

Council Directory

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Cnr Stafford and Church Streets

TIMARU

The Mackenzie District – (Mayor & Councillors 2010–2013)



PUKAKI WARD

PURAKI WAKL



John Bishop

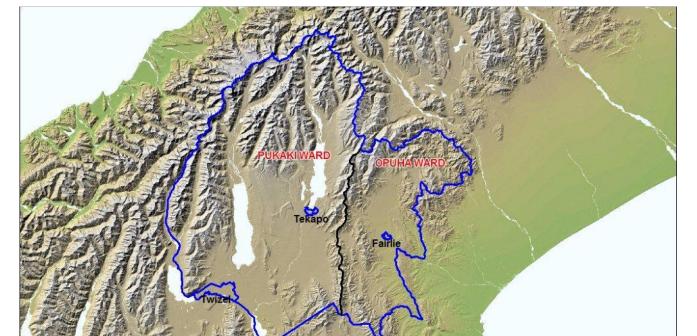


Peter Maxwell



Annette Money

MAYOR Claire Barlow



OPUHA WARD



Graeme Page



Graham Smith (Deputy Mayor)



Evan Williams

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Introduction by the Mayor and Chief Executive

The year ending 30 June 2011 was a challenging one for Council as the national economy remained flat, our local growth dividend diminished from what we have enjoyed in recent years and investment returns were reduced.

Council continued to make steady progress in several areas in the face of these challenges and successfully adjusted its rating regime to moderate some of the more extreme effects of the latest District revaluation.

The progress we have made is due to the dedication and effort of both elected members and staff and it is appropriate to acknowledge the efforts and successes of the Mackenzie team.

Financial Overview

During the year ended 30 June 2011, the Council recorded an operating deficit of \$685,000 compared with a budgeted surplus of \$1,051,000. The budget includes \$1,090,000 of real estate sales, where only \$207,000 was realised.

The Council's net operating expenditure (excluding depreciation and asset impairment) was \$7,156,000, \$23,000 ahead of the budget of \$7,133,000 primarily due to the expenses of Plan Change 13 not being able to be capitalised as planned. The 2010 figure was \$7,314,000.

Operating revenue was \$9,804,000 (net of vested asset income nil, forestry revaluation. \$82,000, carbon credits \$140,000, investment revaluations \$82,000 and write downs of assets available for sale \$372,000) \$599,000 below the budget of \$10,403,000. This was principally due to delays in completing a planned property sale in Tekapo. The comparable figure from 2010 was \$10,583,000.

Performance Measures

Of the 101 performance measures reported against in the Plan, 61 were fully achieved, 25 were not achieved and 15 were either not measured or were not applicable to the current year. These results were broadly similar to those achieved in 2010 where the comparable figures were 106, 65, 21 and 20.

Capital Works

A total of \$2,547,000 of capital work was undertaken during the year which was 77% of the budget of \$3,294,000 (excluding vested assets).

The major components of the capital spend are given in the following table:

Work	Budget (\$000's)	Actual (\$'000's)
Fairlie main water pipeline	600	472
Eversley sewage reticulation	165	162
Urban reseals	166	199
Rural reseals	184	288
Metalling & pavement rehabilitation	470	451
Minor safety works	183	110
Hangar & crosswind runway – Pukaki Airport	-	236
Total major projects	1,768	1,918
Other minor projects	1,526	629
	3,294	2,547

Governance

The elections in October 2010 drew a voter turnout of 66% and were run smoothly by council staff. The outcome saw a number of new faces around the Council table. John O'Neill, Mayor since 2004 and councillor since 1998, did not seek re-election and was succeeded by Claire Barlow. Other newly elected members were all in the Pukaki Ward, where John Bishop, Peter Maxwell and Annette Money joined returning Opuha Ward Councillors Graeme Page, Graham Smith and Evan Williams. Former Councillors Simon McDermott (1998-2010) Dave Pullen (2004-10) and Leon O'Sullivan (2007-10) did not seek re-election as Councillors. The four retiring members contributed a total of thirty three years of service to the community as councillors or mayor, which is a remarkable record.

The elections also saw new members on Council's three community boards. Ashley Shore and Julia Bremner were elected in Fairlie, Ian Radford was elected in and Elaine Curin and Kieran Walsh were new members in Twizel.

The transition to the new bodies went smoothly with an orientation programme provided for new members and other training opportunities undertaken.

The incoming Council and community boards were soon busy with the budget round for the 2011/12 year. A different approach was taken with the Annual Plan, trying to present the contents in a more readable way and actively seeking feedback on a number of issues. The response from the community was heartening with a total of 201 submissions being received.

It has also been pleasing to see community boards becoming more proactive in setting local priorities and either taking the lead or facilitating others in advancing a number of community projects. These include the greenway developments in Twizel, the village green and streetscape



improvements in Fairlie and the footbridge, playground and sundial and solar system model in Tekapo.

Water Supplies

The provision of water for both urban and farming purposes remains a key strategic issue for the District. The implementation of the Canterbury Water Management Strategy in the Mackenzie will be a challenging task as utilisation of alpine water for down country land is opposed by some and a careful balance has to be struck between economic, environmental and cultural interests. During this year, two zone implementation committees were established in the area with Council represented on both the Upper Waitaki and the Orari Opihi Pareora committees.

Upgrading of the Council's supplies to meet national water standards is another significant challenge with the large capital costs of improvements having to be borne by a very small number of ratepayers.

During the past year, the main pipeline servicing the Fairlie township was renewed from the reservoir through to the township of a cost of \$472,000, less than originally anticipated.

Council proposed as part of its annual plan consultation that temporary chlorination be installed in the Twizel Water Supply, which has not been treated for many years. Council decided to proceed with this after gauging the responses from Twizel residents and ratepayers.

Progress on other areas of capital spend has not been so good. The key strategic decision on whether to relocate the Twizel water supply has still to be made and investigations are still continuing.

The renewal of the existing Twizel water supply consent was still outstanding at 30 June 2011. At Manuka Terrace, testing of existing bores didn't yield satisfactory results and more work will be needed here.

Design work for a new treatment regime for Tekapo wasn't completed.

Upgrading water schemes to required standards needs a health risk assessment of each catchment to be agreed with the Ministry of Health. This work is behind schedule.

Sewerage

Council completed the extension of the Fairlie sewerage reticulation into the Eversley Reserve to alleviate a long standing issue with poorly functioning septic tanks in an area with high ground water. A small bore pressure sewerage system has been installed at a cost of \$236,000 for on-property works and \$162,000 for reticulation. Residents have until January 2012 to connect their houses to the new system.

Upgrading of the Twizel oxidation ponds was required when Council obtained a renewal of its existing resource consent. The disposal trench was shortened, and the ponds reconfigured to improve treatment. Meters still have to be installed and the trench fenced off.

Negotiations with the adjoining land owner to purchase land for rapid infiltration ponds have not progressed. At Tekapo a small extension to the existing disposal field drainage system was designed and installed to resolve a problem.

Stormwater

Some work has been done on the ongoing Regional Council administration charges for discharge of stormwater from residential properties in Twizel and elsewhere. The possibility of Council taking over some form of global stormwater consent has been mooted but no resolution was reached during the past year.

Solid Waste

The past year saw a major change in Council's means of dealing with solid waste. A heads of agreement was signed with Envirowaste Services Ltd for a ten year contract to undertake this work on behalf of Council. Wheelie bins are planned to replace plastic bags as the main means of collecting household refuse. From 2012 targeted rates will bear a greater proportion of the costs of the operation. Twizel will be the hub for sorting recyclable material with residual waste compacted and disposed of at a facility in Winton, Southland. The mothballed Vertical Composting Unit will not be required and will be sold.

Consultation on this change showed strong community support for such a change which comes into effect 3rd October 2011.

Roading

The capital programme for the year included the replacement of a small bridge at Lake Alexandrina and the widening of the Clayton Road seal where 1km was completed before the threat of poor weather caused the remainder to be deferred until Spring 2011.

Resealing and road metalling made up the bulk of the capital portion of the programme \$487,000 of reseals were completed and \$406,000 worth of metalling undertaken.

A successful initiative this year was the introduction of clay to maintenance metal and wearing course aggregate to compensation for the lack of fines and poor cohesion of maintenance metal available in the area. Initial results have been encourages with a 17% reduction in grading required.

Safety footpaths were installed on Mt Cook Road and Nixons Road in Fairlie, a new access road was formed at Lake Ruataniwha and the boat ramp roads upgraded. In Tekapo, Alexandra Terrace was formed and sealed.



Council's contractor has focused attention on improving substandard drainage on targeted roads including work on Godley Peaks Road and Braemar Road. Pavement failures resulting from drainage failure were repaired as part of this work.

During the year the Council tendered its roading maintenance contract which was successfully won by the incumbent contractor Whitestone Ltd for a three year period with two one-year extensions based on performance.

Council reviewed its bridge stock and committed to a programme of progressive replacement.

The Council also decided to take responsibility for the ownership of Hayman Road from the penstocks to State Highway 8 after it negotiated a contribution towards deferred maintenance from Meridian and Genesis.

Planning and Regulation

Two major projects dominated activity in resource management during the year. Significant planning changes for Twizel township were incorporated into Plan Change 15 which was agreed to by Council in July 2011. No appeals were lodged. The degree of work was greater than expected which caused a delay in publicly notifying the change.

The Mackenzie Basin plan changes were appealed to the Environment Court which concluded its hearing in August 2010. No decision had been released by the Court by September 2011.

Plans to incorporate existing guidelines for the Lake Alexandrina settlements into the District Plan did not proceed.

During the year consent was granted to the construction of a small hydro facility at the Pukaki Outlet dam.

Compliance with statutory timeframes varied during the year:

Resource Consents 100% compliance (target 95%) Land Information Memorandums 97% compliance (target 100%)

Building consents were issued in accordance with the required timeframes 99% of the time, better than the target of 95%. Building Consent Authority accreditation was maintained during the year.

Due to staff shortages, there were delays in following up unregistered dogs this year, with led to 100 known dogs remaining unregistered at year end.

Community and Recreational Facilities and Services

A highlight of the year was the completion of extensions to the Fairlie Medical Centre with much of the fundraising facilitated by the Mackenzie Medical Trust.

Council also assisted a community group with the installation of a new playground and stage at the Village Green in Fairlie. The entrance to the Twizel Events Centre was refurbished as the major township project there.

Consent wasn't granted for the proposed Tekapo Community Centre on its lakeside site and there has been a degree of rethinking and further consultation on the priorities for community facilities in the township. Council has agreed to provide seed funding for the Tekapo Footbridge and other community based projects such as the playground and sundial have been supported.

Lighting was installed on the Tekapo walkway and replacement equipment purchased for the existing community hall.

In Twizel work also continued on the Twizel greenway upgrading and trees on the State Highway 8 frontage were cleared for later replanting. The pool was repainted and new covers installed.

The outside of the Community Centre was repainted and seats in the theatre refurbished.

New arrangements were agreed with Mackenzie College for the operation of the Community Library.

Other work included refurbishment of a pensioner flat in Twizel, improvements to the Council offices in Fairlie and Twizel, new toilets at Lake Alexandrina and internal repainting of halls at Albury and Sherwood.

Commercial Activities

The Forestry Board's financial health has been partly restored as a result of the sale of carbon credits which have maintained cash flow during a period of limited timber sales.

Real estate activity was largely limited to the conclusion of the planned sale of the leased Tekapo Camping Ground. Other plans to develop Village Centre land at Tekapo have been progressed with a partnership entered into with a commercial party for that purpose.

Section sales at the Pukaki Airport have been halted due to the depressed real estate market but Council did approve two initiatives by the Board – the installation of a grass cross-wind runway and the construction of a hangar that is planned to be leased.

Council also revisited its policy on the use of investment income. From next year, between 40-50% of the general rate requirement can be offset by investment interest and any surplus retained for other purposes. Council felt that there should be limitations on how much of its interest income should be used for normal operations.



Other Activities

During the year, there were ongoing concerns about the financial performance of the Mackenzie Tourism and Development Trust, which is a Council controlled organisation Council offered loan assistance but was reluctant to increase its rating contribution until it had a clearer direction on the sustainability of all of the Trust's operation. After balance date new trustees were appointed by Council.

The Trust's work in securing government funding to construct an Alps to Ocean cycletrail culminated in an agreement with Waitaki District Council to manage the ongoing operation of the trail through a Council controlled organisation.



Nathan Hole
Acting Chief Executive Officer



Claire Barlow Mayor



Statement of Compliance and Responsibility

Compliance

The Council and management of Mackenzie District Council confirm that, in accordance with Schedule 10 Section 34 of the Local Government Act 2002, all the statutory requirements in relation to the annual report have been complied with.

Responsibility

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

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

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2011 fairly reflect the financial position and operations of the Mackenzie District Council.

Nathan Hole
Acting Chief Executive Officer

28 October 2011

Claire Barlow **Mayor**

Paul Morris

Manager – Finance & Administration



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of
Mackenzie District Council and group's
Annual report
For the year ended 30 June 2011

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, groups of activity statements and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 87 to 122, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the groups of activity statements of the District Council and group on pages 18 to 81; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the financial statements, groups of activity statements and other schedule 10 information

In our opinion:

- The financial statements of the District Council and group on pages 87 to 122:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.
- The groups of activity statements of the District Council and group on pages 18 to 81:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 28 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.



Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, groups of activity statements and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, groups of activity statements and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of activity statements and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of activity statements and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, groups of activity statements and other schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and groups of activity statements;
- determining the appropriateness of the reported groups of activity statements within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, groups of activity statements and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of activity statements and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and groups of activity statements that:
 - o comply with generally accepted accounting practice in New Zealand;
 - o fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - o fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, groups of activity statements and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, groups of activity statements and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.



Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the District Council or its council controlled organisation.

Julian Tan

Audit New Zealand

On behalf of the Auditor-General

Zian Tan

Christchurch, New Zealand

Mackenzie Today

Background

Māori were the first people to travel through the Mackenzie District to gather the natural resources (mahika kai). The Takata Whenua (people of the land) are descendants of the tribes of Kati Mamoe, Waitaha and Kai Tahu. There are many places throughout the District which have been used and occupied by Takata Whenua and the District remains spiritually and culturally important to Takata Whenua.

The District was first settled by Europeans in the 1850's and the first elected representatives served on the Mount Cook electorate of the Canterbury Provincial Council in 1862. The forerunner of the Mackenzie County and District Councils was the Mount Cook Roads Board which was set up in 1864.

The Mackenzie District has been blessed with a wonderful and unique natural environment which includes wide open spaces, outstanding landscapes, rivers and lakes, mountains (including Aoraki Mt Cook) and both high and low country.

In population, the Mackenzie District is the third smallest territorial authority in New Zealand with a normally resident population count of 3,804 on census night in 2006. Only Kaikoura District and the Chatham Islands have smaller residential populations. In the five years between 2001 and 2006, the population increased by 87 people.

In contrast to its small population, the area of the District is large, comprising 745,562 hectares. Fairlie, Lake Tekapo and Twizel are the main towns and there are villages at Albury, Kimbell, Burkes Pass and Mount Cook.

Economy

The economy of the District is built on farming, tourism and hydro electric development. Pastoralism is the dominant form of agriculture in the region. However, more intensive land uses such as forestry, dairying, cropping and horticulture are becoming increasingly common and offer considerable scope to grow the local economy. The District is fortunate in having Lake Tekapo and Aoraki Mount

Cook, the international tourist icons, within its boundaries. They provide an excellent platform from which to develop the tourism potential of the District. The vast water resources of the District have provided the base for an extensive hydro electricity generation industry.

Demographics

The 2006 Census showed Mackenzie District having slightly lower proportions of its population under the age of 15 and over the age of 65, as well as lower proportions in the 20-34 age bracket. However, long-term population projections show an increasingly ageing population for the Mackenzie District.

Ethnically, the district is less diverse than other areas of New Zealand with 77.5% of the people in the district having European ethnic origin compared with 67.6% for all of New Zealand. 4.5% of people in the Mackenzie District belong to the Maori ethnic group compared with 14.6% for all of New Zealand.

The median income of people in the Mackenzie was \$22,700, \$1,700 lower than the national figure. In terms of employment, Mackenzie's unemployment rate in the 2006 census was 1.6% compared with 5.1% for all of New Zealand.

Of the families living in the District at the last Census, there was a greater proportion of families with no children and a lesser proportion of single parent families compared with the national statistics.

There were 390 people (or 27%) who live in one-person households in the Mackenzie District, compared with 23% nationally. In the Mackenzie in 2006 the average household size was 2.4 people compared with an average of 2.7 people nationally. In the Mackenzie District, 53.4% of households in private occupied dwellings own the dwelling (with or without a mortgage) compared to 54.5% nationally. 56.8% of households in the District have access to the internet, compared with 60.5% of households nationally.



Mackenzie Tomorrow

If the Mackenzie District is to remain as a thriving area it needs to make significant progress in helping realise the six community outcomes that the Council has outlined:

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

These describe the type of District in which its people wish to live, work and play. Community outcomes can be defined as goals the community; rather than the Council, considers essential in order to achieve 'community well-being'. Success may be gauged in terms of the contribution made towards the four elements of well-being: economic, social, cultural and environmental.

For its part, the Council will play a role in advancing these outcomes. A major task will be in progressively upgrading the District's extensive roading network and extending the length of sealed roads to the extent that financial assistance can be obtained. Not only will this benefit our own residents, it will enhance the attractiveness of our area to the large number of visitors that enjoy our unique environment.

The health of the urban community will be enhanced through upgraded sewerage and water treatment systems. Much has already been achieved but higher standards are now required to be met.

A larger population and a growing number of tourists are likely to lead to increased expectations for enhanced amenities throughout the District. Community expectations are rising as revealed through planning exercises in our townships. More ratepayers will help fund these heightened expectations but will also contribute to increased demand upon Council infrastructure.

Council will continue to require development to pay its fair share of the increased demand by making provision for reserves contributions and by having new ratepayers match the equity current ratepayers hold in existing infrastructure. The Council will

need appropriate planning controls to ensure that growth and development do not proceed in a way that diminishes the natural attractions and values of the District.

Aside from a growing tourist sector, access to adequate water for irrigation will be critical for the enhancement of farming in the Mackenzie. The equitable allocation of water resources to meet hydroelectric, farming and environmental requirements will be one of the major challenges over the next ten years.

In a 2004 Canterbury-wide survey, 150 Mackenzie residents were asked to compare the way the District was now and how they would like it to be in fifty years time. The biggest gaps between current performance and future desires were in these areas:

- The economic value of water to be managed
- Ground water systems in a healthy condition
- Good health care for all
- Enough water in lakes and rivers to support living things
- Wages and salaries high enough to earn a decent living.

Council's role in meeting some of these aspirations will not be as prime mover, but it will have an important part to play as advocate and facilitator on behalf of the community.



Community Outcomes

The aspirations of the people of the Mackenzie can be summarised in six key phrases;

They want:

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

The Council's roles in furthering these outcomes are summarized in the table on the right.

The provision of safe, effective and sustainable infrastructure has always been a key role of local councils and the Mackenzie is no exception. It provides the roads, water supplies, sewage treatment, stormwater disposal, refuse collection and recycling vital for the District. Similarly it is a major provider of recreational and community facilities, working alongside local clubs and volunteers to help create a fit and healthy community. Another major task for Council is in its planning and resource management role, where it attempts to protect the local environment from the effects of ill-considered development. Many factors influence the local economy, and here Council's role is more of a support player. It continues a long tradition of championing a vigorous local democracy and will speak up for the community when required. As part of a supportive and contributing community, Council considers there is scope for increased interaction with its residents and ratepayers and for more opportunities for participation in Council affairs.

The Council believes that the process used in 2006 to identify community outcomes was adequate for its purpose and the extent of its available resources. That involved a series of three facilitated community meetings. Amendments to legislation made in 2010, focus the attention on Council rather than community outcomes.

The roles that Council sees itself playing in furthering those outcomes can be summarised in the following table:

OUTCOME	COUNCIL ROLE
An attractive and highly valued natural	
environment	
The outcome desired by the community is to have	Regulator through its District Plan.
the outstanding natural features of the district	Provider and funder of local reserves.
preserved, enhanced, accessible, and promoted	Advocate for environmental issues.
A thriving economy	
The outcome desired by the community is to have	Essentially a support role.
a well-balanced economy, providing employment	Council would like to see some limited
and investment opportunities for all ages, and	funding of business advice through the
sustaining a full range of support services	Tourism and Development Trust. As a
	regulatory instrument, the Council's District
	Plan is seen as enabling, not putting barriers
	in the way of economic development.
A democracy which upholds the rights of the	
individual	
The outcome desired by the community is to have	Advocate on behalf of the District or groups
a Council which champions the rights of the	within it.
individual and represents its community	
A fit and healthy community	
The outcome desired by the community is to have	Provider and funder of a range of
a variety of sporting, recreational, cultural,	recreational activities.
spiritual, health, welfare and educational resources	Supporter of the provision of medical and
available to sustain and enrich the lives of its	other social services.
people.	Advocate where required.
Safe, effective and sustainable infrastructure	
The outcome desired by the community is to have	
safe, effective and sustainable water, waste,	The prime provider and funder of roading,
communication, energy and transport systems in	water supplies, sewerage, stormwater and
place when required, through sound long term	solid waste services.
planning and funding.	
A supportive and contributing community	
The outcome desired by the community is to foster	Council plays a supportive role, providing
the unique attributes and strong sense of	advocacy where needed.
community that makes the Mackenzie District	
special, and to encourage people to use their skills	
and talents for the benefit of the community.	



A number of documents underpin the Council's efforts to help the community achieve its goals. They include the Council's district plan, key community planning documents for Tekapo and Twizel and detailed management plans for all of its key assets.

The district plan clearly links with the outcome of an attractive and highly valued natural environment as it provides a detailed regulatory framework for managing the natural and physical resources of the District.

The annual plan provides an annual statement of how the Council plans to advance its contribution toward these community outcomes, with this progress being assessed regularly through the annual report. The provision of safer, effective and sustainable infrastructure by Council is guided by its detailed activity management plans.

Council does not envisage any difficulty in working with other local organisations and individuals in helping the District achieve its goals. It is confident that cooperation will be there when required.

Within the limits of its small pool of resources, the Council will maintain close liaison with the three other South Canterbury/North Otago authorities and the Canterbury Regional Council. It recognises that its relationships with Te Runaka o Arowhenua need to be developed.

Ongoing relationships will continue with other governmental bodies or related bodies that the Council has dealings with, including the New Zealand Transport Agency, Sports South Canterbury, the Ministry of Health, Quotable Value, Housing Corporation of New Zealand and the Ministry of Social Development.

However, the Council is slightly sceptical about the amount of external assistance that will flow to one of the least populated districts in the country in pursuit of its community outcomes. It is more likely to piggy back on initiatives that are undertaken in either South Canterbury or the Canterbury region.

Monitoring our Progress

Council's resources limit the frequency and detail with which it measures progress toward achieving community outcomes. The indicators reported last year are updated in the following table where appropriate.



Progress in Achieving Community Outcomes

Community Outcomes	Indicator	Results	Commentary
An attractive and highly valued natural environment	Land (ha) affected by animal pests (especially rabbits)	·	Environment Canterbury's Annual rabbit trend monitoring indicated an increase in average rabbit numbers in the Mackenzie district which is due to increasing RHD immunity in the rabbit population. The Mackenzie rabbit mean has increased by 0.10 rabbit km over 2009 figures.
	Land (ha) affected by noxious plant pests (especially wilding pines)	<u></u>	Control measures are being concentrated in hill country to protect biodiversity, approximately 26,000ha were controlled in 2010/11 – approximately 18,000 of those were on the Ben Ohau Range. The remaining hectares were funded by Environment Canterbury and landowners. (Advice from the Department of Conservation).
	River water quality – drinking and swimming	<u> </u>	Regional Council survey showed 6/7 surveyed sites have a 'Suitability for Recreation Grade" of Good or better. An additional site had insufficient data (Regional Council Website Water Quality in Canterbury 2009).
	Waste diversion from landfill	<u>··</u>	Volume of residual waste was 36% of waste received so 64% was able to be diverted (MDC base data only).
	Recycling volumes	<u> </u>	5,200m³ of recyclable material received in 2009/10 year (MDC base data only).
Thriving economy	Building consents indicators	(Council's number of building consents issued last year (10-11) showed a continuing downward trend that has been apparent since 2008. The decrease was noticeably greater in the last year (MDC data)
	Demographic Indicators (e.g. income)	(1)	Mackenzie household income of \$40,300 was significantly less than the national figure of \$51,400 (SC Community Profile Page 61)
	Property price changes	<u>··</u>	Data from Quotable Value shows Mackenzie residential values are 262 points above the national index (QV Graph of residential property values at March 2011)



Democracy which upholds	•	Perceptions of satisfaction with Council's advocacy on behalf of the	No	See note below
the rights of the individual		community	survey	
	•	Perceptions of ease of dealing with the Council	info	
Fit and healthy community	 % students leaving school with core numeracy and literacy credits at NCE level 1 		<u> </u>	From 1993 to 2007 the proportion of Mackenzie students leaving school with no formal attainment was below the national proportion (SC Community Profile Page 43)
	•	Educational attainment of adult population	(1)	37.1% of Mackenzie people, 15 years of age or over have a post-school qualification compared with 39.9% in New Zealand overall (Quick Stats document Page 10)
	•	Road traffic accidents and casualties	<u>··</u>	Crash trends for 2010 were lower in respect of serious and total crashes since 2008. In that period, serious injuries were down by 3 and total crashes were down by 5. However, there was one fatality in 2010. (Road Safety briefing Notes – Mackenzie NZTA Page 5)
Safe, effective and sustainable infrastructure	•	Annual power outages	(E)	Alpine Energy data shows frequency and length of outages increasing over the last three years and above target (Alpine Energy report 2020 Page 33)
	•	Drinking water standards	(1)	Latest Ministry of Health gradings are low (MDC Data)
	•	Access to internet, telephone	•	56.8% of households have access to internet (NZ 60.5%). 73.5% of households have access to cellphone (NZ 74.2%) (Quick Stats Document Page 18)
Supportive and contributing community • Social depriva		Social deprivation index	<u>()</u>	78% of Mackenzie Residents live in less deprived areas (50% in NZ overall) (SC Community Profile Page 64)
	•	Unpaid work	<u>:</u>)	23% of Mackenzie residents participate in helping or voluntary work through an organization, group or marae (15% in NZ overall) (SC Community Profile Page 55)

Note: A survey of Mackenzie residents was originally planned in 2009/10 or the following year but no budget was proposed due to the prevailing economic conditions. However, the Council is seeking feedback from its residents as a priority and wishes to fund survey work in 2011/12.



