower by \$4.662 million due to Council's decision to delay borrowing due to higher interest rates and utilising cash on hand for capital expenditure. Current liabilities have moved by \$2.747 million and relate to the addition of \$2.671 million of short-term borrowings. Non-current liabilities have increased by \$6.6 million from the 30 June 2023 total of \$8.493 million and is a result of Council undertaken further long-term borrowing from the LGFA to fund capital expenditure

## KEY HIGHLIGHTS FOR THE ANNUAL REPORT

- SMART Meter Installation: Successfully installed SMART meters in Twizel, significantly enhancing water conservation efforts and identifying leakages.
- Fairlie Water Treatment Plant: Completed the construction and commissioning of the new water treatment plant in Fairlie, ensuring a reliable and safe water supply for residents.
- Twizel Water Main Replacement: This ran from October 2023 to May 2024 and replaced aging asbestos concrete water pipes, ensuring a more reliable water supply and supporting the town's growth
- District Plan Review: Completed Stages 1 and 2 of the District Plan Review, with Stage 3 currently in the appeal process, aiming to better manage growth and development. The current operative plan was in dire need of an upgrade to comply with legislation and higher order documents.
- Civic Buildings and Twizel Event Centre Upgrades: Achieved code compliance for the Twizel Event Centre and completed seismic strengthening and fire safety upgrades for the Fairlie Civic Building.
- District Swimming Pools Upgrades: Upgraded swimming pools across the district to enhance community facilities and promote public health.
- Community Development – recruited staff and commenced working with various community groups leading various local projects
- Mayors taskforce for Jobs which connects work ready young people with local employers creating sustainable opportunities and supporting community growth. This is funded externally through the Ministry of Social development.
- Commenced Alps to Ocean Trail work funded from prior carry-forwards and Better off Funding received from central government to complete the Eastern Pukaki section of the Alps to Ocean cycle trail
- Worked with Rūnanga to develop a concept document for Pou whenua in the Mackenzie District
- Numerous successful Emergency Management Responses to events such as Pukaki fires, snow events, demolition of a building containing asbestos and a multiple tourist bus accident in Twizel.
- Completed the Ten year Long term Plan for 2024 to 2034 which was adopted on 31 July 2024
- Introduced a new Freedom Camping bylaw, effective from 16 December 2023 aiming to regulate freedom camping to protect local areas, ensure public health and safety and manage environmental impacts.

A busy and challenging year with significant achievements. Well done to the Council and staff team for all their efforts over the past year in a number of operational areas.

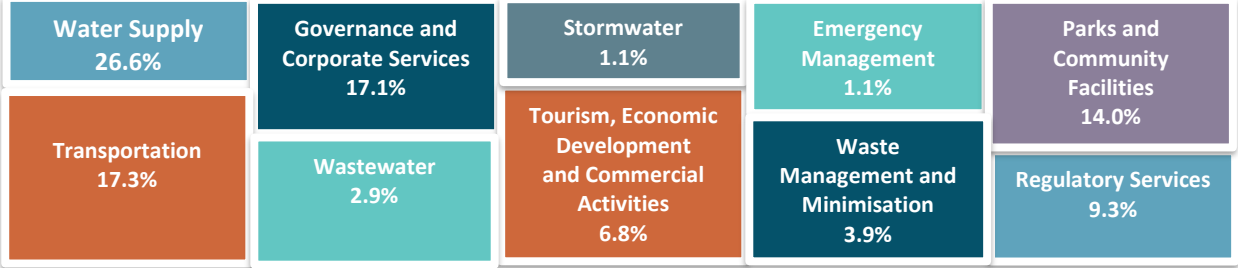


Anne Munro  
Mayor  
20 December 2024



Angela Oosthuizen  
Chief Executive  
20 December 2024

## How we Invested your Rates (operating and capital expenditure)



## Highlighting our Achievements

### SERVICE PERFORMANCE ACHIEVEMENTS

#### Governance and Corporate Services

##### Fairlie Administration Building Upgrade

Seismic strengthening to IL3 standard, installation of a lift, and upgraded security for Customer Services.

#### Three Waters

##### Fairlie Water Treatment Plant

The new Fairlie water treatment plant started operating on 20 July with the construction of the plant occurring during this financial year. Residents in Kimbell and Fairlie have been at risk of protozoan contamination, have had to boil their water at times, and have suffered distinctly brown water (turbidity) after prolonged periods of rain. Micro-biological contamination was one of the underlying issues in the Havelock North incident which resulted in New Zealand water quality compliance upgrades being undertaken in earnest.