Groups of Activities

- Overview
- Governance
- Water Supplies
- Sewerage
- Stormwater
- Roading
- Solid Waste
- Building Control
- Resource Management
- Regulatory Services
- Community Services
- Recreational Facilities
- Commercial Activities
- Corporate Services



Groups of Activities – Overview

Governance

District Council
Community Boards
Elections
(Pages 18 to 21)

Water Supplies

Fairlie Tekapo Twizel Rural

(Pages 22 to 30)

Sewerage Fairlie

Fairlie Tekapo Twizel Burkes Pass

(Pages 31 to 35)

Stormwater

Fairlie Tekapo Twizel

(Pages 36 to 40)

Roading

Fairlie Tekapo Twizel Rural Business Unit

(Pages 41 to 46)

Solid Waste

Management
Refuse Collection
RRPs
Hardfill Sites
Organic Waste
Closed Landfills
(Pages 47 to 49)

Building Control

(Pages 50 to 52)

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(Pages 53 to 56)

Regulatory Services

Civil Defence Animal Control Rural Fire Control Health & Liquor Licencing (Pages 57 to 61)

Community Services

Pensioner Housing Medical Centres Cemeteries Public Toilets Community Grants (Pages 62 to 66)

Recreational Facilities

Parks, Reserves &
Township Maintenance
Swimming Pools
Community Halls
Libraries
(Pages 67 to 72)

Commercial Activities

Investments
Forestry
Rental Properties
Real Estate
Tourism
Lake Pukaki Visitor Centre
(Pages 73 to 78)

Corporate Services

Administration
Council Offices
CEO Department
Information Technology Department
Community Facilities Department
Engineering Department
(Pages 79 to 81)



Governance

Background

Governance involves the operation of the District Council and the three Community Boards and the function of elections.

Rationale for Council's Involvement

The governance activity is prescribed by statute. The Council and Community Boards are provided for under the Local Government Act 2002 and the elections function is provided for under the Local Electoral Act 2001.

Community Outcomes to which the Activity Contributes

Community Outcome	How the Governance Activity Contributes		
A democracy which upholds the rights of the individual	It does this by the democratic election and operation of the Council and Community Boards and through Council's advocacy on behalf of the community at regional and national level.		
A supportive and contributing community	It does this through its support and encouragement of local voluntary community initiatives and through its regular communication and interaction with the community.		

Principal Objectives

District Council

- To provide leadership, direction and policies that will supply efficient and cost effective services to the community.
- To provide prudent stewardship of the assets entrusted to its care.
- To advocate effectively on behalf of the community.
- To ensure communication of Council activities to residents through meetings, speeches and published information.
- To provide opportunities for community feedback through consultative processes.

Community Boards

• To provide focussed debate and feedback to Council on issues affecting the three community areas of the Mackenzie District.

Elections

- To carry out the triennial election in accordance with the Local Electoral Act 2001.
- To ensure that all extraordinary vacancies are filled in accordance with the Local Electoral Act 2001.



Key Levels of Service and Performance Measures

Levels of Service	Targets	Performance Measures (2009-2019)	Result for 2010-2011	Result for 2009-2010
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council's schedule of six weekly meetings runs from late January through to December each year. Special meetings are also held from time to time. Council's Finance and Operations Committees also meet on a six weekly cycle with meetings of the Planning Committee largely determined by resource consent hearings.	At least 9 meetings of Council held during the year, and 20 meetings of Council committees.	Achieved: Council meetings continued on a 6-weekly cycle. In 2010/11 there were 14 meetings of the full Council and 22 meetings of Council committees, a total of 36 for the year.	Achieved: Council meetings continued on a 6-weekly cycle. In 2009/10, there were 14 meetings of the full Council and 23 meetings of Council Committees, a total of 37 for the year.
	No identified breaches of the Local Government (Official Information and Meetings) Act 1987.	No identified breaches of the Local Government (Official Information and Meetings) Act.	Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.	Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.
Effective consultation held on LTCCP, Annual Plan and other significant issues.	A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.	Number of special consultations held during the year and number of submissions made in response.	Achieved: Council undertook a special consultative process for Councils Annual plan as well as to establish a company to operate the Alps to Ocean Cycleway. 200 submissions were received for the Annual Plan and one for the Alps to Ocean Cycleway. The consultation included sending a summary to all residents of the district and to all non-resident ratepayers.	Achieved: Council undertook a special consultative procedure for the adoption of an amendment to its Long-Term Council Community Plan in conjunction with the Council's Annual Plan consultative process. 78 submissions were received. The consultation included sending a summary to all residents of the District and to all non-resident ratepayers.
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	Each Community board meets eight times during the year.	Achieved: The Fairlie Community Board held eight meetings during the year, the Tekapo Community Board held eight meetings and the Twizel Community Board held nine.	Achieved: The Fairlie Community Board held nine meetings during the year, the Tekapo Community Board held eight meetings and the Twizel Community Board held nine.
		Recommendations including budget submissions are forwarded to Council for approval.	Achieved: All recommendations including budget submissions were forwarded to Council for approval.	Achieved: All recommendations including budget submissions were forwarded to Council for approval.



Identified Effects on Community Wellbeing

The Council believes that the Governance activity affects the social, economic, environmental and cultural well-being of the community; in that Council's policy decisions and direction will both enhance these and make the Mackenzie a more desirable place to live or alternatively they could negatively impact and have the opposite effect.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		District Council		
		Document Management		
L	-	System	23	-
L	1	Computers	-	-
	1	TOTAL	23	-
		Funded by:		
	1	District Council Capital		
		Reserve	23	-
	1		23	

 $R = Renewal \ G = New \ works - driven \ by \ growth \ L = New \ works - driven \ by \ increased \ level \ of \ service$

Reasons for Undertaking Capital Expenditure Projects

There was no capital expenditure undertaken this year as purchase of computer equipment is now centralised with Council's Information Technology department.

Results for 2010/11 year

Total capital for the year was budgeted at \$23,000. This project was transferred to the Corporate Services Activity as it more appropriately sits in Council's IT Department.



Governance Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
(4000)	REVENUE	(4000)	(4000)
650	General Rates	644	644
76	Targeted Rates	80	79
-	Other Income	-	29
726		724	752
	DIRECT EXPENDITURE		
51	Employment Expenses	52	63
198	Member Expenses	207	251
5	Consultancy Expenses	-	6
52	Administration	42	55
356	Internal Expenses	423	427
3	Funded Depreciation*	-	1
665		724	803
61	Operating Surplus/(Deficit)	-	(51)
	Operating Surplus/(Deficit) transferred to/funded by:		
61	General Reserve	-	(51)
61		-	(51)

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

Commentary on Governance Financial Summary

Surplus/(Deficit)

The deficit for the year was \$51,000; \$51,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$752,000, \$28,000 more than the budgeted revenue of \$724,000.

The revenue for the year included \$29,000 charged to South Canterbury District Health Board for assistance in running the Local Body Election in October 2010. This was not budgeted for.

Direct Expenditure

The total direct expenditure for the year was \$803,000; \$79,000 more than the budgeted direct expenditure of \$724,000.

The key variances from budget were:

- Member expenses were \$44,000 above budget due to inclusion of costs associated with water zone committees. Election costs of \$24,000 were incurred to run the Local Body Elections in October 2010. The budget for 2010/11 year was \$5,000.
- Members travelling expenses were \$24,000 which is \$12,000 higher than budgeted.
- Administration costs were \$13,000 greater than budget mainly due to increased subscription costs.
- Employment costs were \$11,000 higher than budget due to costs associated with the Local Body Elections in October 2010.



Water Supplies

Background

In the Mackenzie District, there are presently five public piped water supplies which are managed by the District Council. They are the urban schemes at Fairlie, Lake Tekapo, Twizel and Burkes Pass and Allandale rural scheme.

Management of the Albury Water Supply is undertaken by the Albury Water Supply Committee under a formal agreement with the Mackenzie District Council. Management of a small piped stock water scheme, Kimbell Rural, for which Council holds resource consent to take water, is carried out by the consumers.

The Downlands water supply scheme is managed by the Timaru District Council; the Mackenzie District Council provides a collection agency for the Mackenzie section of the water scheme. The monies collected and then paid to the Timaru District Council are included in the results provided on the following pages.

There are three public stock water race systems in the District. They are Ashwick/Opuha, School Rd and Puneroa/Eversley stock race systems.

Many homes in the rural areas obtain their water from small private community schemes, individual private bores and surface water takes.

Rationale for the Council's Involvement

Territorial authorities have numerous responsibilities relating to the supply of water. One such responsibility is the duty under the Health Act 1956 to improve, promote, and protect public health within their districts. This implies that, in the case of the provision of potable water, councils have the obligation to identify where such a service is required, and to either provide it directly themselves, or to maintain an overview of the supply if it is provided by others.

Community Outcomes to which the Activity Contributes

Community Outcome	How the Water Supply Activity Contributes	
Safe, effective and sustainable infrastructure	By ensuring that public water supplies provide wholesome drinking water and that private supplies are monitored and that adequate supply is provided in "on demand" schemes for fire fighting.	
A thriving economy	By ensuring that adequate public supplies are provided for household and industrial use at an affordable cost.	
An attractive and highly valued natural environment	By endeavouring to provide adequate public supplies to allow for irrigation of gardens and green areas in schemes where a treatment system that will meet the drinking water standards for New Zealand can economically treat the volume of water required.	

Principal Objectives

- To ensure all of the public systems provide a high quality water treatment and distribution service:
- To assess the quality and adequacy of all existing private water supply systems (serving more than single premises) in the District;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public water supply schemes, and to plan accordingly;
- To anticipate the time when it may be necessary to provide public water supply schemes in communities at present not serviced, and to plan accordingly;
- To ensure the maintenance of the public infrastructural assets in perpetuity, so that there is no diminution in value, and to forecast the estimated future cost of so doing;
- To put in place a sound management regime for all matters relating to the supply of potable water



Key Levels of Service and Performance Measures

Water supplied	Regular	Assess the level of E coli in the drinking	Fairlie, Tekapo, Burkes Pass &	Achieved	Achieved
to Fairlie,	monitoring of	water supply.	Allandale 100% compliance	No E.coli detected but at Fairlie	Nil E-Coli detected. However for both
Tekapo, Burkes	disinfected			only 49 of the required 52	schemes the interval between samples
Pass and	schemes shows			samples were taken. The reason	was greater than 11 days on one occasion.
Allandale is	no presence of			only 49 samples were taken was	Only 50 of the 52 required samples were
continuously	E.coli (faecal			due to the contractor interpreting	taken for Tekapo.
disinfected with	coliform			the contract schedule as requiring	
chlorine.	bacteria).			4 samples per month. The	
	·			schedule requires 13 samples per	
				quarter. Formal notice requiring	
				the correct number of samples to	
				be taken has been issued to the	
				contractor. Burkes Pass and	
				Allandale are small supplies that	
				require sampling monthly. In	
				November 2010, E.coli was	
				detected in both schemes. This	
				was due to faults at the	
				chlorination plant. Sampling for	
				the other 11 months detected nil	
				E.coli in both schemes.	
Non-disinfected	Monthly	Scheduled monitoring completed.	100%	Not Achieved	Not Achieved
supplies are	monitoring	Seriedated morntoring completed.	100/0	92% of scheduled monitoring	85% of scheduled monitoring completed
monitored for	(weekly in			completed. The reason 92% of	03/0 of scheduled monitoring completed
the presence of	Twizel) for			samples were taken was due to	
E coli and	presence of			the contractor interpreting the	
consumers are	E.coli.			contract schedule as requiring 4	
	E.COII.				
advised when a				samples per month. The schedule	
hazard is				requires 13 samples per quarter.	
identified.				Formal notice requiring the	
				correct number of samples to be	
				taken has been issued to the	
				contractor.	
	Boil water	No failure to issue boil water notices	100%	Achieved	Achieved
	notices issued if	when hazard identified.	100/0	The trigger for 'Boil Water Notice'	The trigger for 'Boil Water Notice' did not
		when nazaru luenuneu.			33
	either three				occur. No hazard identified.
	consecutive			identified.	
	samples show				
	the presence of				
	E.coli or any one				
	sample has a				
	concentration				



	of >10cfu/100ml.				
Complete Public Health Risk Management Plans (PHRMP)	Plans approved by 2011. A review of these plans will then determine, if any, future actions are required to meet the Drinking Water Standards.	Set achievable budgets for the available resources and complete what we plan each year.	Complete catchment risk assessments for five catchments. Determine design parameters for new treatment in Tekapo	Not Achieved These assessments were originally intended to be completed internally. However, it was found that more technical advice was needed to complete the tasks to the standard required. The Tekapo improvements were delayed as a result.	Not Measured An Order in Council has deferred by three years the deadline for compliance with the Health (Drinking Water) Amendment Act 2007 (the Act) ie: Townships 1 July 2014 and small schemes 1 July 2015. The PHRMP is intended to be completed before the Act standards apply.
Maintain the net	twork in at least in now.	Maintenance budget is sufficient for both planned and reactive maintenance	Maintenance programme is achieved	Achieved Maintenance budget \$187,500 Maintenance Expenditure \$183,000	Achieved Maintenance budget \$173,000. Maintenance Expenditure \$170,600.
Water is contin apart from shutdowns an disruptions.	programmed	No disruption exceeds eight hours.	100%	Not Achieved One shut down of a section of the Allandale Water Supply exceeded eight hours but as the landowners have a requirement to have two days on-property storage, no one was out of water.	Not Achieved This measure was achieved for urban ondemand schemes, however it was not achieved for rural restricted and tank supply schemes where 3 disruptions exceeded eight hours.
		Normal duration of 90% of disruptions is less than six hours.	100%	Achieved 109 repairs undertaken with only one exceeding six hours, (see Allandale Road) therefore 99% of disruptions were less than six hours.	Achieved There were 131 repairs recorded. All repairs in on-demand schemes were carried out with disruptions of less than six hours.
Deliver a works signalled in this p	programme as lan.	Set achievable budgets for the available resources and complete what we plan each year.	Work planned is completed within budget	Not Achieved Planned work was completed in Fairlie and Burkes Pass. The full programme was not achieved in Tekapo, Twizel and Manuka Terrace for a variety of reasons.	Not Achieved Fairlie – Council decided to re-prioritise renewals and concentrate its resources on completing an upgrade to the main line. Budget set for the 2009/10 year projects have been allocated to 2010/11 years. Twizel – Council require further analysis before deciding on investigations for new source. Ashwick-Opuha – Resource consent not granted by Ecan until October 2010.
Supplies cause n ill-effects	o environmental	All resource consent conditions are complied with.	100% compliance.	Not Achieved Council has identified that the main area of non-compliance was	Not Achieved Twizel exceeded the consented daily take during dry conditions in the summer. The



			at Twizel, where the consented daily take was exceeded during the summer. There is a long-standing community expectation that irrigation is essential during the summer months to prevent the township resembling a desert. Council is currently seeking consent for additional volumes.	environment in Twizel Township was enhanced by the irrigation. The bimonthly monitoring of ground water at the Lake Tekapo intake was missed on 2 occasions. A new resource consent at Twizel has been applied for but progress has been delayed due to the Upper Waitaki Water Allocation Plan.
Response – a 24 hour callout	Contract standards for callouts are	No known failures to respond	Achieved	Achieved
service is provided.	met		Call-out service is provided by Utilities Services Contract.	Call-out service is provided by Utilities Services Contract.
Timely completion of	Monthly meetings with contractor and	12 meetings. All payments	Achieved	Achieved.
administration functions	prompt authorisation of invoices	authorised by 20th of the month	Met with Contractors monthly. Contract payments authorised before 14 th of each month.	Met with Contractors monthly. Contract payments authorised before 14 th of each month.
Prompt repair of minor faults	Repairs completed within two working	No repairs completed outside the	Achieved	Achieved
	days	timeframe	This is a service standard specified in the Utilities Service contract. However, judgement is used as to the cost effectiveness of repairing pipes scheduled for imminent replacement.	This is a service standard specified in the Utilities Service contract. The standard was met.
Speedy reinstatement following	Time for reinstatement following call-	During working hours – six hours.	Achieved	Achieved
major leaks and other emergency works	out.	Outside working hours – nine hours.	This is a service standard specified in the Utilities Service Contract. The standard was met.	This is a service standard specified in the Utilities Service Contract. The standard was met.
Availability/Disruption to Service	Programmed shutdowns notified to	Notification times meet contract	Achieved	Achieved
	property owners in advance	specifications	A communication procedure for shutdowns is specified in the Utilities Service Contract. Notification times have not been recorded, but no breach of the procedure has been bought to the Engineer's attention.	A communication procedure for shutdowns is specified in the Utilities Service Contract. Notification times have not been recorded, but no breach of the procedure has been bought to the Engineer's attention.
Fire fighting requirements are	Adequacy of flows and pressures	Full compliance with the appropriate	Not Achieved	Not Achieved
met for urban and industrial areas		NZ Code of Practice	Allandale Road water main in Fairlie does not meet the code but is programmed for replacement in 2018. Eversley Reserve and Kimbell are supplied by small bore pipes which are not capable of providing fire fighting flows. Kimbell is in the rural fire district	Allandale Road water main in Fairlie does not meet the code but is programmed for replacement in 2018. Eversley Reserve and Kimbell are supplied by small bore pipes which are not capable of providing fire fighting flows. Kimbell is in the rural fire district and therefore is covered by rural fire regulations.



			and therefore is covered by rural fire regulations. Eversley, due to its sparse population, is considered a low	Eversley, due to its sparse population, is considered a low priority.
Adequate quantities, flows and pressures of water are supplied to consumers	Random testing of flows and pressures for on demand schemes.	Fairlie and Burkes Pass 15 litres/min and 10 kPa at point of supply. Tekapo 25 litres/min and 200 kPa, Twizel 25 litres/min and 250 kPa.	priority. Achieved Random pressure tests undertaken in the townships indicate the measure of service is being met.	Achieved Random pressure tests undertaken in the townships indicate the measure of service is being met.
	Occasional monitoring of tank and other restricted supplies.	1,820 litres/day	Not Measured Checks are generally done in response to complaints.	Not Measured Checks are generally done in response to complaints.
Supply safety meets Ministry of Health requirements	Progress in meeting Drinking Water standards in New Zealand	Public Health Risk Plans are adopted by due date	Not Achieved The programme to achieve this has been delayed. Council plans to undertake this process in 2011/12 year for inclusion in Council's LTP.	Not Achieved All water supplies do not meet the current Drinking Water Standards for New Zealand. Council is working towards complying with the Health (Drinking Water) Amendment Act 2007 by undertaking the PHRMP's within the new legislative timeframe. This will provide Council with some guidance as to the level of investment it may need to make in its water infrastructure assets, by 2014 for minor schemes and 2015 for small schemes.

Note:

As Council does not normally itself arrange for water supply connections and does not have detailed information about these, the performance measures in the Long Term Plan relating to connection times have been removed and are not reported against.



Identified Effects on Community Wellbeing

The absence of E.coli in disinfected supplies assists with the environmental wellbeing of the community.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

	Actual		Budget	Actual
Requirement	2009/2010		2010/2011	2010/2011
for Work	(\$000)	Fairlie	(\$000)	(\$000)
G	-	Vested Assets	4	-
R	-	Fittings Renewal programme	23	12
R	-	Water Meters	2	-
R&L	-	Treatment Construction	5	-
R	2	General	-	-
L	-	Main Line Reservoir to Township	600	472
	2		634	484
	-	Lake Tekapo		
G	-	Vested Assets	18	-
G	-	Catchment Assessment	4	-
R	-	Fittings Renewal programme	1	2
R & L	-	New Treatment Parameters	31	1
R	-	Meters	2	3
	-		56	6
		Twizel		
R	-	Resource Consent Costs	26	3
G	621	Vested Assets	26	-
L	-	Meters	2	-
R	27	Fittings Renewal programme	23	31
R	-	Headworks - Planning & Design	26	9
R	-	Town Reticulation - Planning & Design	31	-
R&L	-	Treatment – Planning & Design	55	2
	648		189	45
		Allandale		
G	24	Reticulation Extension		
R & G	-	Intake Structure	15	-
R	-	Sundry Plant	5	5
R & L	-	Catchment Assessment	2	-
	24		22	5
		Ashwick/Opuha		
R	-	Headworks	-	2
R&L	-	Fish screens and flow monitoring	15	-
R	19	Resource Consent	15	11
	19		30	13



Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Burkes Pass		
R&L	-	Treatment upgrade improvements	20	6
	-		20	6
		School Road Water Race		
R	-	Resource Consent Costs	5	7
R	-	Headworks	5	-
	-		10	7
		Manuka Terrace		
G	-	Planning Concepts & Design	100	15
	-		100	15
		TOTAL	1,061	581
		Funded by:		
	2	Fairlie Water Capital Reserve	634	484
	-	Tekapo Water Capital Reserve	56	6
	648	Twizel Water Capital Reserve	189	45
	24	Allandale Water Capital Reserve	22	5
		Ashwick/Opuha Water Capital		
	19	Reserve	30	13
	-	Burkes Pass Water Capital Reserve	20	6
	-	School Road Water Capital Reserve	10	7
	-	Manuka Tce Capital Reserve	100	15
	693	TOTAL	1,061	581

 $R = Renewal\ G = New\ works - driven\ by\ growth\ L = New\ works - driven\ by\ increased\ level\ of\ service$

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

- Sections of the Fairlie reticulation are renewed each year until the failing pipes which were installed in the early 1940's are all replaced.
- All other reticulation in the townships were assessed to ensure continuity of service to the connected properties.
- Amounts were budgeted for investigations in Twizel to determine whether there was a new source available to service Twizel and also to investigate reticulating Manuka Terrace.
- The Resource Consents for the Eversley/Punaroa and Ashwick Opuha water races are in the process of being renewed.
- Assets vested in Council are the result of development.

Results for the 2010/2011 year

Total capital expenditure for the year was \$581,000; \$480,000 less than the budget of \$1,061,000.

The key variances from budget were:

- Work on the Twizel water supply headworks and treatment is delayed awaiting a decision on the future source. Costs to date are \$2,000 while the budget is \$81,000.
- A small amount of work was undertaken on Manuka Terrace investigations. The actual costs were \$15,000 compared to a budget of \$100,000.
- There were no vested assets received during the year. Vested assets are dependent on developer activity. The budget for vested assets was \$48,000.
- The work on the Fairlie main line reservoir to township was \$472,000 compared to a budget of \$600,000. This was due to significantly better pricing being obtained.
- Work on the new treatment parameters for Tekapo totalled \$1,000 compared to a budget of \$31,000. This work will be carried out in 2011/12 year.



Water Supplies Financial Summary

Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Actual 2009/2010		Budget 2010/2011	Actual 2010/2011
(\$000)	REVENUE	(\$000)	(\$000)
789	Targeted Rates	769	776
117	Financial Contributions	112	27
134	Other Income	78	126
-	External Interest Received	-	4
-	Internal Income	-	10
48	Interest on Capital Reserves	21	39
1088		980	982
	DIRECT EXPENDITURE		
16	Employment Expenses	-	15
4	Consultancy Expenses	40	11
11	Administration	9	18
325	Operational & Maintenance Expenses	314	306
60	Impairment Investments	-	-
63	Interest on Capital Reserves	75	35
125	Internal Expenses	121	131
261	Funded Depreciation *	283	325
32	Non-Funded Depreciation **	36	45
897	•	878	886
191	Operating Surplus/(Deficit)	102	96
622	Vested Assets	48	-
813	Net Surplus	150	96

Actual 2009/2010 (\$000)	Operating Surplus/(Deficit) transferred	Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	to/funded by:		
70	Fairlie Water Capital Reserve	6	36
53	Tekapo Water Capital Reserve	43	(12)
679	Twizel Water Capital Reserve	56	(3)
(32)	Ratepayers' Equity	(36)	(45)
(60)	Albury Water Operating Reserve	-	20
55	Allandale Water Capital Reserve	22	17
3	Ashwick/Opuha Water Capital Reserve	-	16
2	Burkes Pass Water Capital Reserve	-	-
1	Kimbell Water Capital Reserve	2	(1)
7	School Road Water Capital Reserve	4	9
-	Downlands Operating Reserve	18	22
35	Spur Road Water Capital Reserve	35	36
-	Manuka Tce Water Capital Reserve	-	1
813		150	96



Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$96,000; \$54,000 less than the budgeted surplus of \$150,000.

The value of water assets vested in Council for the year were \$48,000 less than allowed for
in the budget as there were no vested assets for the year. The amount of vested assets in
any one year is dependent on developers timing.

Revenue

Total revenue for the year was \$982,000; \$2,000 more than the budgeted revenue of \$980,000. The key variances from budget were:

- Financial contributions were \$27,000 compared to a budget of \$112,000. These
 contributions depend on levels of development and are difficult to predict.
- Other income includes \$64,000 of contributions from the Albury Water Scheme users.
 Budget figures are not included in Councils figures as the supply is held in Council name only. The Albury Water Supply has a separate governing body and prepares and monitors the budgets in its own right.
- External interest received includes \$3,000 from Downlands Water Scheme of which Council is a joint venture partner and consequently only accounts for its share of the results at year end rather than incorporating Downlands budget.
- Interest earned on capital reserves is \$18,000 higher than budget of \$21,000, due to higher than anticipated capital reserve balances due to lower than anticipated capital expenditure actual \$581,000 compared to budget of \$1,061,000.

Direct Expenditure

The total direct expenditure for the year was \$886,000; \$8,000 more than the budgeted direct expenditure of \$878,000. The key variances from budget were:

- Operational and maintenance expenses were \$8,000 lower than budget due to the inclusion of \$23,000 in costs for the Albury Water Scheme for which no Council budget is assigned offset by lower than anticipated contractor costs across all schemes.
- Employment expenses totalled \$15,000 which related to the Albury Water Supply scheme for which Council does not prepare a budget.
- Consultancy costs for the year totalled \$11,000 compared to a budget of \$40,000. The
 positive variance of \$29,000 relates mainly to lower than anticipated costs of asset
 valuations.

 Depreciation is \$370,000 which is \$51,000 greater than the budget of \$319,000. This is due to Council's 3 yearly asset revaluation cycle.



Sewerage

Background

In the Mackenzie District, there are presently four public sewerage schemes: Fairlie, Tekapo, Twizel and Burkes Pass. There are 2,050 properties connected to these four schemes. The other properties in the District dispose of their wastewater by other means — mostly via their own septic tank systems.

This section summarises the Council's long-term strategic and management approach for the provision and maintenance of wastewater services to properties throughout the District, (excluding those that service single premises that have their own septic tanks) - whether they be provided by public or private means.