The new plant contains a sophisticated filter system to remove dirt, bacteria and microbiology through a system that filters down to 1micron. The plant has two new storage tanks that give us water storage for approximately 1.5 days in summer or 2-3 days in winter. This helps us manage water flow when turbidity is high and allows us to enable water to flow even after an event when power is lost.

##### Smart Water Meter installation

Twizel has the highest water consumption in Mackenzie. By installing meters at consumption points, we can calculate real water loss between the plant and consumers, identifying leaks and targeting repairs. The meters also detect property leaks, allowing us to alert homeowners and prevent large bills from undetected leaks. This data has helped identify excessive users and significantly reduce consumption. We will continue installing smart water meters in urban areas, finishing Twizel and moving to Tekapo in 2024/25.

##### Twizel Ring Main Replacement

The Twizel Ring Main Replacement project by the Mackenzie District Council upgraded the water infrastructure along Mackenzie Drive. It involved replacing old asbestos concrete pipes with pipes with greater capacity to support future growth and prevent issues. The work started in October 2023, with occasional overnight water supply disruptions. This project highlights the council’s commitment to maintaining and improving essential services for the community.

#### Waste Management and Minimisation

##### Waste Management and Minimisation Plan 2024-2030

Council adopted the new Waste Management and Minimisation Plan 2024-2030. This plan sets the direction for waste minimisation activities for the next six years and seeks to align our waste activity with the New Zealand Waste Strategy. An ambitious range of targets have been identified to help the district reduce the amount of waste that is generated and sent to landfill and to reduce emissions from landfill waste.

## Regulatory Services

### District Plan Review

The Mackenzie District Plan is currently under review. The original Mackenzie District Plan largely became operative in 2004, and many elements are well out of date and do not meet our statutory requirements under the Resource Management Act 1991. This means Council is required by law to meet certain obligations. In 2017/18 Council resolved to continue the District Plan Review programme (DPR) in two stages. Stage One encompassed changes around two priority issues being, 1) activities on the surface of water; and 2) biodiversity. Stage Two would then encompass all other outstanding issues.

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

Plan Changes 20 - Strategic Direction, 21 - Spatial Plan Implementation and 22 - Lighting were all notified during the 2022/23 financial year, with hearings held and decisions issued. No appeals were received on these plan changes and provisions now have legal effect. The provision of Lighting became operative in the 2023/24 financial year.

Stage 3, involving four separate plan changes (Plan Changes 23-27) were formally publicly notified in November 2023, following public engagement and consultation, targeted engagement with landowners and stakeholders, and numerous full Council workshops. Hearings were held in March 2024 and on 5 August 2024 decisions were released by the independent Commissioners. Council is now in an appeal process with various stakeholders. It is intended to publicly notify Plan Changes 28-30 in November 2024 with hearings targeted for June 2025 with decisions to occur following that. No formal changes are scheduled beyond stage 4 currently.

## Parks and Community Facilities

### Lake Ruataniwha, Fairlie and Pukaki Public Toilets

Funding was largely provided from a grant from the Government Tourism Infrastructure Fund (TIFF) with a 15% contribution from ratepayers. Lake Ruataniwha and Fairlie toilets have been completed and Pukaki toilets will commence construction with a target of being open for Christmas 2024.

### Twizel projects

**Lake Ruataniwha Reserve** - Initial emphasis on improving trails parking and vegetation around the “lagoon area” and new public toilets.

**Alp 2 Ocean (A2O) Trail** - Construction of this approximately 9km section began in May 2024, and is due for completion in late 2024.

**Twizel Event Centre** - Upgrade of the kitchen was completed.

**Twizel swimming pool upgrade** - A more accessibility friendly stair entry installed and upgrades to allow wheelchair access and better ambulance access completed

### Fairlie projects

**Strathconan Swimming Pool Upgrade** - Filtration and heating upgrade was completed before the season start in Spring 2023.

**Cemetery Land purchase** - Council considered the offer carefully and decided to purchase the land from reserves which will future proof expansion of the cemetery for many decades into the future.

**Peace Avenue Tree Works (completed)** - In February/March 2024 a large number of the Peace trees were carefully pruned by a contracted specialist arborist, including some specific trees that had been identified by NZTA as restricting traffic access (eg wide or large loads). Feedback was extremely positive after the work.

### Lake Tekapo projects

**Lake Tekapo Firebreak, Stage 1 & 2 (completed)** - Stage Two took place over the early part of the 2023/24 year and included further forestry and wilding pine removals around the Tekapo River and the completion of the final stages of the tidying up throughout the Stage One Firebreak.

## PERFORMANCE MEASURES

The performance measures we reported against in last year's Annual Report were adopted by Council in the 2021/31 LTP. Additional performance measures were developed and adopted in the 2023/24 Annual Plan.