Rationale for Council's Involvement

Territorial authorities have numerous responsibilities relating to sewerage services. One such responsibility is the duty under the Health Act 1956 to improve, promote and protect public health within their districts. This implies that; in the case of the provision of sewerage services, councils have the obligation to identify where such a service is required, and to either provide it directly themselves or to maintain an overview of the supply if it is provided by others.

Community Outcomes to which the Activity Contributes

Community Outcome	How the Wastewater Activity Contributes		
Safe, effective and sustainable infrastructure. A fit and healthy community.	By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure. Every household requires a good wastewater disposal system to avoid exposure to water-		
	borne health risks.		
A thriving economy.			
	By ensuring that adequate public disposal systems are provided and maintained.		

Principal Objectives

- To provide for the collection and disposal of wastewater so as to meet the needs of the community;
- To comply with Canterbury Regional Council resource consent requirements at wastewater treatment plants;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public wastewater schemes and to plan accordingly;
- To anticipate the time when it may be necessary to provide public wastewater schemes in communities at present not serviced and to plan accordingly (unlikely in the next 10 years except for the Eversley Reserve area of Fairlie);
- To ensure the maintenance of the public infrastructure assets in perpetuity, so that there is no diminution in value and to forecast the estimated future cost of so doing; and
- To put in place a sound management regime for all matters relating to the disposal of effluent.



Key Levels of Service and Performance Measures

By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure. Every household requires a good wastewater disposal system to avoid exposure to water-borne health risks. Pump stations cope with effluent volumes. No sewage overflows from pump stations. Achieved 1.1 blockages per 10kms of sewer. Not Achieved There were no electronic alarms raised relating to overflows. Achieved 1.1 blockages per 10kms of sewer. Not Achieved There is no formal process for confirming compliance to all criteria were outside the the consent conditions.	of sewer ents of some se defined in At Tekapo,
maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure. Every household requires a good wastewater disposal system to avoid exposure to water-borne Mot Achieved Achieved 1.1 blockages per 10kms of sewer Achieved 1.2 blockages per 10kms of sewer Achieved There is no formal process for confirming compliance to all criteria were outside thouseless.	of sewer ents of some se defined in At Tekapo,
disposal systems are properly installed, Council provides an essential component of the District's infrastructure. Every household requires a good wastewater disposal system to avoid exposure to water-borne Systems operate with minimal disruption due to blockages. Annual blockages are less than six per 10kms of sewer. 10km of sewer. Annual blockages are less than six per 10kms of sewer 2.3 blockages per 10kms of sewer. Achieved 1.1 blockages per 10kms of sewer 2.3 blockages per 10kms of sewer 2.3 blockages per 10kms of sewer 2.3 blockages per 10kms of sewer 3.4 blockages per 10kms of sewer 3.5 blockages per 10kms	ents of some se defined in At Tekapo,
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wastewater disposal system to avoid exposure to water-borne standards of resource consents. There is no formal process for confirming compliance to all criteria were outside those to the confirming compliance to the co	se defined in At Tekapo,
avoid exposure to water-borne confirming compliance to all criteria were outside tho	se defined in At Tekapo,
	At Tekapo,
I hoalth ricks I consents Council is aware at the I the consent conditions	' '
	the irrigation i
Fairlie Wastewater treatment Council has extended t	
plant had one event where disposal area and at Tw	
coliform levels exceeded consent has planned upgrade w conditions (deemed not treatment plant. The	
significant) as determined by treated to a good standard	_
independent contractors).	u.
Tekapo Wastewater Treatment	
Plant – continuous flow recording	
was interrupted by logger	
breakdown for a period of two	
months.	
By ensuring that adequate public Sewage is able to be disposed of Temporary or permanent repairs within Achieved Achieved	
disposal systems are provided and without significant disruption. 6 hours (during working hours) or 9 This is a service standard specified This is a service standard specified.	d specified in
maintained. hours (outside working hours). in the Utilities Services Contract. the Utilities Services Co	ntract. The
There are no formal recording of standard was met.	
repair times. Council is not aware	
of any instances where they have	
failed to respond within the target	
timeframes.	
A 24 hour call out service is Contract standards for call outs are No known failures to respond. Achieved Achieved	
provided met. Call-out service is provided by Call-out service is provided	ed by Utilities
Utilities Services Contract. Services Contract.	
Timely completion of Monthly meeting with contractor and 12 meetings. All payments processed by Achieved Achieved	
administrative functions. prompt authorisation of invoices. 20 th of each month. Monthly meetings with contractor Meet with Contractor	rs monthly
and prompt authorisation of Moretz with Contractor and prompt authorisation of Contract payments authorisation and prompt authorisation of Contract payments authorisation authorisation authorisation of Contract payments authorisation author	
invoices. 12 meetings held. All 14 th of each month.	Jisca belole
payments authorised by the 14 th	ļ
of the month.	!



Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
Prompt repair of faults that may disrupt the service	Repairs completed within two working days	All completed within the time frame	Not Measured This is a service standard specified in the Utilities Services Contract. All serious faults were repaired when they were identified and no breach of the procedure has been bought to the Engineer's attention.	. Achieved This is a service standard specified in the Utilities Services Contract. All serious faults were repaired when they were identified.
Speedy reinstatement of service following blockages or other emergency repairs.	Time for reinstatement following call out.	During working hours – six hours. Outside working hours – nine hours.	Achieved This is a service standard specified in the Utilities Services Contract. There were no instances where service was interrupted to more than an individual property. The standard was met.	Achieved This is a service standard specified in the Utilities Services Contract. There were no instances where service was interrupted to more than an individual property. The standard was met.
Availability/Disruption to Service	Length of disruption of service	Normal disruption should not exceed eight hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded 8 hours.	Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded 8 hours.

Note

As sewerage connections are generally undertaken by registered drainlayers not under the Council's direct control, performance measures in the Long Term Plan relating to connection times have been removed and are not reported against in this document.

Identified Effects on Community Wellbeing

The construction of the step-system in Eversley Reserve will have beneficial effects on the social and environmental risk from poorly performing septic tanks.



Capital Expenditure

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Burkes Pass		
L	-	Sewer Treatment – new	-	1
	-		-	1
		Fairlie		
G	-	Vested Assets	5	-
G	14	New Reticulation Eversley	165	162
	14		170	162
		Tekapo		
R	17	Sewer Treatment - Renewal	12	11
G	-	Vested Assets	25	-
	17		37	11
		Twizel		
R	95	Resource Consent	-	19
G	982	Vested Assets	34	-
R & L	78	Treatment/Disposal Upgrade	150	51
	1,155		184	70
	1,186	TOTAL	391	244
		Funded by:		
	-	Burkes Pass Capital Reserve	-	1
	14	Fairlie Sewer Capital Reserve	170	162
	17	Tekapo Sewer Capital Reserve	37	11
R & L	1,155	Twizel Sewer Capital Reserve	184	70
	1,186		391	244

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

- Work was planned to ensure that the effective disposal of sewage could be maintained in the reticulated areas.
- Assets vested in Council are the result of development.

Results for the 2010/2011 year

Total capital expenditure for the year was \$244,000; \$147,000 less than the budget of \$391,000. The key variances from budget were:

- Costs associated with obtaining resource consent for the Twizel scheme were higher than anticipated due to the nature of the scheme's discharge requirements.
- There were no sewer assets vested during the year. The budget was \$64,000. Assets vested in Council depend on level of developer activity and are difficult to budget.
- Twizel treatment and disposal upgrade was \$51,000. The budget was \$150,000. The
 work has been delayed in the year and the balance of this initial part of the project
 will be undertaken in the 2011/12 year. Costs to date represent preliminary
 investigation costs.



Sewerage Financial Summary

		Ī	
Actual		Budget	Actual
2009/10		2010/2011	2010/2011
(\$000)		(\$000)	(\$000)
	REVENUE		
453	Targeted Rates	485	476
24	Financial Contributions	98	78
23	Upgrade Contributions	24	(11)
4	Other Income	-	5
22	Interest on Capital Reserves	16	20
526		623	568
	DIRECT EXPENDITURE		
1	Consultancy Expenses	13	8
4	Administration	5	4
108	Operational & Maintenance Expenses	112	122
41	Interest on Capital Reserves	13	35
90	Internal Expenses	88	88
201	Funded Depreciation*	224	241
4	Non-Funded Depreciation**	3	-
449		458	498
77	Operating Surplus/(Deficit)	165	70
982	Vested Assets	64	-
1,059	Net Surplus	229	70
	Operating Surplus transferred to/(Operating Deficit funded by):		
(4)	Ratepayer's Equity	(3)	-
-	Eversley Sewerage Operating Reserve	29	-
(5)	Burkes Pass Sewer Capital Reserve	-	(3)
10	Fairlie Sewer Capital Reserve	56	61
20	Tekapo Sewer Capital Reserve	80	(20)
1,038	Twizel Sewer Capital Reserve	67	32
1,059		229	70

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Sewerage Financial Summary Surplus/(Deficit)

The surplus for the year was \$70,000; \$159,000 less than the budgeted surplus of \$229,000. The value of sewer assets vested in Council for the year was \$64,000 less than budget. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$568,000; which was less than the budgeted revenue of \$623,000. The key variances from budget were:

- Financial contributions for the year were \$20,000 lower than allowed for in the budget. This is driven by developer work in the area and is difficult to accurately determine.
- Council were required to refund an upgrade contribution for a development overcharged in the 2009/10 year. This resulted in an \$11,000 reduction in the income for 2010/11.

The total direct expenditure for the year was \$498,000 which is higher than the budgeted figure of \$458,000. The key variances from budget were:

- Operational and maintenance expenses were \$10,000 more than budgeted due to higher than anticipated consent monitoring costs in Fairlie of \$4,000.
- Council's internal interest charge was higher than anticipated due to budget underestimation.
- Funded depreciation is higher than anticipated due to changes in Councils tri-yearly asset revaluation.



^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity

Stormwater

Background

Tekapo and Twizel have stormwater systems designed for their towns. Twizel in particular is founded on permeable soils that allow good soakage from individual properties. In Fairlie the original stormwater system was open drainage channels. Over the years many of these have been piped and covered over. In a number of cases these pipes are shallow and undersized which contributes to the relatively low level of protection.

Rationale for the Council's Involvement

Territorial authorities have numerous responsibilities relating to stormwater disposal and land drainage. One such responsibility under the Resource Management Act 1991 requires Council to plan for the avoidance and mitigation of natural hazards. The regular clearance and maintenance of drainage ditches and waterways and the provision of stormwater pipes help prevent flooding.

The Mackenzie District Council maintains stormwater systems relative to the size of the urban area served.

Community Outcomes to which the Activity Contributes

Community Outcome	How the Stormwater Activity Contributes	
Safe, effective and sustainable infrastructure.	By controlling and disposing of stormwater runoff. Ensuring pipework and open channels are maintained to effectively remove stormwater from the residential areas of the District.	
An attractive and highly valued natural environment	By controlling and disposing of stormwater. Run-off is channelled through land drainage systems and stormwater pipes.	

Principal Objectives

To provide satisfactory stormwater services for the urban areas of the District. Council has a policy to reduce the volume and intensity of stormwater flowing from individual properties into the Council's system. As such, all new buildings on suitable free draining land are required to dispose of their own stormwater to land on that site.

To ensure the maintenance of the public infrastructure assets so that there is no reduction in value or service.





Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
By controlling and disposing of	Specified flood event protection is	No complaints about damage caused by	Achieved	Achieved
stormwater runoff. Ensuring	maintained.	flooding.	No complaints were received.	No complaints were received.
pipework and open channels are				
maintained to effectively remove				
stormwater from the residential				
areas of the District.				
By controlling and disposing of	All resource consent conditions are	100% Compliance.	Not Achieved	Not Achieved
stormwater. Runoff is	met.		Some stormwater discharge consent	Some sampling and reporting did not
channelled through land drainage			conditions not measured as they are	meet the required time frames. There
systems and stormwater pipes.			required to be completed within ½	were no environmental effects.
			hour of the start of the event.	
			Difficult for staff to know if there is a	
			discharge and then respond within	
			the half hour. Testing can only be	
			completed Monday to Thursday	
			mornings to meet laboratory	
			requirements.	
Protection from one in two year	Minimal ponding occurs.	Protection level met	Achieved	Achieved
flood event.			In the areas serviced by Council's	In the areas serviced by Councils
			stormwater systems, there was no	stormwater systems, there was no
			ponding.	ponding.
Protection from one in five year	No flooding of above ground level	Protection level met	Not Applicable	Not Applicable
flood event.	floors of non-inhabited parts of		A 1 in 5 year flood event did not	A 1 in 5 year flood event did not occur.
	buildings.		occur.	
Protection from one in ten year	No flooding of above ground level	Protection level met	Not Applicable	Not Applicable
flood event.	floors of dwellings or business		A 1 in 10 year flood event did not	A 1 in 10 year flood event did not
	premises.		occur.	occur.
A 24 hour callout service is	Contract standards for callouts are	No known failures to respond.	Achieved	Achieved
provided	met		Callout service is provided by the	Callout service is provided by the
			Utilities Services Contract.	Utilities Services Contract.
Timely completion of	Monthly meetings with contractor and	12 meetings held. All payments	Achieved	Achieved
administration functions	prompt authorisation of invoices.	authorised promptly.	Meet with Contractors monthly.	Meet with Contractors monthly.
	1		Contract payments authorised	Contract payments authorised before
			before 20 th of each month.	14 th of each month.
Prompt clearance of blockages	Repairs completed within two working	All completed within timeframe.	Not Applicable	Not Applicable
likely to cause problems in the	days.		There were no instructions	There were no instructions required to
event of flooding.	1		required to be given to the	be given to the contractor to fix minor
	1		contractor to fix minor faults	faults within 2 working days.
			within two working days.	
			Programmed maintenance	



Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
			identifies early any potential	
			problems and rectifies them,	
			(required in contract)	
Prompt clearance of blockages	Time for clearance following call out	During working hours – six hours.	Not Measured	Not Measured
causing minor disruption		Outside working hours – nine hours.	Councils contractors do not have a	Councils contractors do not have a
			formal system to measure this.	formal system to measure this.
Response to localised emergency	Flood site made safe and further	Staff despatched within one hour of	Not Measured	Not Measured
flooding	damage minimised	callout	Councils contractors do not have a	Councils contractors do not have a
			formal system to measure this.	formal system to measure this.
Maintenance and contract work	Contractual occupational safety and	No reported breaches	Achieved	Achieved
is undertaken safely	health requirements met		OSH requirements are covered in	OSH requirements are covered in the
			the Utilities Contract 1163.	Utilities Contract 1163.
			There were no breaches reported	There were no breaches reported to
			to the Council by the Contractor.	the Council by the Contractor.



Identified Effects on Community Wellbeing

No specific effects identified.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Fairlie		
G	-	Vested Assets	3	-
L	-	Resource Consent	10	-
	-		13	-
		Tekapo		
L	-	Resource Consent	10	-
G	-	Vested Assets	15	-
	-		25	-
		Twizel		
L	-	Resource Consent	15	-
G	-	Vested Assets	21	-
			36	-
	-	TOTAL	74	-
		Funded by:		
		Fairlie Stormwater Capital		
	-	Reserve	13	-
	_	Tekapo Stormwater Capital Reserve	25	
		Twizel Stormwater Capital	23	
	-	Reserve	36	-
	-		74	

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

• Assets vested in Council are the result of development.

Results for the 2010/2011 year

Total capital expenditure for the year was nil; \$74,000 less than the budget of \$74,000.

Development in Fairlie, Twizel and Tekapo for stormwater assets did not take place.
 Therefore, \$39,000 of vested assets did not eventuate.

 $R = Renewal \ G = New \ works - driven \ by \ growth \ L = New \ works - driven \ by \ increased \ level \ of \ service$

• Resource consent costs budgeted to cost \$35,000 across all towns did not eventuate.



Stormwater Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	REVENUE		
85	Targeted Rates	94	94
3	Financial Contributions	-	1
11	Interest on Capital Reserves	7	9
99	Total Revenue	101	104
	DIRECT EXPENDITURE		
1	Administration	1	1
14	Operational & Maintenance Expenses	13	8
-	Consultancy Expenses	12	3
24	Internal Expenses	23	23
-	Assets Written Off	-	85
54	Funded Depreciation*	59	58
93		108	178
6	Operating Surplus/(Deficit)	(7)	(74)
-	Vested Assets	39	-
6	Net Surplus	32	(74)
	Operating Surplus/(Deficit) transferred to/funded from:		
-	Fairlie Stormwater Capital	3	(79)
1	Tekapo Stormwater Capital Reserve	8	1
5	Twizel Township Operating Reserve	21	4
6		32	(74)

^{*}Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The deficit for the year was \$74,000; \$106,000 less than the budgeted surplus of \$32,000.

 No assets were vested in the Council during the year by developers. This is dependent on developer activity.

Revenue

Total revenue for the year was \$104,000; \$3,000 more than the budgeted revenue of \$101,000.

Direct Expenditure

The total direct expenditure for the year was \$178,000; \$70,000 more than the budgeted direct expenditure of \$108,000.

 Council has written off \$85,000, previously treated as work in progress, relating to the Western Catchment Flood Protection. This is recorded as Assets Written Off.



Roading (including land transport programme)

Background

The backbone of the roading network in the Mackenzie District is provided by the following state highways which are the responsibility of Transit New Zealand.

State Highway 8 Timaru - Fairlie - Lake Tekapo - Twizel - Omarama

State Highway 79 Fairlie - Geraldine

State Highway 80 Pukaki Corner - Mt Cook Village

The Mackenzie District local roading network consists of principal roads that lead from the state highways to reach many remote localities. Local roads provide roading networks between the principal roads. There are also three main townships in the District; Fairlie, Lake Tekapo and Twizel, which have urban roading networks. Mount Cook village is administered by the Department of Conservation, which takes responsibility for the village's roading network.

The Mackenzie District roading network comprises 187km of sealed roads and 517km of unsealed roads. The network contains 91 bridges and 55km of all weather footpaths. It is managed, maintained and regulated by the Council's Asset Management Department and Roading Business Unit.

Rationale for Council's Involvement:

Council provides a safe, efficient, convenient and comfortable roading network to ensure appropriate property access and freedom of travel for all people including pedestrians. The provision of a roading corridor also accommodates the infrastructure of utility service providers throughout the District.

Community Outcomes to Which the Activity Contributes:

This activity contributes to community outcomes established by the District's communities as described in the following table:

Community Outcome	How the Roading Activity Contributes		
An attractive and highly valued natural environment	By providing vehicular access to areas while minimising the effect on the natural environment.		
A thriving economy	By providing a safe and efficient highway network for the transport of people and goods.		
A fit and healthy community By providing safe roads that provi sporting, recreational, social a amenities.			
Safe, effective and sustainable infrastructure	By ensuring appropriate maintenance standards for roads and footpaths are adhered to and the network is steadily improved. By ensuring that sufficient funds are allocated to meet this philosophy.		

Principal Objectives:

- To develop an activity management plan for roading.
- To contract cost-effective service delivery.
- To ensure all roads are adequately maintained.
- To identify and prioritise key areas for minor improvements and progressively implement these.
- To develop and implement a planned programme of seal extension.
- To establish footpath standards and implement them over time.
- To be proactive in ensuring adequate funds are provided to maintain and develop the District's roading network.



Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
Smooth roads support the local	The average roughness of urban roads	Average < 100 counts	Not Measured	Not Measured
economy by reducing travel times	as measured by NAASRA counts		National Association of Australian State Road	The average count for urban roads was 75 with
and vehicle wear			Authorities (NAASRA) counts are generated	3.0% of travel being on roads above 150 counts.
			utilising a laser profilemeter fitted to a vehicle	
			travelling at speed on the Districts sealed	
			roads, which records the road profile and	
			converts the results into a roughness	
			count/kilometre. The higher the roughness	
			count/kilometre, the rougher the road surface	
			which may lead to reconstruction of the	
			surface. NAASRA counts are to be completed	
			in 2011/2012 year and are completed every	
			three years. Council does not expect any	
			significant changes from last year.	
	The % of measures exceeding 150		Not Measured	Not Measured
	NAASRA counts.	<10%.	The Council did not measure this result as the	The average count for rural roads was 92 with the
			NAASRA counts are due to be completed in	top 1.0% of travel being on roads above 110
	The average roughness of rural roads		2011/12. Council does not expect any	counts.
	as measured by NAASRA counts.	Average < 80 counts	significant changes from last year.	
	The % of measures exceeding 110		Not Measured	
	NAASRA counts.		The Council did not measure this result as the	
		<10%	NAASRA counts are due to be completed in	
			2011/12. Council does not expect any	
Mackenzie has good quality roads,	Mackenzie's urban and rural sealed	Smoothness is higher than the National	significant changes from last year. Not Measured	Not Measured
safe roads, appropriate for all the	roads are smoother than the national	average.	The link below is to a report from the New	The link below is to a report from the New Zealand
road users including tourists,	average	uverage.	Zealand Transport Agency that details	Transport Agency that details Mackenzie's position
farmers and this supports the	average		Mackenzie's position in relation to the national	in relation to the national average
economic development in the			average	http://www.nzta.govt.nz/resources/road-
district.			http://www.nzta.govt.nz/resources/road-	assets/mackenzie/2007-assets-mackenzie-
			assets/mackenzie/2007-assets-mackenzie-	district.pdf Significant work was done nationally in
			district.pdf Significant work was done	2007 and our roading scored very highly. Due to
			nationally in 2007 and our roading scored very	the nature of our roads, these measures are not
			highly. Due to the nature of our roads, these	done annually. The next review is scheduled for
			measures are not done annually. The next	2011.
			review is scheduled for 2011/2012. Council	
			does not expect any significant changes from	
			last year.	
All contract specifications are	For audited sections of the roading	98%	Achieved	Achieved
met.	network, contract specifications are		On going audit inspection of all roads revealed	On going audit inspection of all roads revealed a
	fully met or identified defects are		a low level of defects, and no large backlog of	low level of defects, and no large backlog of work
	remedied within agreed time frames.		work required to ensure specifications are	required to ensure specifications are met. Some



Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
			met. Some faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. In all other situations, all identifiable defects were remedied within the agreed timeframes. The condition of the network is audited by MDC staff and the Contractor and discussed at monthly contract meetings.	faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. In all other situations, all identifiable defects were remedied within the agreed timeframes. The condition of the network is audited by MDC staff and the Contractor and discussed at monthly contract meetings.
Council continues to identify and prioritise key areas for minor improvements (safety) and progressively correct these.	Number of projects completed each year.	2 Minor Improvement Projects	Achieved Three projects were completed being- Clayton Road Seal Widening Nixons Road and Main Street Fairlie Safety Footpaths	Achieved Six projects were completed being- Three Springs Rd Stanton Rd Braemar Rd Plantation Rd Cricklewood Rd Coal Pit Rd
Number of fatal accidents due to road factors		Nil	Achieved There were no fatal accidents on local roads in the district caused by road conditions See below link; http://www.nzta.govt.nz/resources/road-safety-data/mackenzie/2010.pdf	Achieved There were no fatal accidents on local roads in the district.
Set achievable budgets for the available resources and complete what we plan each year.	Percentage of requested budget carried forward compared with total operating costs.	<5%	Achieved Due to adverse weather conditions there was a carry forward budget of \$72,453.78 due to the contractor being unable to complete Clayton Road Seal Widening.	Achieved There were no budget carried forward requests for the year.
That the roading network is trafficable	Emergency work response times. On-site within 1 ½ hours to begin reinstatement	100 %	Not Achieved 2 Call outs, which were district-wide frost events, were not attended to within the 1 ½ hour response time which means that 97% of the time we met Emergency work response times. Our main contractor provides us with information of emergency work response times.	Not Measured The 1 ½ hour response time is a requirement of the road maintenance contract and as such is discussed at regular contract meetings. A review of some significant events showed full compliance with the measure.

Identified Effects on Community Wellbeing

The completed safety improvements will affect the social wellbeing of the community.



Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Fairlie - Subsidised		
R	-	Street Lighting	13	3
R	-	Minor Improvements	-	5
R	-	Signs	1	-
R	32	Reseals	27	39
	32		41	47
		Fairlie - Unsubsidised		•
R	-	Footpaths - Surfacing	15	-
	-		15	-
		Tekapo - Subsidised		
R	-	Street Lighting	2	4
R	-	Signs	1	-
R	54	Reseals	41	50
	54		44	54
		Tekapo - Unsubsidised		
R	-	Footpaths - Surfacing	20	13
R&L	-	Pioneer Drive Upgrade	-	10
G	-	Vested Assets	62	-
	-		82	23
		Twizel - Subsidised		
R	-	Signs	2	12
R	127	Reseals	98	109
	127		100	121
		Twizel - Unsubsidised		
R	41	Footpaths - Surfacing	50	42
	-	Verges – North West Arch	5	-
R & L	-	Roading Ruataniwha Reserve	30	30
G	538	Vested Assets	87	-
	579		172	72

R = Renewal G = New works - driven by growth L = New works - driven by increased level of service

	Actual		Budget	Actual
Requirement	2009/2010		2010/2011	2010/2011
for Work	(\$000)		(\$000)	(\$000)
		Rural - Subsidised		
		<u>Projects</u>		
R & L		Associated Improvements	4	-
R & L	-	Pavement Rehabilitation	190	45
R	337	Basecourse - Unsealed	280	406
R	-	Structures Component Replacement	14	5
R	67	Signs	57	55
R	29	Drainage – Culverts	43	48
R	20	Bridges	-	-
R	-	Bridges – Lake Alex Outlet	85	71
R&L	170	Minor Safety Works	183	110
R	339	Reseals	184	288
	962		1,040	1,028
		Roading Professional Services		
R	4	Traffic Counter	-	-
	4		-	-
	1,758	TOTAL	1,494	1,345
		Funded by:		
	32	Fairlie Roading Capital Reserve	56	47
	54	Tekapo Roading Capital Reserve	126	77
	706	Twizel Roading Capital Reserve	272	193
	962	Rural Roading Capital Reserve	1,040	1,028
		Roading Prof Services Capital		
	4	Reserve	-	=
	1,758		1,494	1,345



Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

- Roading projects were budgeted to maintain an appropriate level of service to the District's roading network.
- Assets vested in Council are the result of development.