### Governance and Corporate Services

We met our performance targets for annual report and annual plan preparation within statutory timeframes, face to face meetings with Ngā Papatipu Rūnanga and Te Rūnanga o Ngāi Tahu, public forums with communities and groups, and a centralised customer service point. We did not meet our target of greater than 60% satisfaction in the performance of the councillors and mayor.

### Water Supplies

We met our performance targets for median response times to attend callouts for faults or unplanned interruption to the network reticulation system and average consumption of drinking water per day per resident.

We did not meet our annual performance targets for compliance with bacterial and protozoal compliance. Council did not engage an independent expert to review our compliance against the DWQAR, therefore we have reported that Council's water supplies did not comply with the selected rules from 1 July 2023 to 30 June 2024. Using the methodology used in an independent review against this measure in 2022/23 every plant failed on not having water safety plans approved by a drinking water assessor. Some plants also failed because of insufficient monitoring and treatment. In terms of bacteria testing requirement, there was one failed result from the 806 samples taken. The follow up sample to the failed sample passed.

With the completion of the new water treatment plant in Fairlie this will significantly improve future performance. Provision has also been made in the 2024-2034 long term plan to connect Allandale onto this new plant. We also did not meet our targets for real water loss from the networked reticulation system, complaints per 1,000 properties, and ratepayer satisfaction (76% compared to a target of 80%).

### Wastewater

We met our performance targets for dry weather sewerage overflows of less than two occurrences, attendance and resolution times from blockages or other faults in the sewerage system, and the number of complaints in regards the sewerage system (10.3 against the target of 50 per 1,000 connected properties).

We did not meet our annual targets for compliance with our resource consents for discharge. We also did not meet our targets for real water loss from the networked reticulation system, complaints per 1,000 properties and ratepayer satisfaction (76% compared to a target of 80%), and satisfaction with the wastewater treatment and disposal service.

### Stormwater

We met our performance targets for number of flooding events (less than 2) and compliance with our resource consents for discharge. We also met our target for the number of complaints in regards performance of the stormwater system (2.6 against the target of 5 per 1,000 connected properties).

We did not meet our annual targets for satisfaction with the stormwater service.

### Transportation

We met our mandatory performance targets for smooth travel exposure, unsealed road network renewed, and footpath condition rating.

We did not meet our target for the percentage of sealed local road resurfaced, the percentage of zero serious injury crashes on our local roads, the number of reported crashes on our local roads (14 compared to 10), customer services requests response times, and road user survey ratings.

### Regulatory Services

We met our performance targets for processing times in regards building consents granted, code of compliance certificates issued, and land information memorandums (LIMs) processed. We also retained our building consent accreditation and met our target percentage for building warrant of fitness certificates audited.

We did not meet our annual targets for processing times in regards non-notified resource consents, surveyed satisfaction of resource management issues and quality of services resource consent and building consent applicants received, and the management of dog control issues.

### **Emergency Management**

We met our annual performance targets for the creation or review of community resilience / response plans, risk reduction planning, and presentations to community groups or interested parties. We also met our target for having a CDEM duty officer available 24/7, training of council staff, and an EOC exercise conducted annually.

We did not meet our annual targets for surveyed understanding of risks within the district and preparedness for an emergency. We also did not meet our target of 15 training sessions for volunteers and response teams.

### **Parks and Community Services**

We met our annual target of maintaining pool safe accreditation and no serious harm accidents occurred in our playgrounds, parks or facilities.

We did not meet our targets for customer satisfaction ratings within our parks and facilities.

### **Waste Management and Minimisation**

We met our annual target of customer satisfaction of kerbside waste collection and resource recovery parks. We also met compliance with our resource consent conditions.

We did not meet our target of solid waste diversion from landfill (43% compared to a target of 55%), or household kerbside waste to landfill per person (123kg compared to a target of 105kg).

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

We met the performance target of having our cash investment portfolio independently reviewed each quarter.

We did not meet the customer satisfaction ratings for our activities and airport facilities, and the agreed review of the Economic Development Strategy meant we could not undertake an economic development project. We also did not meet the gross cashflow target for the year because log prices declined internationally and we chose to hold back on timber sales.

### **Residents' Opinion Survey**

Our annual Residents' Opinion Survey was primarily conducted through a web portal administered by our survey partner Research First and supplemented with paper versions available for collection in Twizel, and Fairlie or posted out on request. One new question was added to the survey this year. This was related to understanding residents' satisfaction with the performance of the Mayor and Councillors, to distinguish that from the existing question relating to overall satisfaction with the Council.

The survey results scoring method for this year and last year differ to those in prior years as outlined above. This year the scoring methodology removed the neutral response and changed the scale style questions from a 5-point Likert scale to a 6-point Likert scale.

This survey was in the field from 23 August to 22 September 2024. This period was assessed as reasonable to capture responses for the financial year ended 30 June 2024 and was delayed from prior years to avoid overlap with other Council surveys in the market. Publicity included website, Facebook, posters and a direct postcard mailout. A draw to win 1 of 3 \$100 prizes could be entered on completion of the survey.

We received 194 survey responses to our 2024 survey compared to 255 responses in 2023.

The use of an online survey means achieving a representative sample was difficult as targeting hard-to-reach respondents was not possible. Since 2022 the responses have been weighted to achieve the desired gender, age and region quotas to mitigate the impact of the sampling method used.

Data collected is accurate to a maximum margin of error of +/- 6.9% at the 95% confidence level. This means that if 50% of respondents stated they were satisfied with a Council facility, then we can be 95% sure that between 43.1% and 56.9% of the entire Mackenzie District population also feel satisfied with that Council facility.



# Services for our District

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

Last year (2022/23) we:	This year (2023/24) we:
<b>Achieved:</b> 44 out of 80 (55%)	<b>Achieved:</b> 41 out of 80 (51%)
<b>Did not achieve:</b> 34 out of 80 (42.5%)	<b>Did not achieve:</b> 32 out of 80 (40%)
We did not collect data for 2 out of 80 (2.5%)	We did not collect data for 7 out of 80 (9%)

## Governance and Corporate Services



Achieved 9 of 12 measures

## Water Supplies



Achieved 2 of 7 measures

## Wastewater



Achieved 3 of 5 measures

## Stormwater



Achieved 5 of 6 measures

## Transportation



Achieved 4 of 9 measures

## Regulatory Services



Achieved 5 of 12 measures

### Emergency Management



Achieved 7 of 11 measures

### Parks and Community Facilities



Achieved 2 of 8 measures

### Waste Management and Minimisation



Achieved 3 of 5 measures

### Tourism, Economic Development and Commercial Activities



Achieved 1 of 5 measures

## Financial Highlights

We achieved a before tax deficit of \$4.6 million, with total revenue of \$29.5 million, and total expenditure of \$34 million.

Subsidies and Grants received totalled \$5.6 million. This was received primarily from Central Government.

Roading received funding assistance from Waka Kotahi of \$3.3million which we used to maintain our roading network and invest in improvements to keep our community safer on the road.

We received \$2.3 million of other Government funding to invest locally into tourism including new public toilets and upgrades for Alps to Ocean cycleway, apprenticeships for our youth, ambassadors for our camping grounds and transitional funding for water services reforms.

Cash and financial investments were \$5.6 million at 30 June 2024.

We invested \$19.1 million in capital expenditure (excluding vested assets).

At 30 June 2024 external debt was \$20.8 million, lower than what was budgeted of \$20.9 million.

The value of our property, plant and equipment increased by \$35.8 million, investment property by \$0.4 million, and we received carbon credits worth \$0.9 million from our forestry plantations.

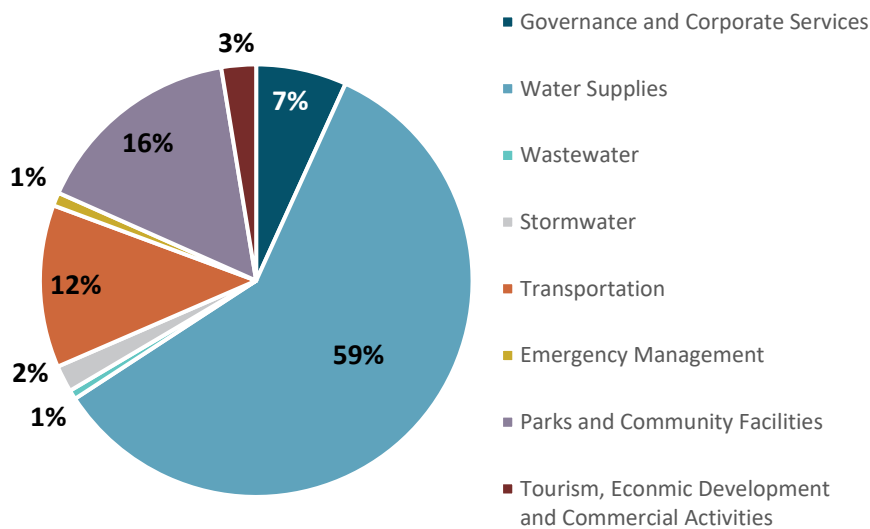
We are growing

- We have 59 new rating units.
- We processed 253 building consents.
- We processed 129 resource consents.