Results for the 2010/2011 year

Total capital expenditure for the year was \$1,345,000; \$149,000 less than the budget of \$1,494,000. The key variances from budget were:

- No roading assets were vested in Council from Tekapo and Twizel due to reduced developer activity. This resulted in a \$149,000 variance from budget
- Reseal costs were \$32,000 higher than budget due to higher than anticipated Contractor's tender prices.
- Rural base course unsealed is higher than budget spend by \$126,000 due reprioritisation funds to pavement rehabilitation capital expenditure for the year amounting to \$145,000.
- Minor safety improvements is lower than budget by \$73,000 due to weather constraints. This has been carried forward into the 2011/12 year.





Roading Financial Summary

Actual		Budget	Actual
2009/2010		2010/2011	2010/2011
(\$000)		(\$000)	(\$000)
	REVENUE		
1,146	Targeted Rates	1,365	1,365
1,376	Subsidies & Grants	1,459	1,348
28	Financial Upgrade Contributions	-	-
47	Other Income	65	60
33	Interest on Capital Reserves	20	31
110	Internal Income	130	130
2,740		3,039	2,934
	DIRECT EXPENDITURE		
103	Employment Expenses	108	92
29	Consultancy Expenses	48	44
3	Administration	4	8
-	Operational & Maintenance Expenses	12	-
1,084	Roading Expenses	1,265	1,101
1	Interest on Capital Reserves	1	-
291	Internal Expenses	298	326
1	Funded Depreciation*	1	1
1,675	Non-Funded Depreciation**	1,382	1,674
3,187		3,118	3,246
(447)	Operating Surplus/(Deficit)	(79)	(312)
538	Vested Assets	149	-
91	Net Surplus	70	(312)
	Operating Surplus transferred to/		
	(Operating Deficit funded by):		
(1,675)	Ratepayers' Equity	(1,382)	(1,674)
45	Fairlie Roading Capital Reserve	56	15
45	Tekapo Roading Capital Reserve	126	25
646	Twizel Roading Capital Reserve	242	86
959	Rural Roading Capital Reserve	977	1,111
12	Manuka Terrace Roading Capital Reserve	-	11
-	Lake Alexandrina Operating Reserve	38	33
59	Roading Prof Services Operating Reserve	13	81
91		70	(312)

Commentary on Roading Financial Summary

Surplus/(Deficit)

The deficit for the year was \$312,000; \$382,000 less than the budgeted surplus of \$70,000.

 The value of roading assets vested in Council for the year was \$149,000 less than budgeted. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$2,934,000; \$105,000 less than the budgeted revenue of \$3,039,000.

The key variances from budget were:

- Upgrade contributions of \$28,000 were received during the year, which were not budgeted for. These related to the development of Manuka Terrace and Fox Peak Ski Road.
- Subsidies and grants were less than budgeted by \$111,000 mainly due to lower levels
 of roading maintenance being carried out during the year.

Direct Expenditure

The total direct expenditure for the year was \$3,246,000; \$128,000 greater than the budgeted direct expenditure of \$3,118,000.

The key variances from budget were:

- Rural roading unsealed pavement maintenance was lower than budget by \$146,000 due to improvements in the materials used for maintenance metalling not required to be graded as often, along with routine drainage maintenance \$47,000 due to changes in contractual arrangement from measure and value to lump sum.
- Depreciation is higher than budget by \$292,000 due to higher than anticipated depreciation due to Councils 3 yearly asset revaluation.



^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Solid Waste

Background

Refuse and recycling collections are available at Fairlie, Lake Tekapo and Twizel. Resource Recovery Parks are available at Fairlie, Lake Tekapo and Twizel. A Vertical Composting Unit (VCU) is installed at the Twizel site, to compost the District's organic material.

There are no longer any active District landfills. The Fairlie, Lake Tekapo and Twizel closed landfill sites are now only used for hardfill disposal and are controlled sites that do not permit public access. Residual waste is disposed of at Redruth Landfill in Timaru.

Rationale for Council's Involvement

The Council is required, by Part 31 of the Local Government Act 1974 still in force, to promote effective and efficient waste management within its District. In doing so, it must have regard to environmental and economic costs and benefits and ensure that the management of waste does not cause a nuisance or be injurious to health. It must also prepare and adopt a Waste Management Plan. This implies that, in the case of Council providing refuse collections and solid waste disposal services, it must detail its intentions with regard to the five accepted levels of activity, being: Reduction, Reuse, Recycling, Recovery and Residual Disposal. The Mackenzie District Council adopted its Waste Management Plan on 22 October 1999.

Community Outcomes to which the Activity Contributes

Community Outcome	How the Solid Waste Management Activity Contributes		
A fit and healthy community	By using methods of safe waste handling, transport and final disposal to ensure that public		
An attractive and highly valued natural environment	health is not jeopardised and that no environmental pollution occurs.		
A thriving economy	By handling, sorting and processing solid waste in an affordable manner and in a way that maximises returns from recovered material.		

Principal Objectives

- To maximise the diversion of material from the waste stream;
- To maximise the recovery of resources from the waste stream;
- To ensure that any residual waste is disposed of as efficiently and effectively as
 possible, in accordance with current environmental and health practices;
- To maximise the diversion of green waste and putrescible material to Council's composting facility; and
- To encourage the community through education and promotion to adopt sustainable waste minimisation practices.



Levels of Service	Measure of Service	Target	Result from 2010-2011	Result from 2009-2010
To pick up all compliant bags of	The number of compliant bags of	100% of bags put out for collection will be	Achieved	Achieved
waste put out for collection at	waste put out for collection at the	collected.	Council has no formal system to	This was achieved as there were no
the kerbside.	kerbside.		record complaints, however any	reports of uncollected compliant bags.
			reports of bags not being collected	
			were due to either the bag being	
			considered non-compliant or the	
			bag was put out after 8am.	
The majority of Mackenzie waste	The percentage of solid waste from	70% diverted with an expectation of 80%	Not Achieved	Not Achieved
is recycled rather than land filled	the District Resource Recovery Parks	by 2019.	63% of waste was diverted from	In previous years we have compared
	diverted from landfill.		landfill. Councils new contractors	the waste diverted to quantities prior
			ESL will assist in raising the level of	to 2001 when all landfills were closed
			diversion in future years.	in the district. This comparison was
				with all waste that was received at the
				RRPs. The actual figure diverted was
				64%. Council is undertaking a
				complete review of its solid waste
				activities in the 2010/11 year with a
				view to delivering the service more
		3		efficiently.
	The sales of quality compost	1000m ³ per annum.	Not Measured	Not Achieved
	produced through the VCU using		There was an error in the 2009/10	There was an error in the LTCCP
	green waste and putrescible waste.		LTCCP document. The target	2009/19 document which the target
			should read 100m ³ . The VCU has	should read 100m3 not 1000m³.
			been mothballed. Therefore, the	Council only sold 73.44m³ during the
			measure has not been recorded for	year.
			a full year. Councils best estimate	
			of compost sold is 66-75m ³ .	
Waste is handled hygienically	Compliance with resource consent	100% compliance	Not Achieved	Not Achieved
	conditions.		Ecan investigated and found two	Ecan investigated a further complaint of
			instances of clean landfill sites that	odour at the Twizel Resource Recovery
			had small traces of organic	Park beyond the boundary. This odour
			material. These instances were	was caused by the production of
			partly cleaned up and balance	compost and now that we have stopped
			programmed for cleanup in	producing compost at the Twizel RRP,
			2011/12.	there should no more odour issues.

Identified Effects on Community Wellbeing

The diversion of 64% of District waste has a positive impact upon the economic wellbeing of the community.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve. There was no Capital Expenditure budgeted or expended during the year (2009/10: Nil).



Solid Waste Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	REVENUE		
468	General Rates	469	469
100	Targeted Rates	94	94
281	Other Income	224	308
320	Internal Income	90	90
1,169		877	961
	DIRECT EXPENDITURE		
252	Employment Expenses	248	210
6	Consultancy Expenses	4	18
9	Administration	14	8
473	Operational & Maintenance Expenses	537	435
32	Interest on Capital Reserves	30	21
387	Internal Expenses	133	143
-	Assets Written Off	-	25
-	Impairment of Assets	-	350
61	Funded Depreciation*	53	62
4	Non-Funded Depreciation**	4	4
1,224		1,024	1,277
(55)	Operating Surplus/(Deficit)	(147)	(315)
	Operating Surplus transferred to/		
	(Operating Deficit funded by):		
(4)	Ratepayer's Equity	(4)	(4)
7	Fairlie Refuse Operating Reserve	-	8
-	Hardfill Sites Operating Reserve	(1)	-
4	Tekapo Refuse Operating Reserve	-	2
2	Twizel Refuse Operating Reserve	-	1
(30)	Twizel RRP Operating Reserve	(6)	-
(30)	Fairlie RRP Operating Reserve	(12)	-
18	Tekapo RRP Operating Reserve	(4)	-
1	Albury RRP Operating Reserve	-	-
(14)	Recycling Facilities Operating Reserve	152	-
(39)	Disposal Residual Operating Reserve	(257)	-

12	Treatment Organics Operating Reserve	(16)	(350)
18	General Reserve	-	10
-	Albury Refuse Operating Reserve	-	1
-	Waste Management Operating Reserve	-	17
(55)		(147)	(315)

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Solid Waste Financial Summary

Surplus/(Deficit)

The deficit for the year was \$315,000; \$168,000 greater than the budgeted deficit of \$147,000.

Revenue

Total revenue for the year was \$961,000; \$84,000 greater than the budgeted revenue of \$877.000.

The key variances from budget were:

• Tekapo Gate fees were up on budget by \$38,000. Twizel gate fees were up on budget by \$31,000. Sale of recycled materials was up on budget by \$18,000.

Direct Expenditure

The total direct expenditure for the year was \$1,277,000; \$253,000 more than the budgeted direct expenditure of \$1,024,000.

The key variances from budget were:

- Operational and maintenance expenses were below budget by \$102,000 due mainly to the mothballing of the VCU (\$44,000) and lower than anticipated costs of recycling (\$48,000).
- Consultancy costs of \$18,000 are greater than budget by \$14,000. These costs relate to implementation of the new Wheelie Bin collection.
- Employment expenses are \$210,000, which is \$38,000 lower than budget. This is due to lower than anticipated hours required at the Recovery Parks.
- Assets written off represent the stock of rubbish bags that will become obsolete due to the switch to wheelie bins.
- Impairment of assets relates to the Councils decision to mothball the VCU during the year. Council has written the value of the asset down to nil.



^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Building Control

Background:

The Council's building control service administers the Building Act 2004 and the Building Code. It processes building consent applications, checks plans and conducts site inspections to ensure buildings are soundly constructed in accordance with the plans supplied.

The Building Act 2004 has replaced the Building Act 1991 and was enacted partly as a response to the "leaky building" syndrome which has affected some types of buildings, mainly in metropolitan areas. The new Act emphasises building design assessment, inspections, workmanship and risk management. It aims to provide greater assurance to anyone commissioning building work that what is built will be safe and meet the required standards

Under the Building Act 2004, Council became an accredited building consent authority in July 2008 in order to continue to carry out its building control functions. It was audited in November 2009 and has maintained its accreditation.

Rationale for Council's Involvement:

Council's role is prescribed by statute. Certain functions are required to be undertaken by territorial authorities under the Building Act 2004. More substantive functions are laid down under this Act.

Community Outcomes to which the Activity contributes:

Community Outcome	How the Building Control Activity Contributes		
A thriving economy	New building and alterations provides economic prosperity for local architects and builders involved in these projects within the District. New building also adds capital value to the District which is important for growth and helps to encourage other commercial investment		
	opportunities.		
A safe, effective and sustainable	Inspection of building work will ensure that		
infrastructure.	builders comply with the plans provided to the Council and that they meet safety and sanitary standards specified in the Building Code and the building requirements of the Council. The buildings constructed will therefore become part of the District's safe, effective and		
1 2 2	builders comply with the plans provided to t Council and that they meet safety and sanita standards specified in the Building Code and t building requirements of the Council. T buildings constructed will therefore becom		

Principal Objectives:

- That all buildings constructed in the District are built to the building code and Council
 alternative solutions (the means of complying with the building code that take into
 account particular issues or materials relevant to building in the Mackenzie), thereby
 providing comfort to existing and new owners that their homes or buildings are safe.
- That Mackenzie District Council maintains its accreditation as a building consent authority.



Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2010-2011	Result for 2009-2010
Building consents are processed	 To process 95% building consents 	95% compliance.	Achieved	Not Measured
in accordance with the	and property information		99% compliance.	The Council may not have met its
prescribed legislation.	memoranda within the statutory			targets as this cannot be accurately
	timeframe.			measured at this time. Council is
				undertaking a review of its process to
				ensure more accurate date is
				collected.
Council is to maintain building	Council maintained the audit to	Accreditation maintained.	Achieved	Achieved
consent authority accreditation.	occur in November 2009.		Accreditation is assessed bi-	The Council maintained accreditation
			annually. Next assessment is due	during November 2009.
			November 2011.	

Identified Effects on Community Wellbeing

The building control activity has effects on the economic and environmental well-being of the community through growth in the Districts rating base and through provision of sale structures.

Capital Expenditure:

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Reasons for Undertaking Capital Expenditure Projects

There is no capital expenditure for the year as Council now funds asset purchases for this activity from either the Information Technology Department budget or the Plant budget.



Building Control Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	REVENUE		
45	General Rates	73	73
281	Other Income	207	237
3	Internal Income	3	3
329		283	313
	DIRECT EXPENDITURE		
141	Employment Expenses	139	134
9	Consultancy Expenses	12	-
28	Administration	32	39
-	Operational & Maintenance Expenses	17	-
95	Internal Expenses	83	111
1	Funded Depreciation*	-	1
274	•	283	285
55	Operating Surplus/(Deficit)	-	28
	Operating Surplus transferred to/		
	(Operating Deficit funded by):		
55	Leaky Building Reserve	-	-
-	General Reserve	-	28
55		-	28

Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

Commentary on Building Control Financial Summary

Surplus/(Deficit)

The surplus for the year was \$28,000; \$28,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$313,000; \$30,000 greater than the budgeted revenue of \$283,000.

The key variance from budget was:

 Building Consent fees totalling \$237,000 was higher by \$30,000 than the budgeted figure of \$207,000 due to a change in the level of fees and a reduced slowdown in building activity.

Direct Expenditure

The total direct expenditure for the year was \$285,000; \$2,000 more than the budgeted direct expenditure of \$283,000.

 Operational and maintenance budget included internal motor vehicle charges. The current year charge has been treated as an internal charge, and is included in internal expenses.



Resource Management

Background:

The Council is responsible for town planning and resource management under the provisions of the Resource Management Act 1991. The Council's key document for this is its District Plan, which outlines the issues facing the District and then details the objectives, policies and rules for ensuring sustainable management of its natural and physical resources.

Rationale for Council's Involvement:

Council's role is prescribed by statute. Section 31 of the Resource Management Act 1991 requires all territorial authorities such as the Mackenzie District Council to undertake certain functions under the Act.

Community Outcome to which the Activity contributes:

Community Outcome	How the Environmental Management Activity
	Contributes
An attractive and highly valued natural	Keeping the District Plan up to date with the
environment	changing pressures that is facing the District will ensure that development that occurs in the District does not have a detrimental impact on its attractiveness and scenic beauty. Well planned and managed development is seen by the community as an important outcome.

Principal Objectives:

- To maintain an up to date District Plan, providing for sustainable management of the resources of the District in the face of changing development pressures.
- To process 95% of resource consents within the statutory timeframe of 20 working days.





Levels of Service	Performance Measures (2009-2019)	Target	Result for 2010-2011	Result for 2009-2010
To maintain an up to date	Complete the Twizel township	Twizel township plan changes	Not Achieved	Not Achieved
District Plan, providing	plan change during the 2009/10	completed by 30 June 2010.	Decision issued 23 July 2011.	The level of work required was higher
sustainable management of the	year.			than anticipated which led to a delay
resources of the District in the				in completing public notification of the
face of changing development				Plan Change.
pressures.				
	To prioritise and complete plan		Achieved	Not Applicable
	changes identified as necessary	within agreed timeframes.	No other Plan Changes identified.	No other plan changes were initiated during the year. Plan Change 13 is an
	by Council.			ongoing process and has been
				appealed and heard by the
				Environment Court and Council awaits
				the Court's decision.
Resource consents and land	To process non-notified resource	95% compliance.	Achieved	Not Measured
information memoranda	consents within the statutory		We achieved 100% compliance.	The Council may not have met its
processed in accordance with	timeframe of 20 working days.			targets as this cannot be accurately
legislation.				measured at this time. Council is
				undertaking a process of review to
				ensure more accurate data is collected.
				collected.
	To process land information	• 100% compliance.	Not Achieved	Not Measured
	memoranda within statutory	·	We achieved 97% compliance. 84	The Council may not have met its
	timeframe of 10 working days.		of 87 were processed within the	targets as this cannot be accurately
			10 day period. Of the remaining 3,	measured at this time. Council is
			2 were one day over the period	undertaking a process of review to
			and 1 was two days over the	ensure more accurate data is
			period.	collected.



Identified Effects on Community Wellbeing

The control of unplanned subdivision in the Mackenzie Basin and the rationalisation of zoning around Twizel will have impacts upon the economic and environmental wellbeing of the community.

Capital Expenditure:

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010-2011 (\$000)	Actual 2010-2011 (\$000)
		Resource Management		
R	-	Twizel Plan Change	65	-
L	1	Fence		-
G	-	Lake Alexandrina Plan Change	15	-
G	-	Plan Change 13	90	-
	1	TOTAL	170	-
		Funded by:		
		Resource Planning Capital		
	1	Reserve	170	-
	1		170	-

R = Renewal G = New works - driven by growth L = New works - driven by increased level of service

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

• Costs associated with the District Plan change have been incurred over the period.

Results for the 2010/2011 year

Total capital expenditure for the year was \$nil; \$170,000 less than the budget of \$170,000. The key variance from budget was:

• Change in treatment of costs incurred in Plan Changes has resulted in all costs being expensed in the year it is incurred.





Resource Management Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	REVENUE	,	
241	General Rates	276	276
85	Reserve Contributions	20	27
86	Other Income	78	94
29	Internal Income	29	29
441		403	426
	DIRECT EXPENDITURE		
185	Employment Expenses	186	189
195	Consultancy Expenses	16	231
21	Administration	15	10
-	Operational & Maintenance Exp	17	12
7	Interest on Capital Reserves	3	10
130	Internal Expenses	122	129
-	Funded Depreciation*	24	-
173	Assets Written Off	-	-
711		383	581
(270)	Operating Surplus/(Deficit)	20	(155)
	Operating Surplus transferred to/		
(=)	(Operating Deficit funded by):		
(7)	Resource Management Capital Reserve	-	-
(348)	Resource Management Operating Reserve	-	(182)
85	Land Subdivision Reserve	20	27
(270)		20	(155)

^{*}Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Resource Management Financial Summary

Surplus/(Deficit)

The deficit for the year was \$155,000; \$175,000 less than the budgeted surplus of \$20,000.

Revenue

Total revenue for the year was \$426,000; \$23,000 more than the budgeted revenue of \$403,000. The key variances from the budget were:

- Reserve contributions for the year amounted to \$27,000; \$7,000 more than the anticipated budget due to Sec224 Certificates being issued.
- Other income is \$94,000; \$16,000 more than budget due to higher than anticipated recoverable services.

Direct Expenditure

The total direct expenditure for the year was \$581,000; \$198,000 more than the budgeted direct expenditure of \$383,000.

The key variances from budget were:

- Employment costs were \$3,000 higher than budgeted, due to higher than anticipated leave taken during the year.
- Operational and maintenance costs budget contained vehicle costs which are now being treated as internal expenses.
- Costs associated with Plan Change 13, and Plan Change 15 added \$170,000 to the cost
 of consultants. The budget of \$170,000 formed part of capital.
- Consultancy costs also included higher than anticipated legal costs of \$33,000; budget \$8,000.



Regulatory Services

Council's regulatory services administer legislative requirements set out in a number of acts. They include:

- Civil Defence and Emergency Management Act 2002
- Dog Control Act 1996
- Health Act 1956
- Sale of Liquor Act 1989
- Forest and Rural Fires Act 1977
- Gambling Act 2003

Background:

Council is responsible for administering a range of regulatory functions set down by legislation. It enforces, by way of contract with Timaru District Council, the provisions of the Health Act 1956, Health (Registration of Premises) Regulations 1966 and the Food Act 1981 to ensure food premises in the District are safe and hygienic for public use. It also licenses premises under the Sale of Liquor Act 1989 and issues management certificates to individuals who sell liquor.

Council employs a part time Civil Defence Officer to co-ordinate its responsibilities under the Civil Defence and Emergency Management Act 2002. This includes liaising with, and maintaining a network of volunteers in the District, and contributing to the Canterbury Civil Defence Group.

Council contracts out animal control services in the District to respond to animal nuisance complaints (dogs and wandering stock).

The Council is part of the South Canterbury Rural Fire Authority, a joint venture of Mackenzie, Timaru and Waimate District Councils, the Department of Conservation, the New Zealand Fire Service and the forest managers of Blakely Pacific Ltd and Waimate Forest Group. The costs of maintaining the rural fire authority are split evenly amongst the three councils and the forest owners group.

Rationale for Council's Involvement:

Council's involvement in these regulatory activities is prescribed by statute. Parliament has determined that such types of regulation are best delegated to the local level.

Community Outcomes to which the Activity contributes:

Community Outcome	How the Regulatory Services Activity
•	Contributes
A attractive and highly valued natural environment	Maintaining a high ready response system for rural fire and civil defence will assist in promoting the highly natural environment that we all enjoy in the Mackenzie District.
	Maintaining high levels of food hygiene standards will encourage people to not only enjoy the food but to also take in the natural beauty of our natural environment that will encourage people to return to the District.
A fit and healthy community.	Monitoring food premises for hygiene standards and issuing management certificates for the sale of liquor on licensed premises, will ensure that the consumption of food is safe for the general public and that managers are skilled and educated on the legislative requirements for the sale of liquor.
	Maintaining our readiness and volunteer groups for civil defence and rural fire events will ensure that our communities are prepared to respond to an event.
	Controlling the nuisance effects of dogs will ensure that people who use footpaths and recreation areas for health/fitness and general enjoyment will be safe and will be able to continue with their personal fitness and wellbeing



Principal Objectives:

- To control the nuisance caused by dogs and wandering stock;
- To provide an effective and efficient response to any civil defence emergency in the District:
- To control fire risks in the rural area and to respond to those rural fires that do occur.
- To regularly inspect food premises to ensure the safety of food prepared for sale and consumption; and
- To control the sale and consumption of liquor within the District.

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2010-2011	Result for 2009-2010
All known dogs in the District	All dogs are registered and national	• 100% of dogs are registered by year	Not Achieved	Achieved
registered with Council and	dog database is continually kept up	end.	Approximately 100 known dogs	All known dogs were registered by 30
entered into the national dog	to date.		unregistered.	June 2010.
database on a regular basis.				
		 All registered dogs on the national 	Achieved	Achieved
		database.	All known dogs were entered on	All known dogs were entered on the
			the national database.	national database.
To control the nuisance caused	Respond to all complaints of	Target met.	Not Achieved	Achieved
by dogs and wandering stock.	wandering dogs and stock within 12		Have had some problems with	Complaints are responded to within 12
	hours.		Contractor availability to respond	hours by either phone or a site visit.
			due to unavailability of personnel.	
			Council is reviewing its processes to	
			rectify the issue.	



Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2010-2011	Result for 2009-2010
To provide an effective and	• To carry out two civil defence	Plan requirements complied with.	Not Achieved	Not Achieved
efficient response to any civil	training sessions per year with staff		Only one training session held	No trainings were held during the
defence emergency in the	and volunteers on familiarisation		(Pandora).	2009/2010 year.
District.	with Council civil defence arrangements.			
To control fire risks in the rural	• To promote and carry out fire	All volunteer rural fire teams are	Not Achieved	Achieved
area and to respond to those rural	control measures in the Mackenzie	registered with the NRFA and meet	All volunteers are registered.	The two registered rural fire teams at
fires that do occur.	District in accordance with the	the industry standards.	Burkes Pass crew has yet to	Albury and Burkes Pass achieved their
	combined rural fire authority "Rural		achieve training to the industry	training goals for the year.
	Fire Plan".		standards.	
To regularly inspect food	 To ensure all premises selling liquor 	No premises lack the appropriate	Achieved	Achieved
premises to ensure the safety of	are licensed and all registered food	licence.	All premises selling food and	Our contractors, Timaru District
food prepared for sale and	premises are licensed.		liquor were inspected during the	Council advise that all premises known
consumption and to control the			year and held the appropriate	to be selling liquor were licensed. One
sale and consumption of liquor			food or liquor licence.	to two inspections were made each
within the District.				month. All licensed premises were
				inspected during the year, often in
				conjunction with food premises but
				also for monitoring purposes.

Identified Effects on Community Wellbeing

No specific effects of the regulatory services activity on the social, economic and environmental well-being of the community; were identified during the year.



Capital Expenditure:

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Animal Control		
R	-	Plant & Equipment	7	8
	-		7	8
		Rural Fire Control		
R	8	Plant & Equipment	6	6
	8		6	6
	8	TOTAL	7	14
		Funded by:		
		Animal Control Capital		
	-	Reserve	7	8
	_	Rural Fire Control Capital	_	
	8	Reserve	6	6
	8		13	14

R = Renewal G = New works - driven by growth L = New works - driven by increased level ofservice

Reasons for Undertaking Capital Expenditure Projects

The Council's reason for undertaking the significant capital expenditure was as follows:

Plant was budgeted for Rural Fire to continue to meet the desired level of service.

Results for the 2009/2010 year

Total capital expenditure for the year was \$14,000; \$1,000 more than the budget of \$13,000. The key variance from budget was:

• A new dog pound has been completed at a cost of \$8,000 compared to a budget of \$7,000.





Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
	REVENUE		
51	General Rates	52	52
122	Targeted Rates	119	119
2	Subsidies & Grants	-	-
37	Other Income	70	45
1	Interest on Capital Reserves	1	1
213		242	217
	DIRECT EXPENDITURE		
19	Employment Expenses	20	11
-	Consultancy Expenses	-	-
22	Administration	24	21
97	Operational & Maintenance Expenses	145	94
4	Interest on Capital Reserves	2	2
21	Internal Expenses	19	20
36	Funded Depreciation*	32	58
199		242	206
14	Operating Surplus/(Deficit)	-	11
	Operating Surplus/(Deficit) transferred to/funded by:		
-	Animal Control Operating Reserve	-	-
14	General Reserve	-	32
-	Rural Works & Services Reserve	-	(21)
14		-	11

^{*}Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

Commentary on Regulatory Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$11,000; \$11,000 greater than the budgeted breakeven.