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

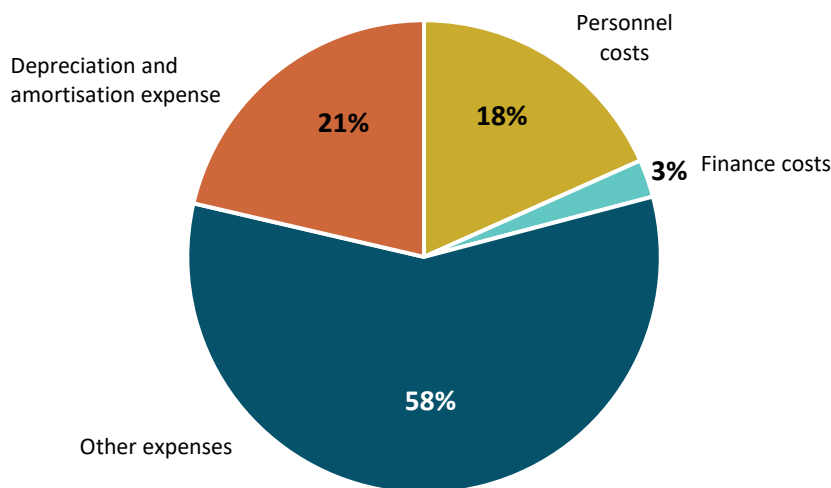
### CAPITAL EXPENDITURE (excluding vested assets)

Overall the total capital expenditure for the year of \$19.1 million was 99% of the 2023/24 budget of \$19.3 million.



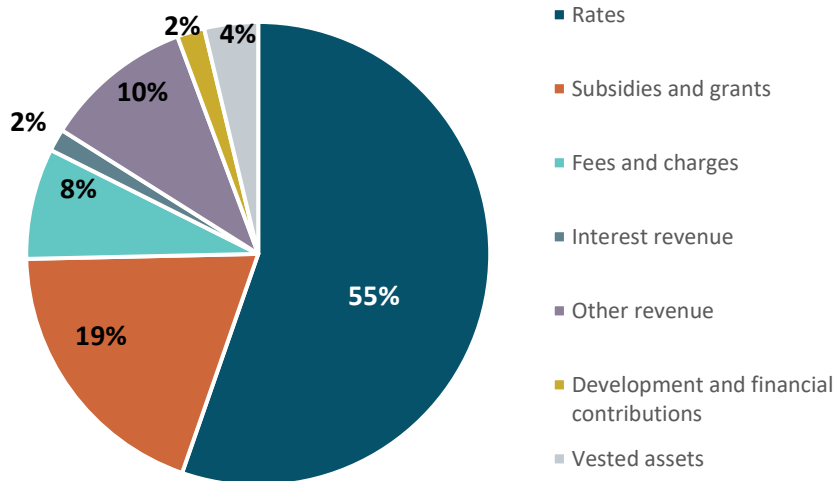
### OPERATING EXPENDITURE (excluding other losses)

Overall operating expenditure for the year of \$32.9 million exceeded the budget of \$30.8 million by 7%. 2023/24 operating expenditure was on a par with 2022/23. Depreciation costs of \$7 million were 18% higher than budget, finance costs of \$0.8 million 30%, and other expenses of \$19 million 8%. Personnel costs of \$6 million were 7% lower than budget.



### REVENUE (excluding other gains)

Overall total revenue (excluding other gains) of \$29.1 million was less than the budget of \$30 million by 3%. Mackenzie District Council rates of \$16.7 million contributed 55% compared to 50% in 2022/23. Development and financial contributions reduced by 2% and non-cash revenue from vested assets 1% from 2022/23. Timing of the completion of subdivision work, the vesting of assets and payment of contributions is outside Council’s control.



## Annual Report Disclosure Statement

1. These disclosures are a summary of the Annual Report 2023/24, prepared in accordance with PBE Standards Tier 1. This summary is an overview of our financial performance and position. It does not give a complete understanding. For further information refer to the Annual Report 2023/24 adopted 10 December 2024, which can be found on our website at [www.mackenziedc.govt.nz](http://www.mackenziedc.govt.nz).
2. The financial statements are for the Council and group.
3. Financial statements have been prepared in compliance with PBE FRS 43: Summary Financial Statements and are presented in NZ dollars rounded to the nearest thousand unless otherwise stated.
4. All financial statements have been examined by an external auditor, Audit NZ, on behalf of the Auditor General and received a modified audit opinion on 10 December 2024. It is our opinion that the summary financial statements represent fairly and consistently the financial performance and position of the Council as detailed in the Annual Report 2023/24.
5. The financial statements for the year ended 30 June 2024 were authorised for issue by the Council on 10 December 2024. We are not aware of any events subsequent to 30 June 2024 that require adjustment of, or disclosure in the financial statements.