Revenue

Total revenue for the year was \$217,000; \$25,000 less than the budgeted revenue of \$242,000.

The key variance from budget was:

 Income from food premises and publicans was set on the basis that gross revenue generated would be remitted to Council. However Council's contractors, for practical reasons, offset the expenditure incurred in undertaking the activity and remit Council the balance.

Direct Expenditure

The total direct expenditure for the year was \$206,000; \$36,000 less than the budgeted direct expenditure of \$242,000.

The key variances from budget were:

- Health and Liquor Licensing Costs have been offset by the income generated by this
 activity, whereas the budget was prepared on a grossed-up basis. This contributed
 \$37,000 positive variance to the result.
- Employment expenses are \$11,000 which is \$9,000 below budget of \$20,000. This is due to the Civil Defence Officer position vacant due to a bereavement which was not filled until February 2011.
- Depreciation is \$58,000 which is \$26,000 greater than budget of \$32,000 due to the first full year of the new fire tanker purchased in 2009/10 year.



Community Services

Background

Community services provides for pensioner housing, cemeteries, doctors rooms and accommodation, public toilets and grants to the resource centres in Fairlie and Twizel as well as the administration and distribution of grants from SPARC and Creative Communities New Zealand.

Rationale for Council's Involvement

There is a statutory requirement for councils to provide cemeteries, coupled with the fact that they have been providing these services for over a century.

Public toilets are provided because of public expectation or demand and for public health and safety reasons; Council at this point is the only economical provider.

Council supports a range of community services in the Mackenzie that would not otherwise be viable. In order to support the heath and welfare of the community it provides or helps finance medical centres, pensioner housing and social and information centres and makes grants to various community organisations.

Community Outcomes to which the Activities Contribute

Community Outcome	How the Community Services Activity			
	Contributes			
A supportive contributing community	The grants provided to the resource centres in			
	Fairlie and Twizel provide services that would			
	otherwise not be provided.			
	Pensioner housing contributes to this outcome			
	by providing housing at a subsidised rate.			
A fit and healthy community	The provision of the medical centres provides			
	for local access to medical services.			
A thriving economy	The provision of the public toilets is primarily for			
	tourists who contribute to the economy.			

Principal Objectives

To maintain existing community service buildings and facilities to a standard that ensures they are safe and clean and sustainable for the purposes they are designed.

To provide clean public toilet facilities in townships and other specified areas.

To provide well maintained cemeteries in Albury, Fairlie, Burkes Pass and Twizel and to support development proposals for the Tekapo Cemetery.

To maintain an up to date accurate cemetery records system.





Levels of Service	Tar	gets/Objectives	Per	formance Measures (2009-2019)	Results for 2010-2011	Results for 2009-2010
Pensioner Housing Provision of seven pensioner units in Fairlie and three pensioner units in Twizel	•	Pensioner housing occupancy is maintained greater than 95%	•	Housing occupancy rate.	Achieved Occupancy for the year has achieved 100%. Similar result to previous year as a result of good units being available.	Achieved Occupancy for the year has achieved 99%. Similar result to previous year as a result of good units being available.
	•	No rentals exceed 80% of market value. No annual increases exceed \$5/week.	•	Rentals and annual increases do not exceed targets.	Achieved Rentals were charged in accordance with the policy. Rentals for existing tenants at 2007 were charged in accordance with the policy and did not exceed \$5 per week. \$5 increase limitation does not apply to new tenants who are charged 80% of Market Value.	Achieved Rentals were charged in accordance with the policy. Rentals for existing tenants were charged in accordance with the policy and did not exceed \$5 per week. \$5 increase limitation does not apply to new tenants who are charged 80% of Market Value.
Units are well maintained.	•	Programmed work is completed.	•	Compliance with planned maintenance programme.	Achieved Work programmed included 1 upgrade in Twizel which was completed.	Achieved No work programmed this year, maintenance inspections were completed. New paint and carpet in one Twizel unit following change of tenants.
 Medical Centres Provision of Doctor's residences and medical centres in Fairlie and Twizel. 	•	Programmed work is completed.	•	Buildings provided and maintained in compliance with building maintenance plan.	Achieved Six monthly inspections were undertaken as per contract and minor repairs undertaken.	Achieved Six monthly inspections were undertaken as per contract and minor repairs undertaken.
Cemeteries ● Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel.	•	User charges cover the majority of costs associated with cemeteries.	•	User charges recover 75% of operational cost.	Achieved 95% of operating costs are covered by user charges. 64% of total costs are covered by fees and charges.	Not Achieved User charges recovered 47% of the operational costs.
 Provision of RSA sections within Fairlie and Twizel cemeteries. 	•	Cemeteries maintained in line with contract specification as revealed by staff audits.	•	As determined by quarterly audits performed by staff.	Achieved Periodic inspections undertaken of all cemeteries in conjunction with other work. No significant issues.	Achieved Periodic inspections undertaken of all cemeteries with no areas of concern emerging.



Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2010-2011	Result for 2009-2010
Public Toilets				
 Public toilets are provided in the three main townships and at the Pukaki / Mt Cook lookout. These toilets are open 24 hours per day seven days per week. Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use. Summer toilets are provided and cleaned weekly during the summer months and twice weekly during peak periods at Pines Beach Lake Tekapo, Lake Opuha and Lake Wardell. 	Toilets maintained in line with contract specifications as revealed by audit and complaints.	Four clear quarterly audits and less than 12 complaints per annum.	Achieved Periodic inspections revealed all toilets were ok during this time of inspection. Some calls about Lake Tekapo generally following someone leaving a mess.	Achieved There were 4 complaints during the year. These complaints coincided with times of high use. The four quarterly audits were undertaken by the Community Facilities Manager and the observation was the toilets were maintained in line with Contract specifications.
Council makes grants to assist the running of the resource centres in Fairlie and Twizel.	All contractual requirements are met	No contractual breach.	Achieved Grants made Resource Centre continue to provide services to the community. All contractural requirements were met.	Achieved Reports received and reviewed by Fairlie and Twizel Community Boards. All contractual requirements were met.
Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme.	 That all funds are allocated in line with rules from the granting organisations (Sport & Recreation New Zealand and Creative New Zealand). 	Full compliance.	Achieved All funds distributed as per the rules.	Achieved Grant allocations were completed and distributed during the year and reported to the funding providers. No complaints or issues raised by them.
Council makes an annual grant to Sport South Canterbury to support recreation planning and co- ordinators in the District.	Sport South Canterbury fulfils the agreed work programme.	Satisfactory Report.	Achieved Council has received the report late from Sports South Canterbury and consider the results satisfactory.	Achieved Council has received the report from Sports South Canterbury and consider the results satisfactory.



Identified Effects on Community Wellbeing

Council believes that its support for the upgrading of the Fairlie Medical Centre enhanced the social wellbeing of the community.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Results for the 2010/2011 year

• There was no capital expenditure for the year 2010/11 (Budget: Nil).



Community Services Financial Summary

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	REVENUE	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
178	General Rates	183	190
76	Targeted Rates	66	46
18	Subsidies & Grants	19	(20)
102	Other Income	107	101
5	Interest on Capital Reserves	4	2
379		379	319
	DIRECT EXPENDITURE		
-	Consultancy	-	4
133	Administration	133	113
248	Operational & Maintenance Expenses	188	192
2	Interest on Capital Reserves	-	-
51	Internal Expenses	51	51
12	Funded Depreciation*	13	14
14	Non-Funded Depreciation**	29	30
460		414	404
(81)	Operating Surplus/(Deficit)	(35)	(85)
	Operating Surplus transferred to/		
	(Operating Deficit funded by):		
(59)	Land Subdivision Reserve	-	-
16	General Reserve	-	(29)
(14)	Ratepayer's Equity	(29)	(30)
(24)	Building Maintenance Reserve	(6)	(26)
(81)		(35)	(85)

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Community Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$85,000; \$50,000 greater than the budgeted deficit of \$35,000.

Revenue

Total revenue for the year was \$319,000; \$60,000 less than the budgeted revenue of \$379,000.

 General rates income is down due to the level of grants drawdown being lower than anticipated.

Grants

 Income anticipated from Meridian Energy \$20,000 for the upkeep of the Pukaki toilet did not arise and the invoice raised in the 2009/10 year will not be paid. Therefore, an additional \$20,000 loss has occurred in the 2010/11 year.

Direct Expenditure

The total direct expenditure for the year was \$404,000; \$10,000 less than the budgeted direct expenditure of \$414,000.



^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity

Recreational Facilities

Background

Recreational facilities comprise the District's pools, parks, reserves and amenity areas, libraries, community centres and halls.

Rationale for Council's Involvement

Council provides these recreational facilities as it believes that they contribute to several positive community outcomes as listed below. This is coupled with the community's expectation that these assets will continue to be provided as they always have been. Some of the facilities were originally built by the community and then gifted to Council in the expectation that they would be maintained.

Community outcomes to which the Activity Contributes

Community Outcome	How the Community Services Activity Contributes			
A thriving economy	Having a range of facilities at their doorsteps, encourages people to live in the District.			
	The facilities also provide space for commercial activities or events that encourage visitors to the District.			
A fit and healthy community	Halls, community centres, swimming pools, parks and reserves provide opportunities for structured and informal exercise.			
	District libraries contribute from an educational, cultural and recreational point of view by allowing people to read and research from local sources.			
A supportive contributing community	Halls and community centres provide focal points for the community and centres for celebrations and cultural activities. These activities are generally driven by volunteers and are well supported by the community.			
An attractive and highly valued natural environment	Parks, reserves and amenity areas contribut through providing access via walkways maintaining and enhancing natural environments and by developing existing reserves to protect and enhance these assets.			

Principal Objectives

- To maintain existing recreational facilities to a standard that ensures they are safe, clean and sustainable;
- To enable a range of activities to take place within these facilities in order to maximise usage;
- To develop and enhance facilities as guided by community planning exercises; and
- To employ and train staff to standards appropriate for the management of these facilities





Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2010-2011	Result for 2009-2010
Swimming Pools				
The Swimming Pools at Fairlie and Twizel are operated between November to March each year and are open to the public from 3pm to 5pm week days during school terms and from 1pm to 5pm during weekends, public and school holidays. Public lane swimming sessions are held week day mornings	Pools available for use during programmed opening times.	No programmed opening hours lost.	Achieved No days were lost at either pool.	Not Achieved 2 days were lost in Twizel due to equipment failure.
 and evenings. Pools are safe for swimming. 	 Pool water quality meets New Zealand Standard (NZS 5826: 2000). 	No breach of standard.	Achieved Both pools were tested on a monthly basis and were fully compliant with the standard.	Achieved Both pools were tested on a monthly basis and were fully compliant with the standard.
The pools are available for private sessions outside of these times.	 Increase usage outside public hours by an average of two hours per week of opening. 	Two hours of extra use per week of opening.	Achieved Extra sessions were used in Fairlie and Twizel during the year.	Achieved Extra sessions were used in Fairlie during the year.
Halls and Community Centres The community centres are available seven days per week and usage is only restricted by other bookings.	Facilities are kept clean and always available for use.	No instances of hall unavailability.	Not Achieved Fairlie Community Centre was closed for major work. The remaining Halls available for booking 365 days per year, clean and ready for use	Achieved Halls available for booking 365 days per year, clean and ready for use
 Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall. 	 Fees and charges are reviewed annually, to ensure they move in line with operational costs. 	Fees reviewed and publicised.	Achieved Fees and charges published on the Council's website and in the long-term council community plan	Achieved Fees and charges published on the Council's website and in the long-term council community plan
Buildings are adequately maintained. Sherwood and	Buildings are maintained in line with the building maintenance	Programmed work completed.	Achieved Building inspections are	Achieved Building inspections are completed on



Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2010-2011	Result for 2009-2010
Albury halls are run by their local community committees. Council involvement with these facilities is limited to administration and some contribution to major repairs and maintenance.	plan.		completed on a six monthly basis by Whitestone. No work programmed in this period. Major work undertaken in both the Fairlie & Albury Halls interior — painted by the Community. Sherwood Hall was repainted.	a six monthly basis by Whitestone. No work programmed in this period. Upgrade undertaken at Twizel Events Centre.
Parks, Reserves and Amenity				
 Areas Council maintains a range of parks and reserves across the District ranging from sports grounds, passive reserve areas, 	 Walkways are adequately maintained in line with the national Standard. 	Standards met.	Achieved All walkways were maintained in line with the National Standard.	Achieved All walkways were maintained in line with the National Standard.
public street gardens, play areas, Twizel greenways, lakeside reserves, walkways and undeveloped sites.	 All new or upgraded playgrounds meet appropriate safety standards. 	Full compliance with New Zealand Standard 5828:2004.	Achieved New playground completed in Fairlie in accordance with standard.	Not Measured There were no new playgrounds in the District in 2009/10.
The service levels for the majority of these sites are specified in the township maintenance contracts and detail items like grass heights, litter collection frequency, shrub bed and annual bed maintenance. Within these reserve areas there are areas that are maintained by community groups and these include passive parks and walkways.	Contact specifications as determined by regular audits.	No significant breaches identified.	Not Achieved The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work. No specific audits undertaken. Inspection carried out during day today duties.	Not Achieved The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work. There was a significant issue with garden maintenance in Tekapo, however, other areas complied with the specifications.
Libraries The libraries are run as "Community Libraries" catering for a cross section of educational and recreational reading requirements. They also offer other services such	Use of library is maintained as measured by ratio of issues per ratepayer.	• 12.66 issues per ratepayer.	Not Achieved 51,624 issues were made during the year for 4,189 rateable properties; a ratio of 12.32 issues per ratepayer.	Not Achieved 49,521 issues were made during the year for 4,085 rateable properties; a ratio of 12.12 issues per ratepayer. This was an improvement on last year which was 10.6 issues per ratepayer.



Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2010-2011	Result for 2009-2010
as photocopying, Internet access etc				
The libraries are open to the public 39 hours per week over six days.	, ,	No departure from agreed opening hours.	Achieved Target has been met by opening hours being maintained throughout the year.	Achieved Target has been met by opening hours being maintained throughout the year.



Identified Effects on Community Wellbeing

The Council believes that voluntary efforts at the Fairlie Village Green, the Tekapo Playground and the Twizel Greenways, enhanced social wellbeing in the community.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

the relevant cap	oltai reserve.			-
	Actual		Budget	Actual
Requirement	2009/2010		2010/2011	2010/2011
for Work	(\$000)		(\$000)	(\$000)
		Mackenzie Community Centre		
R	-	Plant	4	2
	-		4	2
		Fairlie Township		
R	36	Village Green Upgrade	-	12
L	-	Playground Upgrade	30	25
	36		30	37
		Twizel Township		
G&L	20	Implementation of Development Plan	-	-
R	-	Pool Cover Replacement	20	-
	20		20	-
		Tekapo Community Hall		
	-	Buildings	-	10
G&L	-	Upgrade of Recreation Area	350	-
	32	Planning New Community Centre	-	-
	32		350	10
	88	TOTAL CAPITAL EXPENDITURE	404	49
		Funded by:		
	-	Village Green Tree Fund	-	12
	-	Land Subdivision Reserve	-	25
		Mackenzie Community Centre		
	-	Operating Reserve	4	2
	36	Fairlie Township Capital Reserve	30	-
	32	Tekapo Community Hall Capital Reserve	350	10
	20	Twizel Township Capital Reserve	20	1
	-	Twizel Events Centre Capital Reserve	-	1
	88		404	49

 $R = Renewal \ G = New \ works - driven \ by \ growth \ L = New \ works - driven \ by \ increased \ level \ of \ service$

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

- The Village Green upgrade for Fairlie was scheduled after a planning exercise for the township was to be undertaken.
- Initial work for a new recreation centre for Lake Tekapo was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002.

Results for the 2010/2011 year

Total capital expenditure for the year was \$49,000; \$355,000 less than the budget of \$404,000. The key variances from budget were:

 Only \$10,000 was spent in Lake Tekapo to upgrade the existing facility. The proposed new facility could not obtain Resource Consent, so for 2010/11 the budget of \$350,000 was not spent.



Recreational Facilities Financial Summary

Actual 2009/2010		Budget 2010/2011	Actual 2010/2011
(\$000)	REVENUE	(\$000)	(\$000)
336	General Rates	271	373
1,075	Targeted Rates	1,088	1,107
-	Financial Contributions	, -	-
347	Other Income	236	252
9	Interest on Capital Reserves	20	5
1,767	·	1,615	1,737
-	DIRECT EXPENDITURE		
65	Employment Expenses	67	63
10	Consultancy Expenses	-	-
96	Administration	105	108
775	Operational & Maintenance Expenses	921	907
58	Interest on Capital Reserves	40	42
189	Internal Expenses	189	189
18	Funded Depreciation*	6	9
225	Non-Funded Depreciation**	236	230
1,436		1,564	1,548
331	Operating Surplus/(Deficit)	51	189
	Operating Surplus tfr'd to/(funded by)		
(225)	Ratepayer's Equity	(236)	(230)
24	Building Maintenance Reserve	16	(17)
130	General Reserve	82	136
23	Fairlie Works & Services Reserve	-	3
(33)	Tekapo Works & Services Reserve	-	-
118	Twizel Works & Services Reserve	-	(5)
39	Rural Works & Services Reserve	-	7
55	Tekapo Township Capital Reserve	100	100
70	Tekapo Community Hall Capital Reserve	-	-
9	Mackenzie Community Centre Operating Res	2	-
-	Strathconan Swimming Pool Operating Res	-	45
-	Tekapo Domain Operating Reserve	13	36
115	Other Reserve Operating Reserve	-	-
1	Twizel Events Centre Capital Reserve	72	72
3	Sherwood Downs Capital Reserve	1	(15)
-	Twizel Swimming Pool Operating Reserve	1	16
2	Albury Hall Operating Reserve	-	-
	Sherwood Downs Recreational Capital		
-	Reserve	-	1

-	Land Subdivision Reserve	-	25
-	Fairlie Village Green Tree Fund	-	15
331		51	189

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Recreational Facilities Financial Summary

Surplus/(Deficit)

The surplus for the year was \$189,000; \$138,000 greater than the budgeted surplus of \$51,000. Revenue

Total revenue for the year was \$1,737,000; \$122,000 greater than the budgeted revenue of \$1,615,000.

The key variances from budget were:

 Other income increased by \$16,000, due mainly to \$32,000 higher than anticipated revenues from Tekapo Camping Ground Lease.

Direct Expenditure

The total direct expenditure for the year was \$1,548,000; \$16,000 less than the budgeted direct expenditure of \$1,564,000.

The key variances from budget were:

 Operational and maintenance expenses were \$14,000 less than budget but included additional unbudgeted costs of \$4,000 to replace the chlorine pump at the Fairlie Swimming Pool, \$10,000 work undertaken on the Sherwood Hall, \$3,000 additional cost for Albury Hall and additional \$5,000 township costs for Fairlie town maintenance costs.



^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Commercial Activities

Background

These include: operating the investments function of Council; overseeing the Mackenzie Forestry Board's activities; developing and selling of real estate; managing rental properties; overseeing the activities of the Mackenzie Tourism and Economic Development Trust; and operating the Lake Pukaki Visitor Information Centre.

Rationale for Council's Involvement

Investments

The Council holds cash and equity Investments that provide interest and dividend returns for the Council, which are used to offset the rate requirement.

Mackenzie Forestry Board

In 1996, the Council formed the Mackenzie Forestry Board, whose purpose was to actively manage and grow the Council's forestry estate as a commercial operation. The Board pays a rent to the Council for the freehold land that it occupies, which is used to offset the rate requirement.

Real Estate

The Council is a significant land owner in the District. Much of the land has potential for development for commercial, residential and agricultural purposes. The Council holds this land to develop, sell or lease as it sees fit to provide the best possible return for the District as a whole.

Rental Properties

The Council owns land and buildings that it leases on a commercial basis. The rentals received from these leases are used to offset rate requirements.

Mackenzie Tourism and Development Trust

After consulting the public through a special consultative procedure, the Council created a new Council Controlled Organisation, the Mackenzie Tourism and Development Trust. The Trust took over the role previously undertaken by the Mackenzie Tourism and Development Board and also assumed the operational responsibilities of the Pukaki Visitor Information Centre.

Pukaki Airport Board

Council has a separate Committee charged with the responsibility of operating the Pukaki Airfield and developing areas of land that have been deemed appropriate.

Community outcomes to which the Activities Contribute

Community Outcome	How Commercial Activities Contribute
A thriving economy	 The income derived from investments is used to offset the rate requirement and as such reduces the rates charged. The Council is committed to investing in the District through the forestry activity as all plantations must be within the District. By actively managing the Council's real estate portfolio, the Council has the opportunity to sell or lease various areas of land that will assist in promoting development throughout the District. Such development has the potential to increase employment opportunities within the District. By leasing the commercial areas of land, the Council is assisting the lessees in running their businesses as well as providing rental returns. The Mackenzie Tourism and Development Trust is responsible for promoting sustainable development of tourism and business throughout the District. The Pukaki Visitor Information Centre provides information about the tourist activities and accommodation throughout the District.

Principal Objectives

To ensure all commercial activities contribute positively to the economic well-being and affordable rating levels for the District's ratepayers.



Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
Investments The Community expects the investments of the Council to be managed wisely.	Investments outperform benchmark portfolio.	Council's cash investment portfolio independently reviewed each quarter.	Not Achieved Councils investment portfolio out performed the benchmark in all but the last quarter of the year which underperformed the benchmark by 0.38% in absolute terms. Council's investment portfolio outperformed the benchmark in the first three quarters of the year ranging from 0.06% to 0.46% in absolute terms.	Achieved The Council's Investment Portfolio outperformed the benchmark for all four quarters ranging between 0.41% to 1.03% in absolute terms.
	Reviews undertaken.	Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis.	Not Achieved Council reviewed the Statement of Intent on 31 May 2011 and was satisfied with its contents. It did not review the Annual Report.	Achieved Council reviewed the Annual Report for the year ended 31 March 2010 for Alpine Energy Limited on 6 August 2010 and reviewed the 2009-2012 Statement of Intent for Alpine Energy Limited on 7 May 2010.
Mackenzie Forestry Board The Board is required to operate and administer the Mackenzie District Council's forestry estate as a successful business.	Approval of the statement of intent is made prior 30 June in each year.	Council will approve the statement of intent for the Mackenzie Forestry Board.	Achieved Received by Council on 8 th March 2011 and adopted on 5 th July 2011 due to meeting time constraints.	Not Achieved A separate Statement of Intent was not prepared for the current year. Council relied on the 10 year forecast prepared in 2008/09)
	100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax.	To ensure that all new planting should achieve the minimum internal rate of return.	Not Applicable No new plantings were undertaken during the year.	Not Applicable No new plantings were undertaken during the year.
	To complete the final stage of planting at Fox Peak Plantation.	To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares.	Achieved Council has 1,020 hectares planted.	Not Achieved Council will review whether planting at Fox peak is economical.



Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.	Council will progress the disposal of the areas of land identified for sale.	Achieved Council has a Sub-Committee to assist with this. Council has also entered into a conditional agreement with the lessee to purchase the Camping Ground and surrounding land.	Not Achieved Council has established a Sub- Committee to assist with this.
	A full land rationalisation process will be completed by June 2010.	Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements.	Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTP.	Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTCCP.
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	All lease agreements are reviewed on a regular basis.	Council will ensure that the terms of each commercial lease agreement are adhered to.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides well with rent review periods.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility	The board will report to Council on regular basis on its activities and progress towards meeting its goals.	The board achieves the goals set in its Statement of Intent.	Achieved Council reviewed the Statement of Intent for 2011-2014 on 8 th March 2011 and adopted it on 5 th July 2011 due to meeting time constraints.	Achieved Council reviewed the Statement of Intent for Pukaki Airport Board for 2010-13 on 7 May 2010.



Identified Effects on Community Wellbeing

The development of the Pukaki Airfield and the receipt of carbon credits will enhance the economic wellbeing of the District.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Pukaki Airport Board		
G	206	Airport Development	-	236
	206		-	236
	206	TOTAL	-	236
		Funded by:		
		Pukaki Airport Board Capital		
	206	Reserve	-	236
	206			236

R = Renewal G = New works - driven by growth L = New works - driven by increased level of service

Reasons for Undertaking Capital Expenditure Projects

The Council's reason for undertaking the significant capital expenditure was as follows:

 Stages five and six of the Pukaki Airport subdivision were completed during the year, and additional Airport facilities (fuel facility) were added with the payment of Sewer Financial Contributions.

Results for the 2010/2011 year

Total capital expenditure for the year was \$236,000; \$236,000 greater than the budget of nil. The key variance from budget was:

• Spending on the Pukaki Airport development was significantly higher than budgeted due to the addition of a hangar on site. This was specifically approved by Council as an unbudgeted item costing \$270,000.





Commercial Activities Financial Summary

Actual		Budget	Actual
2009/2010		2010/2011	2010/2011
(\$000)	REVENUE	(\$000)	(\$000)
213	Rates	216	212
1,047	Gross Real Estate Sales	1,090	-
174	Other Income	152	169
46	Financial Contributions	-	-
625	Other Gains/Losses	-	(1)
388	Dividend	375	375
497	External Interest	379	632
	Vested Carbon Emission Reduction		
352	Units	-	141
90	Internal Interest	256	166
3,432		2,468	1,694
(780)	Less used to offset Rates	(827)	(852)
2,652		1,641	842
	DIRECT EXPENDITURE		
33	Members Expenses	31	25
131	Consultancy Expenses	88	82
350	Cost of Sales – Real Estate	-	27
86	Administration	109	68
266	Operational & Maintenance Expenses	275	272
3	Interest on Capital Reserves	187	131
124	Internal Expenses	125	124
131	Asset Impairment	-	7
73	Assets Written Off	-	-
13	Non-Funded Depreciation*	9	52
1,210		824	788
1,442	Operating Surplus/(Deficit)	817	54

Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
(4000)	Operating Surplus transferred to/	(3000)	(+555)
	(Operating Deficit funded by):		
(41)	Real Estate Reserve	797	(337)
(41)	Pukaki Airport Capital Reserve	65	(557)
245			73
	Forestry Capital Reserve	(35)	_
(13)	Ratepayer's Equity	(9)	(52)
10	Fairlie Township Operating Reserve	-	-
141	Rural Works & Services Operating Reserve	-	-
27	Tekapo Township Operating Reserve	-	-
29	Twizel Township Operating Reserve	-	-
485	Pukaki Airport Board Operating Reserve	-	18
(18)	Tourism Operating Reserve	-	17
475	Forestry Revaluation Reserve	-	-
150	Investment Revaluation Reserve	-	82
(48)	General Reserve	(1)	253
1,442		817	54

^{*}Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Commercial Activities Financial Summary

Surplus/(Deficit

The surplus for the year was \$54,000; \$763,000 less than the budgeted surplus of \$817,000.