## Events after Balance Date

### WEATHER EVENTS

A snow event occurred in July 2024. To date a total of \$151,306 has been spent due to snow clearance and gritting for ice. A request has been made to Council for additional funds.

A heavy rain event occurred at the beginning of October 2024. This caused widespread flooding and damage, particularly on the Albury area. Estimated repair costs are \$192,000 and an emergency claim has been submitted to NZTA for the damage.

At the end of October 2024, a second snowfall event occurred which caused significant disruption across the district. This led to widespread road blockages and transport disruptions. One of the most critical impacts was an avalanche on Glen Lyon Road isolating several families and hunting groups. The financial impact of this event is still to be determined as Council staff are still continuing to assess the damage and co-ordinate the necessary repair work. Costs will include the cost of clearing the avalanche, repairing any infrastructure damage, and restoring affected services.

## Summary Financials

\$000s	Actual 2024	Budget 2024	Actual 2023
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>			
Total revenue	29,450	29,988	29,287
Total finance costs	(846)	(650)	(451)
Total other expenses	(33,158)	(30,118)	(33,694)
<b>Surplus / (deficit) before tax</b>	<b>(4,566)</b>	<b>(780)</b>	<b>(4,858)</b>
Income tax credit / (expense)	-	-	-
Surplus / (deficit)	(4,566)	(780)	(4,858)
Total other comprehensive revenue and expense	23,770	434	8,695
<b>Total comprehensive revenue and expense</b>	<b>19,204</b>	<b>(346)</b>	<b>3,837</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>			
Equity at the beginning of year	378,335	367,341	374,501
Total comprehensive revenue and expense	19,204	(346)	3,837
<b>Equity at end of year</b>	<b>397,539</b>	<b>366,996</b>	<b>378,335</b>
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Total current assets	10,164	17,962	19,807
Total non-current assets	415,292	376,285	377,099
<b>Total assets</b>	<b>425,456</b>	<b>394,247</b>	<b>396,906</b>
<b>LIABILITIES</b>			
Total current liabilities	(12,825)	(9,361)	(10,078)
Total non-current liabilities	(15,093)	(17,890)	(8,493)
<b>Total liabilities</b>	<b>(27,918)</b>	<b>(27,251)</b>	<b>(18,571)</b>
<b>Net assets</b>	<b>397,539</b>	<b>366,996</b>	<b>378,335</b>
<b>EQUITY</b>			
Accumulated funds	128,621	106,398	115,961
Reserves	7,365	27,672	23,477
Revaluation reserves	261,553	232,926	238,897
<b>Total equity</b>	<b>397,539</b>	<b>366,996</b>	<b>378,335</b>
<b>STATEMENT OF CASHFLOWS</b>			
Net cash inflow / (outflow) from Operating Activities	3,865	3,489	(1,034)
Net cash inflow / (outflow) from Investing Activities	(17,969)	(12,571)	1,080
Net cash inflow / (outflow) from Financing Activities	9,442	9,412	1,114
<b>Net increase / (decrease) in cash held</b>	<b>(4,662)</b>	<b>331</b>	<b>1,160</b>
Opening cash balance 1 July	10,166	5,037	9,006
<b>Closing cash balance 30 June</b>	<b>5,504</b>	<b>5,368</b>	<b>10,166</b>

## Summary of Major Variances against our Budget

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Total comprehensive revenue and expenses returned a surplus of \$19.2 million compared to a budgeted deficit of \$346,000. Council achieved a before tax operating deficit of \$4.6 million.

#### Revenue

Revenue was \$29.4 million: we budgeted \$30 million.

- Subsidies and grants were lower by \$340,000: \$1 million more from Waka Kotahi for emergency works, but \$1.3 million less for other government grants and subsidies.
- Fees and charges collected were higher by \$289,000.
- Other revenue was higher by \$182,000.
- Development and financial contributions were lower by \$606,000 and vested assets lower by \$610,000.
- Other gains were higher by \$363,000 as a result of revaluations on investment property and forestry assets.

#### Expenditure

Expenditure was \$34 million: we budgeted \$30.8 million.