Revenue

Total revenue for the year was \$1,808,000; \$774,000 less than the budgeted revenue of \$2,468,000. The key variances from budget were:

- External interest was up on budget by \$253,000 due to a greater cash reserve.
- Property sales were lower than budgeted as only one property in Fairlie was sold during the year.
- The budget includes the sale of Tekapo Camping Ground half of which is \$925,000 which will not now settle until the 2011/12 year.
- Other income includes a contribution towards the fuel facility at Pukaki totalling \$65,000.
 This was unbudgeted.
- Additional income was generated from receipt of Carbon Emission Reduction Units totalling \$141,000.



• Other gains/losses relate to the change in value of Council's forestry assets \$82,000, investments \$82,000 sale of property \$207,000 and change in valuation reserves due to property sale \$71,000. This is offset by reduction in value of assets for sale \$372,000.

Direct Expenditure

The total direct expenditure for the year was \$788,000; \$36,000 less than the budgeted direct expenditure of \$824,000.

The key variances from budget were:

- Value of Carbon Emission Reduction Units were written down by \$7,000 from the value they were received.
- Cost of real estate sales was unbudgeted at \$27,000.





Corporate Services

Background

Corporate services provides the administration and accommodation support for all other activities of Council.

Rationale for Council's Involvement

Corporate services provide managerial or administrative support for all other activities undertaken by the Council. It is generally not practical for a particular activity within Council to solely manage and administer its affairs; therefore, it is appropriate that this work is carried out by the Corporate Services Department.

Community Outcomes to which the Activity Contributes

Because the activity of Corporate Services provides support to all the other activities undertaken by Council, by necessity, it indirectly contributes to all six community outcomes:

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

Principal Objective

The principal objective of Corporate Services is to provide managerial and administrative support for all activities undertaken by Council.

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2010-2011	Result for 2009-2010
The service levels are internally	All plans and reports completed	Completion of Annual Reports by 31	Not Achieved	Achieved
agreed between the Corporate	in accordance with the Local	October each year.	Councils Annual Report for the	Council's Annual Report for the year
Services and the area of the	Government Act 2002.		year ended 30 June 2010 was	ended 30 June 2009 was adopted on
organisation that it provides			adopted on 21 December 2010.	28 October 2009.
services to. The key organisation				
wide function is compliance with		 Adoption of long-term council 	Not Applicable	Not Applicable
the Local Government Act 2002.		community plans by 30 June every		
		three years.		
			Achieved	Achieved
		Adoption of Annual Plans by 30 June Adoption of Annual Plans by 30 June	Council's Annual Plan for 30 June	Council's Annual Plan for 30 June 2010
		in the intervening years.	2011 was adopted by Council on	was adopted by Council on 25 June
			28 June 2011.	2010.
			20 Julie 2011.	2010.



Identified Effects on Community Wellbeing

None identified.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve.

Requirement for Work	Actual 2009/2010 (\$000)		Budget 2010/2011 (\$000)	Actual 2010/2011 (\$000)
		Administration		
R	-	Document Management Project	20	15
R	1	Plant & Equipment	3	-
	1		23	15
		Information Technology Department		
	20	Computers	-	-
R	-	Website Development	5	8
R	17	Printers, Copiers & Scanners	-	-
R	1	Network Infrastructure	-	-
R	-	Software	2	2
R	-	GIS Aerials	29	29
R	-	Plant & Equipment	2	3
	38		38	42
		Council Building Fairlie		
R	-	Plant & Equipment	-	2
	-		-	2
	39	TOTAL	61	59
		Funded by:		
	1	Administration Capital Reserve	23	15
	38	IT Department Capital Reserve	38	42
	-	Fairlie Council Office Operating Res	-	2
	39	TOTAL	61	59

R = Renewal G = New works - driven by growth L = New works - driven by increased level of service

Reasons for Undertaking Capital Expenditure Projects

The Council's reasons for undertaking the significant capital expenditure were as follows:

 Purchase of computer and information technology equipment was budgeted as part of a replacement policy

Results for the 2010/2011 year

Total capital expenditure for the year was \$59,000; \$2,000 less than the budget of \$61,000. The key variances from budget were:

• The Document Management System was \$5,000 under budget. This was offset by unbudgeted expenditure of \$2,000 on the Council building in Fairlie.



Corporate Services Financial Summary

Actual		Budget	Actual
2009/2010		2010/2011	2010/2011
(\$000)	REVENUE	(\$000)	(\$000)
114	Other Income	93	113
3	Interest on Capital Reserves	1	1
3	Gain on sale of assets	-	-
1,777	Internal Income	1,845	1,878
1,897		1,939	1,992
	DIRECT EXPENDITURE		
904	Employment Expenses	943	972
166	Consultancy Expenses	93	147
216	Administration	253	308
121	Operational & Maintenance	247	229
9	Interest on Capital Reserves	6	5
357	Internal Expenses	334	377
98	Funded Depreciation*	91	76
-	Loss on Sale of Assets	-	2
34	Non-Funded Depreciation**	34	26
1,905		2,001	2,142
(8)	Operating Surplus/(Deficit)	(62)	(150)
	Operating Surplus transferred to/		
	(Operating Deficit funded by):		
-	General Operating Reserve	(56)	(156)
26	Plant Capital Reserve	28	38
-	Information Technology Capital Reserve	8	3
-	Facilities Management Capital Reserve	-	(2)
(34)	Ratepayer's Equity	(34)	(26)
-	Building Maintenance Reserve	(8)	(7)
8		(62)	(150)

^{*} Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

Commentary on Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$150,000; \$88,000 more than the budgeted deficit of \$62,000. *Revenue*

Total revenue for the year was \$1,992,000; \$53,000 more than the budgeted revenue of \$1,939,000.

The key variances from budget were:

 Internal income was \$33,000 more than budget due to an increase in the internal motor vehicle charge out rate to recover capital reserve deficits and provide for future replacements.

Direct Expenditure

The total direct expenditure for the year was \$2,142,000; \$141,000 more than the budgeted direct expenditure of \$2,001,000.

The key variances from budget were:

- Administration costs were higher than budget by \$55,000 due to an additional \$30,000 cost incurred to completed the 2009/10 audit along with an additional cost of insurance (\$13,000) and subscriptions (\$10,000).
- Consultancy expenses are higher than budget by \$54,000 partly due to additional unbudgeted legal expenditure totalling \$21,000 and tax advice totalling \$25,000.
 There is a small increase in charges relating to valuations totalling \$8,000.
- Employee expenses are \$972,000 which is \$29,000 above budget mainly due to an increase in training costs of \$20,000 to train three new staff members.



^{**} Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity

Council Controlled Organisations

- Mackenzie Holdings Limited
- Mackenzie Tourism & Development Trust



Council Controlled Organisations

Mackenzie Holdings Limited

The Mackenzie District Council holds 100% ownership of Mackenzie Holdings Limited.

Mackenzie Holdings Limited is now a dormant company from the Inland Revenue Department and Companies Office perspectives. Council also resolved on October 6th 2009 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Ltd status as a Council Controlled Organisation.

Mackenzie Tourism and Development Trust

As a result of feedback the Council received to its amendment to the LTCCP to change its rating structure to provide targeted rates for the tourism sector, the Mackenzie Tourism and Development Board undertook a review of its activities and structure.

Trustees

The following were Trustees of the Mackenzie Tourism & Development Trust during the year:

- Lesley O'Hara (Chair)
- Denis Callesen
- Peter Foote
- Kieran Walsh
- Graeme Murray
- John O'Neill (Mayor)
- Leon O'Sullivan (Councillor)

Structure

The Trust was unsuccessful in obtaining charitable status. It operates as a Council Controlled Organisation, (CCO).

Trust's Vision

The vision of the organisation is to provide economic and social benefit to the Mackenzie District through effective promotion of tourism and business development and to ensure visitors are well provided for with appropriate visitor information.

Trust's Objectives

The objectives of the Trust are as follows:

 The Board will remain a nonprofit Trust, operating as a CCO, with Council appointed Trustees.

- A fixed base income that meets the needs of the Trust for the next three years to the end of June 2014.
- Provide information delivery across the region that meets the needs of the visitors and provides an income stream for the Trust.
- Continue to build on relationships with local promotions groups, community boards and visitor and information centres to ensure a cohesive message and approach to marketing the district.
- Implement a strong marketing strategy and plan that delivers growth and profitability to our region and its operators, and encourages product development.
- Act as a catalyst for business development across all sectors of our economy, and encourage product development that will benefit our economy through employment, income and visitor growth.
- Seek opportunities to provide educational opportunities within the district that benefit tourism growth.
- Play an active role in developing the Starlight Reserve.
- Introduce systems, policy and structure that provides for the long term future of the Trust and its operating arm, Destination Mount Cook Mackenzie Tourism.

Performance Measures

Council has, through the Trust's Statement of Intent, established the following performance measures:

- The Board will review the Trust structure prior to June 2011 and each year after that to ensure the structure is the most efficient operating model available.
- Provide budgets to council by the end of February each year outlining the following three years budgets and showing the end of year projections.
- Grow commissions and sales activities by up to 5% over the 12months from 1 July 2011 to 30th June 2012.
- Grow marketing and partnership income by up to 5% across the organization including marketing projects, winter marketing, brochure production and brochure display, banner display.
- Ensure that at least 90% of targeted tourism operators are listed on the trade directory.
- Review the Targeted tourism rate before the end of 30th June 2011 and each year following to ensure a fair and equitable system is maintained.



- Facilitate opportunities for developing educational opportunities in the tourism sector.
- Review the Strategic plan each year and undertake a structure review each year.
- Develop a succession plan for the trust appointments and review each year by 30th
 June.
- The Trust will be responsible for delivering against the annual budget as approved by Council.
- The Trust shall detail in the reporting schedule that it has achieved Annual Business Plan objectives.
- The Trust shall deliver to the Council before the end of February each year, reports on the state of the Trust's operation which shall include -
 - A 6-monthly Chairman's Report,
 - A 6-monthly financial report showing the year to date position against budget and the year-end forecast against budget.
 - Commentary explaining financial variances
 - A draft Statement of Intent for the next financial year.
- Annually, within 90 days of June 30th each year, the Trust shall deliver to the Council -
 - The Chairman's Annual Report
 - Statement of achievement in relation to current Annual Plan Objectives.
 - Financial report showing the year end position against budget
 - Commentary explaining financial variances.



Māori Capacity to Contribute to Decision-making Processes

Local Government Act 2002

Section 4 of the Local Government Act 2002 recognises and respects the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes. Parts 2 and 6 of the Act provide principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes.

Further sections of the Local Government Act 2002 that are relevant are:

- Section 14(1) (d) states that in performing its role, a local authority must act in accordance with ...the principle that a local authority should provide opportunities for Māori to contribute to its decision-making processes.
- Section 77(1) (c) states a local authority must in the course of the decision-making
 process, ...if any of the options identified ... involves a significant decision in relation
 to land or a body of water, take into account the relationship of Māori and their
 culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora
 and fauna, and other taonga.
- Section 81(1) states that a local authority must:
 - (a) Establish and maintain processes to provide opportunities for Māori to contribute to decision-making processes of the local authority; and
 - (b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and
 - (c) Provide relevant information to Māori for the purposes of paragraphs (a) and (b).
- Section 82(2) states:
 A local authority must ensure that it has in place processes for consulting with Māori.

Te Runaka O Arowhenua

The key relationship Council has in ensuring that Māori has capacity to contribute to the decision-making process is with the local Iwi, Te Runaka O Arowhenua. Council will provide copies of all plans, including the long-term council community plans and Annual Plans, with opportunities for the Runaka to make submissions on any issues it deems appropriate.

The Council will seek to meet with the Runaka at least twice a year to discuss matters of common interest.

The Council has also consulted with Te Runanga o Ngai Tahu with regards Plan Change 13 relating to development in the Mackenzie Basin.

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2010-2011 annual plan and encouraged comment.

During the 2010/2011 year, the Council did not formally meet with the Runanga.



Statement of Accounting Policies



Statement of Accounting Policies

Reporting Entity

The Mackenzie District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and qualifies as a 'public benefit entity' (PBE) under the New Zealand equivalents of International Financial Reporting Standards (NZ IFRS).

The Mackenzie District Council group consists of Mackenzie District Council, and subsidiaries, Mackenzie Holdings Ltd (100% owned), and the Mackenzie Tourism and Development Trust.

The primary objective of Mackenzie District Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Mackenzie District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Mackenzie District Council is New Zealand dollars.

The financial statements of Mackenzie District Council are for the year ended 30 June 2011. The financial statements were authorised by Council on 28th October 2011.

Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis modified by the revaluation of land, buildings, certain infrastructural assets, investment property, and biological assets assets, have been followed.

Subsidiaries

The Council consolidates as subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenditure on a line-by-line

basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Council's investment in its subsidiary is carried at cost in the Council's own "parent entity" financial statements.

Joint Venture

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled assets, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Changes in Accounting Policy

The following changes to accounting policies has been implemented during the year:

Council recognises as revenue net commission sales in its group accounts. Previously it recognised gross commission sales as revenue and amounts payable to suppliers as an expense. The net effect of this change on surplus/deficit is nil.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. Council has not yet assessed the effect of the new standard and expects it will not be early adopted.
- NZ IFRS 12 Disclosure of Interests in Other Entities has the disclosure requirements
 from the previous group, associate and JV. Applies to entities that have an interest in
 a subsidiary, a joint arrangement, an associate or an unconsolidated structured
 entity. The objective of this NZ IFRS is to require an entity to disclose information
 that enables users of its financial statements to evaluate the nature of, and risks



associated with, its interests in other entities and the effects of those interests in its financial position, financial performance and cash flows. The NZ IFRS specifies minimum disclosures that an entity must provide. If the minimum disclosures required by the NZ IFRS are not sufficient to meet the disclosure objective, an entity discloses whatever additional information is necessary to meet that objective. The standard is effective from 1 July 2011. Council has not yet assessed the effect of this standard.

FRS-44 – New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The Council has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

Summary of Accounting Policies

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with NZ IFRS and other applicable financial reporting standards as appropriate for PBEs. The principal accounting policies adopted are set out below.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 discussed below:

Landfill closure costs:

As the former operator of the various closed landfills in the Mackenzie District, the Council has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs was initially recognised as a liability when the obligation for post-closure costs arose. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur. The provision includes all other costs associated with landfill post-closure. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Infrastructural assets:

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be
 carrying an asset at an amount that does not reflect its actual condition. This is
 particularly so for those assets, which are not visible, for example stormwater,
 sewerage and water supply pipes which are underground. This risk is minimised by
 inspection of a range of infrastructural assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 Council could be over or under estimating the annual depreciation charge recognised as an expense in net surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ 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 and experience with other entities. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Fair Value of Carbon Credits

Carbon credits of the Group are initially valued at fair value. This requires the estimation of current market values.

Value of investments carried at fair value

Council holds unlisted investments and requires estimate and assumptions estimate to determine its fair value.

1 Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

- Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.
- Rates revenue is recognised by Council as income on a straight line basis over the rating period.



- Excess water charges are recognised based on the volumes delivered. Revenue is recognised on an accrual basis.
- Development, land subdivision reserve and financial contributions are recognised when the relevant development receives sign-off from the Council in terms of the Resource Management Act 1991.
- Revenue from a contract to provide services is recognised by reference to the stage of completion.
- Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Lease incentives granted are recognised as part of the total rental income. Rental
 income from investment and other property is recognised in the Statement of
 Financial Performance on a straight-line basis over the term of the lease.
- New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.
- Revenue from assets vested in Council, with or without restrictions, are recognised when control over the assets is obtained.
- Revenue from commission and booking fees from the sale of tours and accommodation is recognised when the booking is made by the customer, payment has been received and the voucher has been issued.

3 Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council make of its accumulated surpluses.

The components of equity are:

- Operating reserves
- Capital reserves
- Asset revaluation reserve
- Other reserves & special funds reserves
- 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 council community plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves involve all capital income received for the activity and any capital expenditure incurred within that activity.

The capital income 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 overdrawn. An overdrawn capital reserve is, in effect, an internal loan from the Council to the community and conversely, a capital reserve in funds is an internal loan from the community to the Council. An interest component is applied to the capital reserve depending on whether the particular reserve is in funds or overdrawn. The Council policy is to charge interest on overdrawn capital reserves at 100 basis points above the Official Cash Rate and pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

Asset Revaluation Reserve

Any increases in equity as a result of assets being revalued have been recognised as an increase to the Asset Revaluation Reserve. Any decreases as a result of a devaluation have been recognised as a decrease to the Asset Revaluation Reserve to the extent of any credit balance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial performance up to the amount previously expensed, and the remainder credited to the revaluation reserve for that class of asset. Any devaluations that result in the relevant asset being valued at less than the original cost have been recognised as an expense.

Other Reserves & Special Funds 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 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 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.



4 Trade and Other Receivables

Trade and other receivables include rates and water charges and are recorded at their amortised cost which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Trade receivables are stated at their amortised cost which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

5 Inventories

Inventories are valued at the lower of net realisable value and cost determined on a first-in, first-out basis. Cost of work in progress includes the cost of materials, direct labour and overheads.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The write down from cost to net realisable value is recognised in the statement of financial performance.

6 Investments

Equity investments in subsidiaries are valued in the Council's parent financial statements at cost.

Equity investments in other companies are valued at fair value. Any gains and losses arising from changes in fair value are recognised directly in other comprehensive income for the period.

Other investments are recognised on a trade-date basis and are initially measured at fair value, including transaction costs. At subsequent reporting dates, debt securities that the Council has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Statement of Financial Performance when

there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities and loans and receivables are classified as either held-for-trading or fair value through equity, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For fair value through equity investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net surplus or deficit for the period.

7 Property, Plant and Equipment and Depreciation

Property, plant and equipment have been separated into operational and restricted assets. Operational and restricted assets are defined as follows:

- Operational Assets: Tangible assets able to be dealt with as part of the operating strategy.
- Restricted Assets: These cannot be disposed of because of legal or other restrictions.
 They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

The cost of an item of plant, property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Revaluation

Property, plant and equipment are stated at their revalued amounts except for furniture and equipment; motor vehicles, plant and machinery, heritage assets, rural water races, landfills and village projects. Furniture and equipment; motor vehicles, plant and machinery, heritage assets, rural water races, landfills and village projects are stated at their cost or deemed cost.

The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.



Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current "in the ground" cost of providing identical services.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the net book value of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to Accumulated General Funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Infrastructural Assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable. Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents, have been included in this document at their 1 July 2010 valuations, plus additions at cost, less associated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis, was conducted by a registered valuer, AECOM Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2010. Subsequent additions have been valued at cost and depreciated. Rural water races, landfills and village projects 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.

Vested Assets

In addition, infrastructural assets will be vested to Council from developers as the relevant developments have been completed. The Council will record the cost of those vested assets at the current cost when received and the assets will be revalued in line with the Council's other infrastructural assets. These assets will also be subject to depreciation.

Land Under Roads

Land under roads includes land under formed roads. The value of land under roads is based on the average rateable value of the land in the associated ward as deemed by Quotable Value. These values have been adopted as deemed cost.

Land & Buildings

All land has been revalued at 1 July 2010, as determined by Morton & Co. Buildings have been revalued as at 1 July 2010 by Morton & Co. Future valuations will be carried out on a three yearly basis. Buildings have been valued using market values where a market exists for that asset, or at depreciated replacement cost. Each building has also been componentised into: structure; services and internal fitout. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

Plant & Machinery

Plant & machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2010 by registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage Assets

Heritage assets have been included in these accounts at cost less accumulated depreciation.

Other Assets

All other assets are valued at the lower of cost less accumulated depreciation.

Depreciation

Land

Land is not depreciated.

Motor Vehicles

Motor vehicles are depreciated at 20% per annum on a straight line basis.

Infrastructural Assets and Buildings

Depreciation is provided on a straight line basis at rates that will write off the cost (or valuation) of the asset over their estimated useful lives. The estimated useful lives of the assets are as follows:

Roading/Bridge Network

•	Land under roads	Not depreciated
•	Formation	Not depreciated
•	Sub base	Not depreciated
•	Base Course	75 - 100 years



•	Surfacing	0 - 17 years
•	Kerb & Channelling	10 - 100 years
•	Street Signs	13 years
•	Street Lighting	20 - 40 years
•	Bridges	80 years

Water Network

•	Piping Mains	60 - 80 years
•	Pumps	15 years
•	Servicelines	80 - 100 years
•	Hydrants	100 years
•	Valves and Air Valves	80 years
•	Meters	25 years
•	Reservoirs	80 years

Sewerage Network

Mains		60 - 80 years		
•	Pumps	15 years		
•	Oxidation Ponds	Not depreciated		
•	Box Culverts	100 years		
	Manholes	100 years		

Stormwater Network

•	Lines	100 years
•	Manholes	100 years
•	Open Drains	Not depreciated

Buildings

•	Structure	80 years
•	Services	45 years
•	Internal Fitout	25 years

Other Assets

All other assets are depreciated on a straight line basis at rates that will write off their costs, less any estimated final sales value, over their expected useful economic life. The expected useful lives of major classes of assets are as follows:

•	Light Plant & Machinery	5-10 years
•	Plant & Machinery	5-10 years
•	Office Equipment	2-10 years
•	Furniture & Fittings	5-10 years
•	Computer Equipment	3-5 years
•	Computer Network Cabling	10 years
•	Heritage Assets	60-150 years
•	Village Projects	5-80 years
•	Landfills	33-50 years
•	Resource Recovery Parks:	

•	Formation/Site Development	35 years
•	Surfacing/Metalling	15 years
•	Signage, Plant & Equipment	5-10 years

8 Forestry

Forests were valued as at 30 June 2011, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with NZ IAS 41. All forests have been valued at 'fair value' less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate of 8% (2010 the discount rate was 8%).

Council has a policy to revalue its forests annually. Any increase or decrease in the valuation is reflected in the Statement of Comprehensive Income as a net surplus or deficit on revaluation.

9 Intangible Assets

Software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation values of major classes of intangible assets have been estimated as follows:

Computer Software

3 years

Carbon Credits

Carbon Credits acquired by way of a government grant are initially recognised at the date of entitlement at fair value. Subsequent to initial recognition, carbon credits are measured at the original fair value less any accumulated impairment losses.

Carbon credits have an indefinite useful life and are tested for impairment annually or when an indication of impairment exists. The useful life of carbon credits with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable.

10 Impairment



At each balance date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of fair value less costs to sell, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount and the impairment loss reverses a previous revaluation increment. In this case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

11 Employee Entitlements

Employee entitlements include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave. A liability for sick leave is measured as a rolling average of sick leave paid out over the previous two financial years and the current financial year.

Liabilities for accumulated annual leave are measured as the additional amount of unused entitlement accumulated at the balance date.

12 Borrowings

Interest-bearing bank loans and overdrafts and other term borrowings, are initially recorded at fair value which is usually the proceeds received, net of direct issue costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

All borrowing costs are recognised in net profit or loss in the period in which they are incurred.

13 Trade and other Payables

Trade payables are stated at their amortised cost which approximates their nominal value given their short term nature.

14 Leases

Finance Leases

Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. The leased assets are depreciated over the period the Council is expected to benefit from their use.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis.

15 Financial Instruments

The Council is party to financial instrument arrangements as part of its everyday operations. These financial arrangements include bank deposits, investments, bonds, accounts receivable, bank overdraft facility, accounts payable and term loans.

Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Comprehensive Income. All financial instruments are recognised in the Statement of Financial Position, at their fair value when the Council becomes a party to the contractual provisions of the instrument.



16 Statement of Cash Flows

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's main bank account.

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.

17 Cost of Service Statements

The Cost of Service Statements as provided in the Statement of Service Performance, report the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

18 Cost Allocation

The Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs

'Direct costs' are those costs directly attributable to a significant activity.

'Indirect costs' are those costs, which cannot be identified in an economically feasible manner with a specific significant activity.

Cost Drivers for Allocation of Indirect Costs

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

19 Cash and Cash Equivalents

Cash and Cash Equivalents includes, cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

20 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 a successful applicant has been notified of the Council's decision.

21 Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus 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 financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of it's assets and liabilities.

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 surpluses 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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

22 Property Intended for Resale

Council has several properties that it considers surplus to its core business requirements. These assets are split into current and non-current portions based on the likelihood of those assets being sold during the year. The assets are valued after appropriate assessments are made at the lower of cost or net realisable value.



Financial Statements

Statement of Comprehensive Income Statement of Changes in Equity Statement of Financial Position Statement of Cashflows Statement of Commitments and Contingencies Notes to the Accounts



Statement of Comprehensive Income

For the Year Ended 30 June 2011

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Note	Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		REVENUE				
1,951	1,951	General Rates		1,173	1,259	1,259
3,374	3,374	Targeted Rates	2	4,344	4,336	4,336
1,421	1,532	Subsidies & Grants	3	1,478	1,365	1,365
884	885	Investment Income	4	754	1,012	1,013
1,922	2,295	Other	5	1,310	1,643	2,072
1,047	1,047	Real Estate Sales		1,090	-	-
251	251	Financial/Upgrade Contributions		234	95	95
85	85	Reserve Contributions		20	27	27
625	625	Other – Gains/(losses)	6	-	(1)	(1)
11,560	12,045	Total Revenue		10,403	9,736	10,166
		OPERATING EXPENSES				
1,735	2,124	Employment Expenses		1,763	1,749	2,165
231	231	Member Expenses		237	276	276
557	557	Consultancy Expenses		326	554	554
680	714	Administration		745	762	833
2,434	2,555	Operational & Maintenance Expenses		2,797	2,575	2,617
1,084	1,084	Roading Expenses		1,265	1,101	1,101
2,739	2,745	Depreciation	7	2,519	2,907	2,916
350	350	Cost of Sales real Estate		-	27	27
243	243	Loss on Sale and Assets Written Off		-	112	112
191	164	Asset Impairment		-	358	358
		•				
10,244	10,767	Total Expenditure	7	9,652	10,421	10,959
1,316	1,278	OPERATING SURPLUS (DEFICIT)		751	(685)	(793)
2,141	2,141	VESTED ASSETS		300	-	-
3,457	3,419	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION		1,051	(685)	(793)
-	-	Provision For Taxation	16	-	-	-
3,457	3,419	OPERATING SURPLUS (DEFICIT) AFTER TAXATION		1,051	(685)	(793)
492	492	INCREASE/(DECREASE) IN REVALUATION RESERVES	9	-	9,565	9,565
3,949	3,911	NET COMPREHENSIVE INCOME		1,051	8,880	8,772

The accompanying notes form part of these financial statements.