- Personnel costs were lower by \$459,000 due to a number of staff vacancies.
- Other expenses were higher by \$1.3 million: they included roading flood repairs \$776,000, contracting out to cover staff vacancies \$459,000, district plan review \$626,000, an impairment of \$391,000 was booked for carbon credits, unbudgeted expenditure of \$303,000 for clearance of a fire damaged building. These were offset by lower costs of \$1.2 million for Better Off Funding projects.
- Depreciation costs were higher by \$1.1 million.
- Other losses were \$1.1 million of unbudgeted items from decommissioning of water assets.

#### Other Comprehensive Revenue and Expense

Other comprehensive revenue and expense was \$23.7 million: we budgeted \$434,000.

- Fair value movements of financial Assets higher by \$600,000 attributable to the annual revaluation of Council's share of Alpine Energy Limited.
- Gains on property, plant and equipment revaluations more favourable by \$23.2 million.

### STATEMENT OF FINANCIAL POSITION

- Cash and cash equivalents were \$136,000 higher than planned.
- Receivables were higher by \$240,000 as we accrued a cost recovery in regards expenditure on the clearance of a fire damaged building.
- Current financial assets were lower by \$8.4 million because we used matured term deposits to fund capital expenditure, rather than external borrowings.
- Property, Plant and Equipment was higher by \$33.3 million as a result of the revaluation of roading and water infrastructure assets.
- Intangible assets were higher by \$2.0 million because Council did not sell budgeted Carbon Credits.
- The value of Council's forestry assets was lower by \$440,000 due to a decrease in log prices and an increase in cost of sales.
- The value of Council's investment property portfolio was \$298,000 higher due to increases in the value of properties.
- Non current financial assets are higher by \$3.9 million due to an increase in the value of Alpine Energy shares, a purchase of a commercial bond and additional Local Government Funding Agency borrowers notes.
- Payables and deferred revenue were higher by \$479,000 - mainly due to an increase in accruals for capital expenditure projects.
- Council's current borrowings were \$2.8 million over budget and non-current borrowings were \$2.8 million under budget due to Council undertaking borrowing more at short term maturities due to higher interest rates.

## Water Services Reform Programme

The New Zealand government is implementing a water services reform programme to address New Zealand's water infrastructure challenges – the Local Water Done Well programme.

The first part of the programme was to repeal previous water services legislation (the Water Services Entities Act 2022, Water Services Legislation Act 2023, and the Water Services Economic Efficiency and Consumer Protection Act 2023) that would have transferred responsibility to ten newly established publicly owned water services entities.

The New Zealand government is introducing new legislation that recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future. The Local Government (Water Services Preliminary Arrangements) Act 2024 was enacted on 2 September 2024 and establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system. The Act includes a requirement for councils to develop Water Services Delivery Plans by 3 September 2025. The Plans will outline future water services delivery arrangements, and for councils to commit to an implementation plan. The Mackenzie District Council has commenced work on its Water Services Delivery Plan in accordance with the Act and will undertake consultation before the Plan is adopted.

The New Zealand government had indicated that it will introduce a Bill in December 2024 that will establish the enduring settings for the new water services system.

The reforms to date have had no effect on the 2024 financial statement or performance information and there is nothing to indicate the need to review the carrying value of assets and liabilities in the 2024 annual report as any future change is uncertain.

## Fair Value of Alpine Energy (AEL) unlisted share investment uncertainty

The fair value of Council's investment in AEL has been determined primarily by using a valuation technique based on discounted cash flows and a capitalisation of maintainable earnings approach, using a mid-point Weighted Average Cost of Capital (WACC) of 6.4%. The value of the investment is sensitive to movements in the WACC rate. Movements in this rate may materially change the value of the investment.

Mackenzie District Council's share of the valuation, ranges in value from \$13.4m to \$15.9m, with a mid-point of \$14.6m, which is reflected as the fair value in these financial statements. The independent valuation was completed by Ernst & Young (EY) at 30 June 2024.

During the year, AEL discovered an administrative error in its previous nine years' Information Disclosure Schedules that were submitted to the Commerce Commission (the Commission). Details of the error and the amended Information Disclosure Schedules are available on AEL's website.

The amended information is under review by the Commission to determine the appropriate course of action. There is a range of possible actions that the Commission may take against AEL, depending on the outcome of its review, which is expected to be finalised during the next financial year.

Until such time, the outcome of the review remains uncertain. The valuation therefore does not take account of this matter because the possible effects cannot be determined with any certainty.

## Council Spending at a Glance

Area of spend		Capital spend	Operating spend
Governance and Corporate Services	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Administration</li> <li>• Chief Executive Office</li> <li>• Finance</li> <li>• Information and Engagement</li> </ul>	\$1.292m	\$7.925m
Water Supplies	<ul style="list-style-type: none"> <li>• Water treatment and storage</li> <li>• Reticulation</li> </ul>	\$11.335m	\$3.058m
Wastewater	<ul style="list-style-type: none"> <li>• Sewage treatment</li> <li>• Reticulation</li> </ul>	\$142,000	\$1.407m
Stormwater	<ul style="list-style-type: none"> <li>• Urban stormwater</li> <li>• Stormwater treatment</li> </ul>	\$376,000	\$215,000
Transportation	<ul style="list-style-type: none"> <li>• Rooding</li> <li>• Footpaths</li> <li>• Parking</li> <li>• Cycleways</li> <li>• Walkways</li> </ul>	\$2.329m	\$7.013m
Regulatory Services	<ul style="list-style-type: none"> <li>• Building control</li> <li>• District planning</li> <li>• Animal control</li> <li>• Environmental health</li> </ul>	\$7,000	\$5.033m
Emergency Management	<ul style="list-style-type: none"> <li>• Civil Defence and Emergency Management</li> </ul>	\$91,000	\$518,000
Parks and Community Facilities	<ul style="list-style-type: none"> <li>• Cemeteries</li> <li>• Toilets</li> <li>• Halls</li> <li>• Libraries</li> <li>• Medical centres</li> <li>• Parks and swimming pools</li> <li>• Pensioner housing</li> </ul>	\$3.022m	\$4.515m
Waste Management and Minimisation	<ul style="list-style-type: none"> <li>• Solid waste</li> <li>• Recycling</li> </ul>	\$38,000	\$2.046m
Tourism, Economic Development and Commercial Activities	<ul style="list-style-type: none"> <li>• Real estate</li> <li>• Forestry</li> <li>• Pukaki Airport</li> <li>• Economic development and tourism promotion</li> </ul>	\$500,000	\$3.165m



## Independent Auditor's Report

### To the readers of Mackenzie District Council's summary of the annual report for the year ended 30 June 2024

The summary of the annual report was derived from the annual report of the Mackenzie District Council and group (the District Council) for the year ended 30 June 2024.

The summary of the annual report comprises the following summary information on pages 5 to 13:

- the summary statement of financial position as at 30 June 2024;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2024;
- the notes to the summary financial statements that include other explanatory information; and
- the summary statement of service performance referred to as "Performance Measures".

### Opinion

In our opinion:

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

However, the summary statement of service performance includes a limitation in scope to the equivalent extent as the full audited statement of service performance. This limitation is explained below in *the full annual report and our audit report thereon* section.

### Summary of the annual report

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

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

## **The full annual report and our audit report thereon**

We expressed a qualified opinion on the statement of service performance and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2024 in our auditor's report dated 10 December 2024. The basis for our qualified opinion on the statement of service performance is explained below.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the uncertainty over the valuation of an unlisted share investment.

### ***Statement of service performance: Our work was limited in relation to the performance measures on providing safe drinking water, as measured by bacterial and protozoal compliance with the Drinking Water Standards and the Drinking Water Quality Assurance Rules***

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 made by the Secretary for Local Government. These mandatory performance measures include measures on the extent to which the District Council's water supplies comply with the bacterial and protozoal compliance criteria in the Drinking Water Standards, as described on pages 29 to 30 of the full annual report. Reporting against these measures also includes the District Council's compliance with the relevant sections of the Drinking Water Quality Assurance Rules 2022.

The District Council did not assess its compliance against all of the required rules set out in the Drinking Water Quality Assurance Rules in relation to bacteria and protozoal compliance, and therefore the District Council was unable to reliably report its performance in respect to these measures.

As a result, our work was limited and there were no practicable audit procedures we could apply to determine whether reported performance reflects actual performance for these performance measures for the year ended 30 June 2024.

Information about this matter is also disclosed on page 5 of the summary service performance information.

### ***Emphasis of matter – Uncertainty over the valuation of an unlisted share investment***

Without further modifying our opinion, we draw attention to note 18 on pages 121 to 122 of the full annual report, which outlines an uncertainty over the value of the Council's investment in Alpine Energy Limited (Alpine). Alpine identified an error in the information provided to the Commerce Commission for regulating prices. This matter has not been taken into account in the valuation because the Commerce Commission is considering the appropriate course of action. The outcome of the Commerce Commission's consideration and its possible effect on the value of the investment is therefore uncertain.

Information about this matter is also disclosed on page 13 of the summary annual report.

## **Council's responsibility for the summary of the annual report**

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

## **Auditor's responsibility**

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

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

In addition to reporting on the summary and full annual reports, we have carried out other audit and assurance engagements for the District Council. These audit and assurance engagements, as described in note 12 on page 119 in the full annual report, are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Chris Genet  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
20 December 2024