Statement of Changes in Equity

For the Year Ended 30 June 2011

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
171,227	171,251	Equity at the Start of the Period	173,281	175,176	175,162
3,949	3,911	Net comprehensive income	1,051	8,880	8,772
175,176	175,162	Total Equity at the End of the Period.	174,332	184,056	183,934

The accompanying notes form part of these financial statements.



Statement of Financial Position

As at 30 June 2011

Council Actual 2009/10	Group Actual 2009/10			Council Budget 2010/11	Council Actual 2010/11	Group Actual 2010/11
\$000's	\$000's		Note	\$000's	\$000's	\$000's
93,700	93,686	Accumulated General Funds	22	91,392	93,147	92,994
(882)	(882)	Capital Reserves	12	(2,001)	457	457
1,640	1,640	Operational Reserves	13	-	(33)	(33)
6,333	6,333	Special Funds	10	7,469	6,533	6,533
48	48	Other Reserves	11	-	50	50
74,337	74,337	Asset Revaluation Reserve	9	77,472	83,902	83,902
175,176	175,162	PUBLIC EQUITY		174,332	184,056	183,934
		NON CURRENT LIABILITIES				
-	-	Housing New Zealand		516	-	-
61	61	Accrued Landfill Closure Costs	25	55	61	61
61	61	Total Non Current Liabilities		571	61	61
		CURRENT LIABILITES				
1,342	1,512	Trade & other payables	26	1,858	1,249	1,363
145	176	Employee Entitlements		129	154	199
	30	Other Liabilities		-	-	25
1,487	1,718	Total Current Liabilities		1,987	1,403	1,587
176,724	176,941	TOTAL PUBLIC EQUITY & LIABILITIES		176,890	185,520	185,582
		NON CURRENT ASSETS				
144,695	144,734	Property, Plant & Equipment	18	150,454	161,461	161,493
258	259	Intangible Assets	19	130,434	101,401	120
2,306	2,306	Forestry	20	1,529	2,388	2,388
3,301	3,301	Non-Current Portion Property Intended for Resale	32	1,323	2,300	2,300
11,028	11,027	Investments	17	12,203	11,549	11,499
161,588	161,627	Total Non Current Assets	1,	164,186	175,518	175,500
						,
		CURRENT ASSETS				
1,400	1,518	Trade & other receivables	15	1,718	1,368	1,394
61	90	Inventories	34	-	1,349	1,374
3,280	3,311	Cash and Cash Equivalents	14	2,128	3,602	3,631
9,238	9,238	Current Portion Properties Identified for Disposal	32	8,858	2,650	2,650
1,157	1,157	Current portion of Investments	17		1,033	1,033
15,136	15,314	Total Current Assets		12,704	10,002	10,082
176,724	176,941	TOTAL ASSETS		176,890	185,520	185,582



Statement of Cashflows

For the Year Ended 30 June 2011

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
5,325	5,325	Rates	5,529	5,595	5,595
4,631	5,018	Other Income	5,157	2,780	3,317
489	490	Interest Received	375	607	608
385	385	Dividends Received	379	390	390
(23)	(23)	Goods and services tax (net)	-	64	70
10,807	11,195	Control And Pad To	11,440	9,436	9,980
6 020	7 227	Cash was Applied To:	6.026	6 477	6.700
6,829	7,227	Payment to Suppliers and Employees	6,826	6,177	6,789
		Interest Paid			
3,978	3,968	Net Cashflow from Operating Activities	4,614	3,259	3,191
		INVESTING ACTIVITIES			
		Cash was Provided From			
_	_	Sale of Investments	14	64	64
_	_	Sale of investments	14	64	64
			14	04	0-1
2,000	2,016	Applied to: Purchase assets	3,696	2,554	2,537
940	940	Purchasing of Investments	244	447	398
(2,940)	(2,956)	Č	(3,940)	(3,001)	(2,935)
(2,940)	(2,956)	Net Cashflow from Investing Activities	(3,926)	(2,937)	(2,871)
, , ,	, , ,	FINANCING ACTIVITIES	, . ,		
-	-	Applied to: Debt repayment	3	-	-
-	-	Net cashflow from Financing Activities	(3)	-	-
			, ,		
		SUMMARY OF NET CASHFLOWS			
3,978	3,968	Net cashflow from Operating Account	4,614	3,259	3,191
(2,940)	(2,956)	Net cashflow from Investing Account	(3,926)	(2,937)	(2,871)
-	-	Net cashflow from Financing Account	(3)	-	-
1,038	1,012	Net increase/(decrease) in cash & cash equivalents	685	322	320
2,242	2,299	Cash & cash equivalents at beginning of period (1 July)	1,443	3,280	3,311
3,280	3,311	Cash & cash equivalents at end of period	2,128	3,602	3,631

The accompanying notes form part of these financial statements.



Statement of Cashflows

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
3,457	3,419	Net Surplus/(Deficit)	1,051	(685)	(793)
3,101	3,123		_,	(222)	(100)
		Add (subtract) non cash items			
(2,141)	(2,141)	Vested assets	300	-	-
2,750	2,756	Depreciation and amortisation	2,519	2,907	2,916
-	-	Movements in Current assets (other than cash)			
(475)	(475)	Forestry valuation	-	(82)	(82)
(352)	(352)	Recognition of carbon credits	-	(140)	(140)
191	164	Impairment of assets	-	358	358
243	243	(Gain)/loss on sale and assets written off		(29)	(29)
(150)	(150)	Investment valuation		(82)	(82)
3,523	3,464		3,870	2,247	2,148
		Movements in Working Capital Items			
207	345	Creditors	744	(92)	(149)
16	35	Employee entitlements	-	(9)	(23)
39	(89)	Debtors	-	32	124
29	17	Inventories	-	8	40
(1,476)	(1,476)	Properties intended for disposal	-	=	-
2,338	2,296		744	(61)	(8)
		Other Movements			
59	63	Capital Creditors	-	(1)	(23)
1,609	1,609	Transfer of land to property intended for disposal	-	1,074	1,074
(28)	-	Equity issued in MTDT	-	-	-
3,978	3,968	Net Cashflow from Operating Activities	4,614	3,259	3,191

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.



Statement of Commitments and Contingencies

Commitments represent contracts entered into but the obligations or considerations yet to be delivered.

Non-Cancellable Contracts

The Council has entered into non-cancellable contracts for most of its physical works including infrastructural, and town maintenance. Details of the commitments under these contracts are as follows:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
1,662	1,662	Not later than one year	1,834	1,834
3,248	3,248	Later than one years & not later than five years	4,732	4,732
-	-	Later than five years	-	-
412	412	Capital Projects approved and contracted not later than one year	65	65
5,322	5,322		6,631	6,631

Council has a Heads of Agreement with Envirowaste Services Limited (ESL) for provision of waste collection services. Collection commenced on 3rd October 2011. The value of this contract will be \$476,000 for the 2012 financial year. The contract will be for ten years. This transaction has not been included in the figures for other non-cancellable contracts as there is no formal contractural arrangement in place.

Non-Cancellable Leases

Council leases several properties as lessor. One lease is non-cancellable and expires in August 2016. The Lake Alexandrina leases run for 33 years. The future aggregate minimum lease payments to be collected under the non-cancellable lease are as follows:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
104	104	No later than one year	105	105
416	416	Later than one year but no later than five	392	392
104	104	years Later than five years (per year)	76	76
624	624	Later than five years (per year)	573	573

No contingent rents have been recognised in net surplus/deficit during the year.

Contingencies

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. The amount of the contingency is \$516,000 at 30 June 2011 (2010: \$516,000).



Notes to the Accounts



Notes to the Accounts

Council Actual 2009/10	Group Actual 2009/10		Council Budget 2010/11	Council Actual 2010/11	Group Actual 2010/11
\$000's	\$000's		\$000's	\$000's	\$000's
		INCOME			
726	726	Governance	724	752	752
1,710	1,710	Water supplies	1,028	982	982
1,508	1,508	Sewerage	687	568	568
99	99	Stormwater	140	104	104
3,278	3,278	Roading	3,188	2,934	2,934
1,169	1,169	Solid waste	877	961	961
329	329	Building control	283	313	313
441	441	Resource management	403	426	426
213	213	Regulatory services	242	217	217
379	379	Community services	379	319	319
1,767	1,767	Recreational facilities	1,615	1,737	1,750
2,652	3,137	Commercial activities	1,641	842	1,260
1,897	1,897	Corporate services	1,939	1,992	1,991
16,168	16,653		13,146	12,147	12,577
(228)	(228)	Less Interest on Capital	(346)	(271)	(271)
		Reserves			
(2,141)	(2,141)	Less Vested Assets	(300)	-	-
(2,239)	(2,239)	Less internal income	(2,097)	(2,140)	(2,140)
11,560	12,045	TOTAL INCOME	10,403	9,736	10,166
		EXPENDITURE			
665	665	Governance	724	803	803
897	897	Water supplies	878	886	886
449	449	Sewerage	458	498	498
93	93	Stormwater	108	178	178
3,187	3,187	Roading	3,118	3,246	3,246
1,224	1,224	Solid waste	1,024	1,277	1,277
274	274	Building control	283	285	285
711	711	Resource management	383	581	587
199	199	Regulatory services	242	206	206
460	460	Community services	414	404	404
1,436	1,436	Recreational facilities	1,564	1,548	1,548
1,210	1,733	Commercial activities	824	788	1,320
1,906	1,906	Corporate services	2,001	2,142	2,142
12,711	13,234		12,020	12,842	13,380

(228)	(228)	Less Interest on Capital	(357)	(281)	(281)
		Reserves			
(2,239)	(2,239)	Less internal expenditure	(2011)	(2,140)	(2,140)
10,244	10,767	TOTAL EXPENDITURE	9,652	10,421	10,959

Note 2 – Targeted Rates Income

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

The total targeted rates that were struck were calculated as follows:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		Targeted Rates Required			
76	76	Governance	80	79	79
789	789	Water Supplies	769	776	776
453	453	Sewerage	485	476	476
85	85	Stormwater	94	94	94
1,146	1,146	Roading	1,365	1,365	1,365
100	100	Solid Waste	94	94	94
122	122	Regulatory Services	119	119	119
76	76	Community Services	66	46	46
1,075	1,075	Recreational Facilities	1,088	1,107	1,107
213	213	Commercial Activities	216	212	212
4,135	4,135	Total Targeted Rates Required	4,376	4,368	4,368
		Less Distribution of Investment			
		Income			
		Budgeted Contribution to Rates			
(761)	(761)	from Commercial Activities	(32)	(32)	(32)
3,374	3,374	Targeted Rates Struck	4,344	4,336	4,336



Notes to the Accounts cont...

Note	3-5	ubsidies	and	Grants
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Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
19	130	Grants	19	18	18
1,311	1,311	NZTA Subsidies	1,407	1,285	1,285
65	65	Petroleum Tax	52	62	62
26	26	State Highway Contribution	-	-	-
		(NZTA)			
1,421	1,532	Total Subsidies and Grants	1,478	1,365	1,365

Note 4-Investment Income

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
497	498	External Interest	375	637	638
349	349	Internal Interest	346	271	271
387	387	Dividend	379	375	375
1,233	1,234		1,100	1,283	1,284
(349)	(349)	Less Internal Interest	(346)	(271)	(271)
884	885	Total Investment Income	754	1,012	1,013

Note 5 -Other Income

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
388	388	Rental Income	170	306	306
884	884	User Fees & Donations	801	921	921
650	1,023	Other Sales	339	416	845
1,922	2,295	Total Other Income	1,310	1,643	2,072

Note 6-Other - Gains/(losses)

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
475	475	Gain on changes in fair value of forestry	82	82
		assets		
150	150	Change in value of Investment portfolio	82	82
-	-	Sale Operational Land & buildings	207	207
-	-	Revalue Assets for disposal	(372)	(372)
625	625	Total Other Gains/(losses)	(1)	(1)

Note 7-Expenditure

Included in the surplus or deficit for Council are the following items of expenditure:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
1,735	2,124	Salaries and Wages	1,763	1,749	2,165
		Audit Fees			
63	68	Fees paid to principal auditor – Annual Report	89	71	76
9	9	Fees paid to principal auditor - Long Term Council Community Plan	-	-	-
72	77	Total Audit Fees for the year	89	71	76
		Impaired Assets			
60	60	Investment – Aorangi Securities	-	-	-
104	104	Carbon Credits	-	7	7
27	27	Mackenzie Tourism & Development Trust	-	-	-
191	191	Total Impairment for the year	-	7	7



Notes to the Accounts cont...

Note 7-Expenditure Continued

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		Depreciation		
242	242	Building	270	270
79	81	Plant & Machinery	81	84
50	52	Motor Vehicles	82	88
3	3	Office Equipment	3	5
11	11	Furniture & Fittings	10	10
41	44	Computer Equipment	37	40
11	11	Resource Recovery Parks	11	11
3	3	Resource Consents	4	4
204	204	Sewerage Schemes	240	240
53	53	Stormwater Schemes	52	52
293	293	Rural and Urban Water		
		Supplies	370	370
4	3	Landfills	4	4
70	70	Village Projects	65	65
1,675	1,675	Roading	1,673	1,673
2,739	2,745	Total Depreciation	2,907	2,916

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's	Elected Member Fees	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
17	17	Leon O'Sullivan	7	7
17	17	Graham Smith	16	16
18	18	Simon McDermott	5	5
17	17	Dave Pullen	5	5
17	17	Evan Williams	17	17
17	17	Graeme Page	16	16
54	54	John O'Neill	20	20
-	-	John Bishop	14	14
_	_	Claire Barlow	37	37
_	_	Peter Maxwell	11	11
_	_	Annette Money	15	15
9	9	Fairlie Community Board	9	9
		Members	,	J
9	9	Tekapo Community Board	9	9
_	_	Members		
9	9	Twizel Community Board	8	8
		Members		
184	184	Total Councillors Fees	189	189
100	100	Insurance	123	123
38	38	Subscriptions	44	44
168	168	Donations & Grants	93	93
243	243	Loss on Sale of Assets and	87	87
		Assets Written Off		
11	11	Amortisation of Intangible	39	39
		Assets		



Note 8 -Reconciliation of Internal Income & Internal Expenses

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

Internal Expenses

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

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		Internal Income			
110	110	Roading	130	130	130
-	-	Water	-	10	10
320	320	Solid Waste	90	90	90
3	3	Building Control	3	3	3
29	29	Resource Management	29	29	29
1,777	1,777	Corporate Services	1,845	1,878	1,878
2,239	2,239	Total Internal Income	2,097	2,140	2,140
		Internal Expenses			
356	356	Governance	423	427	427
125	125	Water Supplies	122	131	131
90	90	Sewerage	88	88	88
24	24	Stormwater	23	23	23
291	291	Roading	298	326	326
387	387	Solid Waste	133	143	143
95	95	Building Control	84	111	111
130	130	Resource Management	122	129	129
21	21	Regulatory Services	19	20	20
51	51	Community Services	51	51	51
189	189	Recreational Services	189	189	189
124	124	Commercial	125	125	125
357	357	Corporate Services	334	377	377
2,239	2,239	Total Internal Expenses	2,011	2,140	2,140

Note 9 - Revaluation Reserve

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
2,941	2,941	Share Revaluation Reserve	2,941	2,941
		Infrastructural Assets		
		Revaluation Reserves		
30,776	30,776	- Land	29,427	29,427
6,600	6,600	- Water Supplies	9,621	9,621
3,580	3,580	- Wastewater Schemes	4,305	4,305
1,697	1,697	- Stormwater Schemes	1,937	1,937
23,707	23,707	- Roading	27,501	27,501
213	213	- Plant	187	187
4,823	4,823	- Buildings	7,983	7,983
74,337	74,337	Total Revaluation	83,902	83,902
		Reserves		

Note 10 -Special Fund Reserve

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
40	40	Albury Water Fund	40	40
(40)	(40)	Ashwick/Opuha Water	(40)	(40)
		Fund		
-	-	Building Maintenance	(51)	(51)
7	7	Housing Replacement	7	7
200	200	Insurance Reserve	200	200
605	605	Land Subdivision	774	774
2	2	Pensioner Housing Amenities	2	2
57	57	Watertight Building Reserve	57	57
-	-	Mackenzie County Scholarship Trust	82	82
5,461	5,461	Real Estate Investment	5,461	5,461
1	1	Strathconan Pool Capital	1	1
6,333	6,333	Total Special Fund	6,533	6,533
		Reserves		



Note 11 - Other Reserves

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
6	6	Albury War Memorial	6	6
3	3	Ashwick/Allandale War Memorial	3	3
1	1	Davidson Bequest	1	1
1	1	Gillingham Bequest	1	1
1	1	Gould Bequest	1	1
10	10	Paterson Ponds	10	10
26	26	Enid Hutt Fairlie Beautifying Fund	28	28
48	48	Total Other Reserves	50	50

Note 12 - Capital Reserve

Council	Group		Council	Group
Actual	Actual		Actual	Actual
2009/10	2009/10		2010/11	2010/11
\$000's	\$000's		\$000's	\$000's
(24)	(24)	Administration	(49)	(49)
(584)	(584)	Allandale Water	(538)	(538)
-	-	Animal Control	(8)	(8)
28	28	Ashwick/Opuha Water	31	31
5	5	Asset Management	6	6
(9)	(9)	Burkes Pass Sewer	(9)	(9)
(2)	(2)	Burkes Pass Water	(6)	(6)
-	-	CEO Department	(1)	(1)
21	21	Civil Defence	25	25
1	1	Community Facilities	(1)	(1)
(6)	(6)	District Council	(5)	(5)
28	28	District General	37	37
79	79	Downlands Water	93	93
(1)	(1)	Eversley Sewer	(1)	(1)
57	57	Fairlie Pensioner Housing	66	66
8	8	Fairlie Roading	43	43
(81)	(81)	Fairlie RRP	(77)	(77)
(62)	(62)	Fairlie Sewer	(127)	(127)
9	9	Fairlie Stormwater	(54)	(54)
(18)	(18)	Fairlie Township	(15)	(15)

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
(324)	(324)	Fairlie Water	(700)	(700)
220	220	Forestry	375	375
(3)	(3)	Hardfill Sites	(3)	(3)
-	-	Inspectorate	1	1
18	18	IT Department	29	29
9	9	Kimbell Water	9	9
176	176	Lake Tekapo Community Hall	272	272
21	21	Lake Tekapo Roading	38	38
(123)	(123)	Lake Tekapo RRP	(118)	(118)
(619)	(619)	Lake Tekapo Sewer	(572)	(572)
68	68	Lake Tekapo Stormwater	82	82
90	90	Lake Tekapo Township	90	90
365	365	Lake Tekapo Water	415	415
-	-	Manuka Terrace Water	(13)	(13)
(251)	(251)	Planning	-	-
(132)	(132)	Plant Account	(59)	(59)
(1,275)	(1,275)	Pukaki Airport Board	(540)	(540)
1	1	Roading Professional Business Unit	2	2
(69)	(69)	Rural Fire Control	(21)	(21)
921	921	Rural Roading	799	799
(6)	(6)	School Road Water	(4)	(4)
23	23	Sherwood Downs Hall	14	14
33	33	Sherwood Downs Recreation Reserve	34	34
(94)	(94)	Spur Road Water	(58)	(58)
(216)	(216)	Treatment of Organic Waste	(172)	(172)
8	8	Twizel Pensioner Housing	13	13
32	32	Twizel Roading	54	54
(138)	(138)	Twizel RRP	(129)	(129)
718	718	Twizel Sewer	793	793
212	212	Twizel Stormwater	240	240
(996)	(996)	Twizel Township	(924)	(924)
1,000	1,000	Twizel Water	1,100	1,100
(882)	(882)	Total Capital Reserves	457	457



Note 13 -Operating Reserve

Council Actual	Group Actual		Council Actual	Group Actual
2009/10	2009/10		2010/11	2010/11
\$000's	\$000's		\$000's	\$000's
3	3	Albury Hall	-	-
2	2	Albury Community Refuse Collection	3	3
1	1	Albury Resource Recovery Park	-	-
(2)	(2)	Albury Water Supply	18	18
(39)	(39)	Disposal of Residual Waste	-	-
(160)	(160)	District – General	(80)	(80)
13	13	Downlands Water Supply	19	19
(1)	(1)	Eversley/Punaroa Water Races	(1)	(1)
18	18	Fairlie Community Refuse Collection	25	25
(30)	(30)	Fairlie Resource Recovery Park	-	-
65	65	Fairlie Works & Services	81	81
341	341	Investment Revaluation	423	423
1	1	Manuka Terrace Water	-	-
166	166	Other Reserves	202	202
953	953	Pukaki Airport Board	-	-
(34)	(34)	Plant Account	-	-
(49)	(49)	Roading Professional Services Business	32	32
		Unit		
402	402	Real Estate	36	36
(15)	(15)	Recycling Facilities	-	-
180	180	Rural Works & Services	171	171
(25)	(25)	Tourism & Development	(10)	(10)
25	25	Tekapo Community Refuse Collection	27	27
18	18	Tekapo Resource Recovery Park	-	-
152	152	Tekapo Works & Services	210	210
12	12	Treatment of Organic Waste	-	-
14	14	Twizel Community Refuse Collection	15	15
(30)	(30)	Twizel Resource Recovery Park	-	-
(348)	(348)	Resource Management	(782)	(782)
7	7	Twizel Works & Services	(4)	(4)
-	-	Waste Management	(418)	(418)
1,640	1,640	Total Operating Reserves	(33)	(33)

Note 14 - Cash and Cash Equivalents

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
-	2	Cash on Hand	-	9
257	279	National Bank Current Account	26	36
184	191	Westpac Banking Corporation	56	66
-	-	Aorangi Securities Ltd	-	-
2,839	2,839	Funds on Call	3,520	3,520
3,280	3,311	Total Cash Resources	3,602	3,631

The carrying value of short term deposits with maturity dates of three months or less approximate fair value. The total value of cash that can only be used for a specified purpose as outlined in the relevant trust deeds is \$25,000 (2010: \$25,000).

Note 15 - Trade & other receivables

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
119	119	Rates	136	136
165	165	Accrued dividend	150	150
87	87	Accrued Interest	117	117
995	1,113	Sundry Receivables	940	966
47	47	Prepayments	54	54
(13)	(13)	Provision for doubtful debts	(29)	(29)
1,400	1,518	Total Accounts Receivable	1,368	1,394

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers. 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.

The following table shows the aged profile of Council's Rates and Debtors balances. The difference in value between the rates balance above and the balance in the following table.



Debtors Aging

	Current (\$000's)	1 year (\$000's)	Penalties (\$000's)	Collected on behalf of other Councils (\$000's)
Rates 2011	72	6	17	40
Rates 2010	46	4	9	60

	Current (\$000's)	30 days (\$000's)	60 days (\$000's)	90 + days (\$000's)	Other Receivables (\$000's)
Debtors 2011	374	45	35	50	609
Debtors	473	91	10	47	319
2010					

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 judgment enforced by sale or lease of the rating unit.

As at 30 June 2011 and 2010, all overdue receivables, except rates receivables, have been assessed for impairment. No impairment has been indicated. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 16 -Taxation

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
3,457	3,419	Surplus (Deficit) From Operations	(685)	(793)
1,037 (871) (166)	1,026 (860) (166)	Prima Facie Taxation @30% Taxation Effect of Permanent Differences Imputation Credit Adjustment Nontaxable income/expenditure	(206) - - 206	(238) - - 238
-	-	The Taxation Charge is Represented By: Prior Years over Provision Current Taxation Deferred Taxation	-	

The Council has unrecognised tax losses \$74,340 (2010: \$114,948), with the tax effect \$20,815 at 28% (2010: \$34,484 at 30%) available for carry forward in offsetting assessable income in future years.

The Group has unrecognised tax losses of \$281,000 (2010: \$178,948) with tax effect \$78,736 at 28% (2010: \$53,684 at 30%) available to carry forward to future income years.

Note 17 -Investments

Council	Group		Council	Group
Actual	Actual		Actual	Actual
2009/10	2009/10		2010/11	2010/11
\$000's	\$000's		\$000's	\$000's
		Held for trading		
3,217	3,217	Other Registered Banks	3,408	3,408
1,804	1,804	Strongly Rated Corporates	1,537	1,537
510	510	Local Government Stock	1,066	1,066
		Fair value through equity		
93	93	Downlands Water Scheme	-	-
		Loans & receivables		
90	90	Mortgages	86	86
-	-	Loans - MTDT	50	-
116	115	Term Deposits	80	80
		Equity investment held in other company		
6,355	6,355	Shares – Alpine Energy Limited	6,355	6,355
28	ı	Mackenzie Tourism & Development Trust	28	-
(28)	-	Less Impairment Investment	(28)	-
12,185	12,184		12,582	12,532
(1,157)	(1,157)	Less Current Portion of Investments	(1,033)	(1,033)
11,028	11,027		11,549	11,499

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.



The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	,	Valuation Technic	que
	Quoted Market Price	Observable Inputs	Significant non- observable
Total \$000	\$000	\$000	inputs \$000
,	-	,	-
,	-	,	-
1,066	-	1,066	-
6.255			6.255
6,355	-		6,355
		Valuation Technic	que
	Quoted	Observable	Significant
	Market	Inputs	non-
Total	Price		observable
			inputs
3000	\$000	\$000	\$000
2 247		2 247	
3,217	-	3,217	-
1,804	-	1,804	- -
,	- - -	,	- - -
1,804	- - -	1,804	- - -
		Quoted Market Price \$000 \$0	Market Inputs Price \$000 \$0

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's	Reconciliation Significant Non Observable Inputs	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
5,863	5,863	Opening Balance	6,355	6,355
492	492	Plus Revaluation	1	ı
6,355	6,355	Closing Balance	6,355	6,355

Interest Rates

The weighted average effective interest rates on investments were:

2009/10		2010/11
2.51%	Call accounts	2.76%
6.49%	Local authority stock	5.9%
6.87%	State owned enterprises and strongly rated corporates	6.39%
8.6%	Trading bank stock	8.59%

Downlands Water Supply

The Downlands Water Supply, administered by Timaru District Council, serves some properties within the Albury Area of the Mackenzie District.

The supply also extensively serves properties within the Timaru and Waimate Districts.

The Council's interest in the Downlands Water Scheme is 4% and is accounted for as a jointly controlled asset. The Council's interests in the jointly controlled operation are as follows:

Council Actual 2009/10 (\$000)	Group Actual 2009/10 \$000's		Council Actual 2010/11 (\$000)	Group Actual 2010/11 \$000's
90	90	Current Assets	98	98
572	572	Non-current Assets	566	566
9	9	Current Liabilities	5	5
-	ı	Non-current Liabilities	ı	-
44	44	Income	46	46
43	43	Expenses	39	39



Investment in Alpine Energy limited

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. Each year Council's shareholding is revalued in accordance with Council's accounting policies.

No Value

2,049,870 \$3.10 per share (2010 - \$3.10 per share)



Note 18 - Property, plant & equipment

			•	<u> </u>			COUNCIL				GROUP
	Net Book Value 30 June 2010 \$000's	Current year Additions/ \$000's	Current Year Disposals At net book value \$000's	Revaluation \$000's	Transfers \$000's	Impairment \$000's	Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2011 \$000's	Net Book Value 30 June 2011 \$000's
Operational Assets											
Land	19,070	-	(48)	(1,731)	(1,075)	-	-	16,216	-	16,216	16,216
Buildings	9,813	34	(114)	3,116	-	-	232	12,902	284	12,618	12,618
Plant & Machinery	621	16	-	(7)	-	(350)	74	676	471	205	205
Motor Vehicles	201	-	(15)	-	-	-	82	495	386	110	132
Office Equipment	12	6	-	-	-	-	3	176	161	15	15
Furniture & Fittings	47	6	-	-	-	-	10	436	394	43	53
Computer Equipment	65	-	-	-	-	-	32	488	455	33	33
Resource Recovery Parks	159	=	-	(17)	-	-	16	186	60	126	126
Heritage Assets	19	-	-	-	-	-	-	30	11	19	19
	30,007	62	(177)	1,361	(1,075)	(350)	449	31,605	2,222	29,385	29,417
Restricted Assets											
Land	3,899	=	-	424	1	-	-	4,325	=	4,325	4,325
Total Operational & Restricted Assets	33,906	62	-	1,785	(1,074)	(350)	449	35,930	2,222	33,710	33,742
Infrastructural Assets											
Sewerage Schemes	11,860	256	-	726	-	-	247	12,846	253	12,593	12,593
Stormwater Schemes	3,377	-	-	240	-	-	61	3,617	61	3,556	3,556
Rural & Urban Water Supplies	14,453	618	-	3,020	-	-	352	18,174	437	17,737	17,737
Landfills	95	=	-	-	-	-	4	136	45	91	91
Village Projects	1,423	146	-	-	-	-	63	1,953	447	1,506	1,506
Land Under Roads	5,901	=	-	-	-	-	-	5,901	-	5,901	5,901
Roading	72,310	1,289	-	3,794	-	-	1,699	77,494	1,799	75,695	75,695
Resource Consents	88	232	-	-	-	-	4	335	18	317	317
Total Infrastructural Assets	109,507	2,541	-	7,780	-	-	2,430	120,456	3,060	117,396	117,396
Capital Work In Progress											
Capital Work in Progress	710	318	(509)	=	-	-	=	519	=	519	519
Total Capital Work in Progress	710	318	(509)		-	-	-	519	-	519	519
Joint Venture Assets	572	28	-	-	-	-	28	670	104	567	567
Surplus Properties Identified for Sale	-	-	-	-	9,269	-		9,269	-	9,269	9,269
Total Property, Plant & equipment	144,695	2,949	(686)	9,565	8,195	(350)	2,907	166,844	5,386	161,461	161,493



Note 18 -Property, plant & equipment

					COUN	CIL			GROUP
	Net Book Value	Current	Current Year	Transfers \$000's	Current Year	Total Assets Valued at	Net Accumulated	Net Book	Net Book Value 30 June 2010
	30 June 2009 \$000's	Additions/ \$000's	Disposals At net book value \$000's		Depreciation \$000's	Cost or Valuation \$000's	Depreciation \$000's	Value 30 June 2010 \$000's	\$000's
Operational Assets									
Land	20,624	-	-	(1,554)	-	19,070	-	19,070	19,070
Buildings	10,035	20	-	-	(242)	10,594	(781)	9,813	9,813
Plant & Machinery	685	15	-	-	(79)	1147	(526)	621	621
Motor Vehicles	252	-	-	-	(50)	511	(310)	201	227
Office Equipment	16	-	-	-	(3)	170	(158)	12	12
Furniture & Fittings	52	5	-	-	(11)	430	(383)	47	60
Computer Equipment	66	40	-	-	(41)	528	(463)	65	65
Resource Recovery Parks	170	-	-	-	(11)	244	(85)	159	159
Heritage Assets	10	-	-	-	-	29	(10)	19	19
	31,920	80	-	(1,554)	(437)	32,723	(2,716)	30,007	30,046
Restricted Assets									
Land	3,899	-		-	-	3,899	-	3,899	3,899
Total Operational & Restricted Assets	35,819	80	-	(1,554)	(437)	36,622	(2,716)	33,906	33,945
Infrastructural Assets									
Sewerage Schemes	10,679	1,385	-	-	(204)	12,474	(614)	11,860	11,860
Stormwater Schemes	3,261	168	-	-	(53)	3,535	(158)	3,377	3,377
Rural & Urban Water Supplies	13,691	1,055	-	-	(293)	15,339	(886)	14,453	14,453
Landfills	99	-	-	-	(4)	136	(41)	95	95
Village Projects	1,336	157	-	-	(70)	1,807	(384)	1,423	1,423
Land Under Roads	5,901	-	-	-	-	5,901	-	5,901	5,901
Roading	70,934	3,051	-	-	(1,675)	77,071	(4,761)	72,310	72,310
Resource Consents	91	-	-	-	(3)	103	(15)	88	88
Total Infrastructural Assets	105,992	5,816	-	-	(2,302)	116,366	(6,859)	109,507	109,507
Capital Work In Progress									
Capital Work in Progress	2,821	766	(2,877)	=	-	710	=	710	710
Total Capital Work in Progress	2,821	766	(2,877)	-	-	710	-	710	710
Joint Venture Assets	-			572		572	-	572	572
Total Property, Plant & equipment	144,632	6,662	(2,877)	(982)	(2,739)	154,270	(9,575)	144,695	144,734



Note 19 - Intangible assets

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
120	123	Software	154	154
1	2	Additions from acquisitions	55	55
(110)	(114)	Accumulated Amortisation	(153)	(153)
11	11		56	56
		Carbon Emission Reduction Units		
-	-	Opening Balance	248	248
352	352	Value recorded upon allocation	-	-
(104)	(104)	Less impairment	-	-
-	-	Value recorded upon allocation	140	140
-	-	Less Units Sold	317	317
-	-		71	71
-	=	Less impairment 30/6/11	(7)	(7)
248	248		64	64
258	259	Balance as at 30 June	120	120

Note 20 - Forestry

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
1,831	1,831	Balance as at 1 July	2,306	2,306
		Gains/ (losses) arising from changes in fair value less	82	82
475	475	estimated point of sale costs.		
2,306	2,306	Balance as at 30 June	2,388	2,388

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, Council has not taken any measure 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 risk management.

Note 21 -Financial Instruments

Credit Risk

Credit Risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government

(Rating) Act 2002 to recover outstanding debts from ratepayers. Council invests in approved financial assets, which excludes dealing in shares. Council invests in the following instruments:

- Government investments
- Registered bank investments
- Local Authority investments
- State Owned Enterprises (SOE) investments
- Corporate investments

Mackenzie District Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price Risk

Price Risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Council is not significantly exposed to price risk as it does not hold financial instruments that are significantly affected by movements in market prices.

Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

Council's investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its investments.

The CEO approves interest rate risk management strategy as recommended by the Manager – Finance and Administration, who determines the appropriate interest rate profile to adopt for investments, after reviewing on a regular basis, cash flow forecasts incorporating plans for approved expenditure and strategic initiatives, monitoring the interest rate markets, evaluating the interest rate outlook and seeking appropriate advice where necessary. The Manager – Finance and Administration implements an interest rate risk management strategy by using risk management instruments to protect investment returns and to change interest rate and maturity profiles.

The use of interest rate risk management instruments requires Council approval.



Council's Investment Policy limits the amount of credit exposure to any one institution or organisation.

Investments in other local authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities, which have a Standard and Poor's, Moody's or Fitch's credit rating of at least A1 for short term and A- for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The accounting policies for financial instruments have been applied to the line items below:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		FINANCIAL ASSETS		
		Loans and receivables		
3,280	3,311	Cash and Cash Equivalents	3,602	3,631
1,400	1,518	Debtors and other receivables	1,368	1,394
4,794	4,829	Total loans and receivables	4,970	5,025
		Held for Trading Other financial assets:		
5,531	5,531	- Investments	6,011	6,011
116	115	- Term Deposits	80	80
183	183	- Debentures and other stock	186	186
5,830	5,829	Total held to maturity	6,227	6,227
6,355	6,355	Fair value through equity Other financial assets: - unlisted shares	6,355	6,355
6,355	6,355	Total fair value through equity	6,355	6,355
1,342	1,512	FINANCIAL LIABILITIES Financial liabilities at amortised cost Creditors and other payables	1,249	1,363
1,342	1,512	Total financial liabilities at amortised cost	1,249	1,363



Maximum exposure to credit risk

The maximum exposure for each class of financial instrument is as follows:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
3,280	3,311	Cash at bank and term deposits	3,602	3,631
1,400	1,518	Debtors and other receivables	1,368	1,394
12,185	12,185	Investments, Shares and Debentures	12,582	12,532
16,865	17,014	Total credit risk	17,552	17,557

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to Historical information about counterparty default rates:

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		COUNTERPARTIES WITH CREDIT		
		RATINGS		
		Cash at bank and term deposits:		
3,280	3,311	AA	3,602	3,631
3,280	3,311	Total cash at bank and term deposits	3,602	3,631
		Investments:		
-	-	AAA	260	260
2,306	2,305	AA	542	542
263	263	AA-	2,606	2,606
1,280	1,280	A+	-	-
1,287	1,287	Α	1,033	1,033
-	-	A3	238	238
-	=	AR-	266	266
-	=	Not Rated	1,066	1,066
5,136	5,135	Total investments	6,011	6,011
		COUNTERPARTIES WITHOUT CREDIT RATINGS		
511	511	Unlisted shares and debentures	533	533
6,382	6,382	Existing counterparty with no defaults in the past	6,382	6,382
6,893	6,893	Total shares and debentures	6,915	6,915

Debtors and other receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Mackenzie District Council has no significant concentrations of credit risk in relation to debtors and other receivable, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government Act 2002 to recover outstanding debts from ratepayers.



Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which includes an External Liability management policy. These policies have been adopted as part of the Council's Long-term council community plan.

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Furthermore, Council requires that the duration of the Council's portfolio must be within a range of 25% shorter or longer than the benchmark portfolio set in conjunction with the Council's investment adviser.

The table below analyses Mackenzie District Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000
Council 2011			
Creditors and other payables	1,249	1,249	1,249
Group 2011 Creditors and other payables	1,363	1,363	1,363
Council 2010 Creditors and other payables	1,342	1,342	1,342
Group 2010 Creditors and other payables	1,512	1,512	1,512

Sensitivity Analysis

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Mackenzie District Council's financial instrument exposures at balance date.

Interest Rate Risk	2011 \$000	2011 \$000	2010 \$000	2010 \$000
	-100bps	+100bps	-100bps	+100bps
	Profit Equity	Profit Equity	Profit Equity	Profit Equity
Financial assets Cash and Cash equivalents (a) Other financial assets:	(36)	36	(33)	33
- Unlisted Shares (b)	(635)	635	(635)	635

(a) Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3,602,000 (2010 \$3,280,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$36,023 (2010 \$32,800)

(b) Unlisted Shares

Mackenzie District Council holds unlisted shares in Alpine Energy Ltd, these are not publicly traded. If there was a movement of plus or minus 10% in the share price the effect would have an increase in the fair value through equity reserve of \$635,000 (2010 \$635,000).



Note 22 - Components of Equity - Council Only

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period 1/07/10	175,176	93,700	74,337	1,640	6,333	48	(882)
Net Surplus (Deficit)	(685)	(685)	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	9,565	-	9,565	-	=	-	-
Recognised Revenue & Expenditure	184,056	93,015	83,902	1,640	6,333	48	(882)
Reserve Transfers							
Appropriation of Net Surplus	-	685	-	(685)	-	-	-
Transfers between Reserves	-	(553)	-	(988)	200	2	1,339
Equity at the End of the Period 30/06/11	184,056	93,147	83,902	(33)	6,533	50	457

	Total	Ratepayers	Revaluation	Operating	Special	Other	Capital
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Equity at the Start of the Period 1/07/09	171,227	92,408	73,921	844	6,384	46	(2,376)
Net Surplus (Deficit)	3,457	3,457	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	492	-	492	=	-	-	-
Recognised Revenue & Expenditure	3,949	3,457	492	844	6,384	46	(2,376)
Reserve Transfers							
Appropriation of Net Surplus	-	(3,457)	-	3,457	-	-	-
Transfers between Reserves	-	1,292	(76)	(2,661)	(51)	2	1,494
Equity at the End of the Period 30/06/10	175,176	93,700	74,337	1,640	6,333	48	(882)



Note 23 -Related Party Transactions

Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust. As at 30 June 2011 there are no balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2011. The table below details the transactions were carried out with related parties.

Council Actual 2009/10 \$000's		Council Actual 2010/11 \$000's
	Mackenzie Tourism & Development Trust	
-	Loans payable to Council	50
-	High Country Health Ltd	-
90	Loans payable to Council	86
3	Interest Charged by Council	-
	Mackenzie Medical Trust	
7	Donations Made	11

Revenue paid to Mackenzie Tourism & Development Trust was \$234,000 (\$259,000: 2010). Expenses reimbursed from Mackenzie Tourism & Development Trust was \$21,000 (\$22,000: 2010).

Council has offered the Mackenzie Tourism & Development Trust a loan of \$150,000 repayable over 14 years with the first two years interest-free to assist the Trust through its cashflow issues. The Trust has drawn down \$50,000 at balance date.

Cr Annette Money is a Trustee appointed by Council of the Mackenzie Medical Trust.

Key Management and Members of the Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc). Except for the transactions mentioned above, no Councillors or senior management have entered into related party transactions with the Council.

Key management personnel compensation

Council Actual 2009/10 \$000's	Council Actual 2009/10 \$000's
665	714

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

There are close family members of key management personnel employed by the Council and group. The terms and conditions of those arrangements are no more favourable than the Council and group would have adopted if there were no relationship to key management personnel.

Note 24 - Chief Executive Officer's Remuneration

As at 30 June 2011, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$141,007 (2010 \$138,242).

In terms of his contract, the Chief Executive Officer also receives the following additional benefits:

Council Actual 2009/10 \$000's		Council Actual 2010/11 \$000's
6	Super Subsidy	6
14	Vehicle	14
20	Total Additional Benefits	20

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$160,319 (2010: \$157,442).

Note 25 - Accrued landfill closure costs

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		Current Portion of Debt		
6	6	Accrued Landfill Closure Costs	6	6
6	6		6	6
	•	Non-Current Portion of Debt		
61	61	Accrued Landfill Closure Costs	61	61
61	61		61	61

The critical accounting estimates and assumptions section in the Statement of Accounting policies discusses Council's treatment of Accrued Landfill Closure Costs.



Note 26 -Trade & other payables

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
1,191	1,357	Creditors	1,151	1,264
30	30	Rates in Advance	56	56
115	119	Income in Advance	36	37
6	6	Current Portion of accrued landfill closure	6	6
		costs		
1,342	1,512		1,249	1,363

Trade & other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying amount of creditors approximates their fair value.

Note 27 –Remission of Rates

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$2,723 (2010; \$5,360), and during the year decided not to provide any further remissions.

Note 28 - Disclosure of Severance Payments

For the year ended 30 June 2011 Mackenzie District Council made no severance payments to employees (2010: Nil).

Note 29 - Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that

promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Mackenzie District Council has the following Council created reserves: reserves for different areas of benefit; self-insurance reserves; and trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general ratepayer. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.



Note 30 – Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2010/11 Annual Plan are as follows:

Statement of Comprehensive Income

The operating deficit was below budget by \$1,736,000, due to the following: Income from vested assets estimated to be \$300,000 did not eventuate this financial year. Vested assets depend on subdivision and development occurring and for the 2010/11 year, this did not occur due to the prevailing economic climate.

Real estate sales was nil for the year while the budget was \$1,090,000. This was due to a delay in progressing the sale concerned. This is expected to occur in 2011/12 year.

Investment income was \$1,012,000 which was \$258,000 greater than budget. Council managed to secure higher interest returns on its bond portfolio as well as investing its surplus cash in short-term deposit offering 1-1.5% higher return than its investments in the 2010 year.

Subsidies and grants were \$1,365,000 which was lower than budget of \$1,478,000. The bulk of those subsidies, are from NZTA and is dependent on the level of roading work undertaken. Total roading expenditure (capital and operational) was also down on budget by \$313,000 which had an impact on subsidies claimed.

Rental income contributed \$136,000 to the favourable other income variance mainly due to increased returns from rentals such as Tekapo camping ground and Depot rentals.

Member expenses increased by \$39,000 above budget due to costs associated with running the local body elections for 2010 as well as additional costs associated with water zone committees. Consultancy expenses of \$554,000 have exceeded budget by \$228,000 mainly due to the costs of Plan Change 13 and 15 which Council had budgeted to capitalise.

Asset impairment of \$358,000 consists of \$7,000 relating to the reduction in value of carbon credits held at balance date along with an allowance for full impairment of Councils Vertical Composting Unit (VCU). The VCU net book value has been impaired as it has been mothballed for 12 months and is now considered obsolete with the introduction of Councils new wheelie bin service.

Loss on sale and assets written off are \$112,000 above budget and relate to prior years work in progress for the Western Catchment stormwater project being written off and expensed. Depreciation has increased by \$388,000 on a budget of \$2,519,000 due to changes in asset revaluation undertaken this year.

Operational and maintenance costs amounted to \$2,575,000 which was \$222,000 below budget of \$2,797,000. The major contributors to the favourable variance were in solid waste of \$102,000 due to the mothballing of the VCU and costs relating to liquor licensing being offset against revenue by Councils contractor but being budgeted for on a grossed-up basis.

Note 31- Events after Balance Date

On 10 August 2011 High Country Health Ltd repaid in full its loan owing to Mackenzie District Council.

A fire occurred on 3rd October 2011 in The Old Library Cafe, a Council owned building. The building is subject to an insurance claim.

Council has, upon renewing its insurance cover for the period 1 July 2011 to 30 June 2012 had to accept a lower insurance cover for its assets. The major changes are:

- \$1million below ground infrastructure cover has been lost
- Cover for above ground assets is covered 100% for all perils except where the cause is due to earthquake, geothermal activity and tsunami
- Where damage is caused by any of the above, three perils cover is limited to 80% of value.

Council is reviewing whether to join LAPP to cover its below ground infrastructure assets. It is not currently a member.



Note 32 - Surplus Property

Note 32 –Sur	olus Froperty			
Council	Group		Council	Group
Actual	Actual		Actual	Actual
2009/10	2009/10		2010/11	2010/11
\$000's	\$000's		\$000's	\$000's
11,063	11,063	Opening Balance	12,283	12,283
1,570	1,570	Plus Transfer from Operational Land	1,074	1,074
350	350	Less Disposals/Change in valuation	372	372
12,283	12,283	Closing Balance Land	12,985	12,985
		Investment Eversley Sewerage Scheme		
-	-	Opening Balance	256	256
256	256	Additions	10	10
256	256		266	266
-	-	Less repayments	27	27
256	256	Closing balance Eversley Sewerage	239	239
		Scheme		
		Less Reclassified as:		
-	-	Inventory	1,305	1,305
-	-	Surplus Property held for Sale (PPE)	9,269	9,269
9,238	9,238	Less Current portion Property intended	2,650	2,650
		for Disposal		
3,301	3,301	Non Current Portion		=

In 2011, some surplus properties were reclassified as inventory and Property & Plant & Equipment in accordance with reporting standards.

Note 33 – Prior Period Adjustments

Council's subsidiary Mackenzie Tourism and Development Trust (the Trust) has been required to restate its results for the financial year ended 30 June 2010. The adjustment arises from the Trust accounting for commissions received as agent for various accommodation providers on gross sales basis rather than a net sales basis. The Trust has also taken into account as an expense the difference between the gross sales and the net sales. The table below details these movements.

	Effect on Council 2010	Effect on Group 2010
Decrease Other Income	-	(445)
Decrease Operational & Maintenance	-	(445)
Restated Operating Surplus After Taxation	-	=

The necessary adjustments have been made to the Statement of Comprehensive Income.

Note 34 - Inventories

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
61	90	Held for Distribution	44	69
-	-	Commercial Inventory Land Developed	1,305	1,305
		for Sale		
61	90		1,349	1,374

The Council has developed land for future sale and costs capitalised to date are not expected to be recovered until after 30 June 2012 in line with the expected business operating cycle for this activity.

No inventories are pledged as security for liability.



Council Structure

Council Structure
Division of Responsibility between Council and Management
Community Board Structure
Organisational Chart



Council Structure

Governance, Management and Employees Role of the Council

The Council has overall responsibility and accountability for the proper direction and control of the District's activities. This responsibility includes areas of stewardship such as:

Formulating the District's strategic direction

Managing principle risks facing Mackenzie District

Administering various regulations and upholding the law

Ensuring the integrity of management control systems

Safeguarding the public interest

Ensuring effective succession of elected members

Reporting to ratepayers.

Structure of the Council

Following a review of its representation and subsequent determinations by the Local Government Commission, the Council has, since 2004 been made up of a Mayor and six Councillors elected from two wards.

Council has three Committees - Finance, Operations and Planning Committees. All Councillors are members of each committee with the following Councillors appointed to chair the meetings:

Cr Smith – Chair of Finance Committee

Cr Page – Chair of Projects and Strategies Committee

Cr Bishop - Chair of Planning Committee.

Each Committee and the full Council meets on a six weekly basis.

Council has three subcommittees – Audit & Risk, Solid Waste and Tekapo Property. The Audit & Risk Subcommittee is a subset of the Finance Committee and consists of the Mayor, Deputy Mayor and one Councillor. The Solid Waste Subcommittee consists of 3 Councillors and Councils Management Team and is a subset of the Projects & Strategies Committee. Tekapo Property consists of 1 Councillor, 2 staff and 2 outside appointments. The Tekapo Property Subcommittee is a subset of the Finance Committee.

The Chair of the Audit & Risk Subcommittee is Cr Maxwell while the Chair of the Solid Waste Subcommittee is Cr Page. The Chair of the Tekapo Property Subcommittee is Cr Maxwell.

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to him as required under Section 119c(1)(a) of the

Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Appointed Boards of Council

At 30 June 2011 there were two Boards of Council; the Forestry Board and the Pukaki Airport Board.

The Mackenzie Forestry Board is made up of four Councillors.

The Pukaki Airport Board consists of independent business people and one Councillor.

The Forestry Board and the Pukaki Airport Board all meet regularly.

Community Boards

Community boards service the communities of Fairlie, Lake Tekapo, and Twizel, and make recommendations to Council regarding the management of township services. Each community board meets six weekly, with additional meetings held as required.



Division of Responsibility between Council and Management

Governance Framework Independent Election

The Council believes that its democratic election by the Mackenzie District citizens ensures that it is able to operate in the best interests of the District and to function independently of management.

Communication/Reporting;

Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of "good citizenship" and high standards of ethical behaviour. A key to the efficient running of Council is to maintain a clear division between the role of the elected representatives and that of management. The Council of the Mackenzie District concentrates on setting policy and strategy, and then reviews progress. Management is concerned with implementing these policies and strategies.

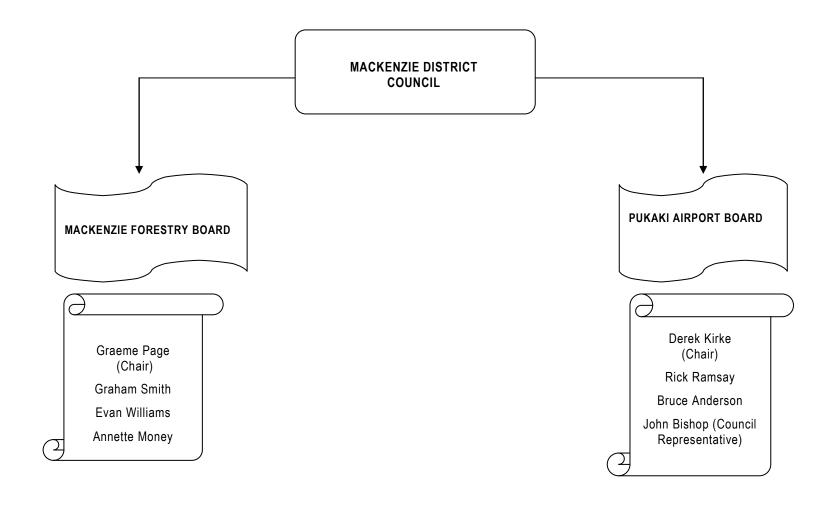
While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with the Council. The Council helps discharge this responsibility by maintaining effective systems of internal control. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved.

Legislative Compliance

As a regulatory body, the Council administers various regulations and laws. As such, it is vital that it complies with all relevant legislation. The Council makes use of external lawyers and consultants as appropriate to ensure it does comply.

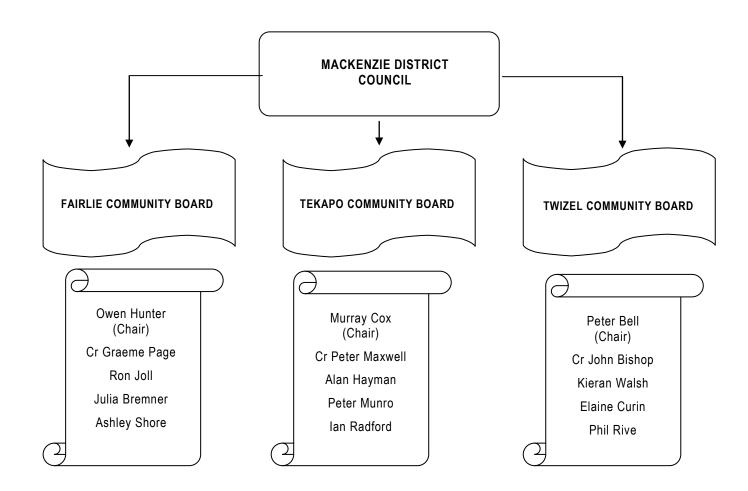


Council Committee Structure (as at June 2011)





Community Board Structure (as at June 2011)





Organisational Chart (as at June 2011)

