



**TO THE MAYOR AND COUNCILLORS OF THE  
MACKENZIE DISTRICT COUNCIL**

**MEMBERSHIP OF THE FINANCE COMMITTEE**

Graham Smith (Chairman)  
Claire Barlow (Mayor)                      John Bishop  
Peter Maxwell                                  Annette Money  
Graeme Page                                    Evan Williams

*Notice is given of a meeting of the Finance Committee  
to be held on Tuesday 5 February 2013 at 9.30 am*

**VENUE:**                      Council Chambers, Fairlie

**BUSINESS:**                      As per agenda attached

**WAYNE BARNETT  
CHIEF EXECUTIVE OFFICER**

31 January 2013



## AGENDA FOR TUESDAY 5 FEBRUARY 2013

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### I APOLOGIES

### II DECLARATIONS OF INTEREST

### III MINUTES

Confirm and adopt as the correct record the Minutes of the meeting of the Finance Committee held on 6 December 2012 including such parts as were taken with the Public Excluded.

### IV REPORTS

1. Finance Report
2. Bancorp Quarterly Report
3. Vehicle Replacement
4. NZ Rowing Championship – Request for Sponsorship
5. South Island Regional Photographic Convention – Request for Sponsorship

### V PUBLIC EXCLUDED

Resolved that the public, be excluded from the following part of the proceedings of this meeting namely:

The Old Library Café – Insurance Update

<b><u>General subject of each matter to be considered</u></b>	<b><u>Reason for passing this resolution in relation to each matter</u></b>	<b><u>Ground(s) under Section 48(1) for the passing of this resolution</u></b>
The Old Library Cafe Insurance Update	Commercial Sensitivity	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *The Old Library Café Insurance Update* section 7(2)(b)(ii).

# MACKENZIE DISTRICT COUNCIL

## MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 4 DECEMBER 2012 AT 9.30 AM

### **PRESENT:**

Graham Smith (Chairman)  
 Claire Barlow (Mayor)  
 Crs John Bishop  
 Peter Maxwell  
 Annette Money  
 Graeme Page  
 Evan Williams

### **IN ATTENDANCE:**

Wayne Barnett (Chief Executive Officer)  
 Paul Morris (Manager – Finance and Administration)  
 Rosemary Moran (Committee Clerk)

### **II DECLARATIONS OF INTEREST:**

The Mayor declared her interest in the Chief Executive Officer's *Remuneration* report.

### **III MINUTES:**

Resolved that the Minutes of the meeting of the Finance Committee held on 30 October 2012 be confirmed and adopted as the correct record of the meeting.

**Annette Money/Claire Barlow**

### **III REPORTS:**

#### 1. FINANCIAL REPORT – OCTOBER 2012:

This report from the Manager – Finance and Administration was accompanied by the financial report for the period to 30 October 2012.

Resolved that the report be received.

**John Bishop/Annette Money**

It was requested that the subject of *Public Toilets at the Pukaki Lookout* be included on the Agenda for the next Council meeting.

2. ALPINE ENERGY LTD – DIRECTORS’ FEES:

This report from the Manager – Finance and Administration referred to the proposed remuneration of Alpine Energy Ltd Directors.

Resolved that the report be received

**Claire Barlow/Evan Williams**

Resolved that the Council approves the level of Alpine Energy Ltd Directors’ fees to be set at \$252,000.00 effective from 1 July 2012, and that those fees be approved as a bulk sum.

**Annette Money /Evan Williams**

The meeting was adjourned for morning tea at 10.30 am and reconvened at 10.45 am.

**VI VISITORS:**

1. THE SUSTAINABILITY COMPANY:

The Mayor welcomed Dr Barry Law and Mr Chris Pickrill of *The Sustainability Company*. She explained that she had heard their presentation at the Kellogg course she had attended earlier in the year and had requested them to share it with the Council.

Chris Pickrill introduced himself and his colleague Dr Law. They lead the Committee through a power point presentation, a copy of which is attached to this record as Appendix A.

The presentation explained that the focus of *The Sustainability Company* was to show organisations how to change their behaviour willingly and for good, to support green growth thinking, leadership and practice; how to reduce their environmental footprint, implement higher levels of social responsibility, work beyond compliance and achieve greater economic efficiency.

It referred to the set of practical tools which were available to be customised to a client’s business needs, to explore opportunities and deliver results to make the organisation more sustainable environmentally, economically, socially, and politically (compliance and regulatory).

Mr Pickrill undertook to provide the Mayor with a synopsis of the opportunity *The Sustainability Company* could provide for the Mackenzie District Council.

The Mayor thanked the Mr Pickrill and Dr Law, who left the meeting at 11.45 am.

2. MARKETING AND ECONOMIC DEVELOPMENT WORKING PARTY:

The Chairman welcomed the Dr Anthony Brien, Chairman of the Marketing and Economic Development Working Party, and members Helen Ivey and Stan Taylor, and introduced them to the elected members and staff.

Dr Brien explained that they attended to present the Working Party's report on the actions detailed in its Terms of Reference.

Dr Brien spoke to the report. He emphasised the need for progress in putting something in place to go forward with respect to the marketing and economic development of the District by the time the contract with Christchurch and Canterbury Tourism came to an end in October 2013.

The Mayor acknowledged the work which the Working Party had undertaken and expressed her appreciation on behalf of the Council.

The Chairman echoed the Mayor's comments.

The visitors left the meeting at 12.20 pm.

The meeting was adjourned at 12.20 pm and reconvened at 1.00 pm

**IV REPORTS (Continued):**

3. RURAL ROADING RESERVE RECONCILIATION:

This report from the Manager – Finance and Administration provided information on the movements through the Reserve for the last three years.

Resolved that the report be received

**Claire Barlow/Annette Money**

**V PUBLIC EXCLUDED**

Resolved that the public, be excluded from the following part of the proceedings of this meeting namely:

1. Remuneration
2. Lake Tekapo Community Hall

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for the passing of this resolution</b>
Remuneration	To enable the Local Authority holding the information to carry on industrial negotiations	48(1)(a)(i)
Lake Tekapo Community Hall	Commercial Sensitivity	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Remuneration* section 7(2)(i) and *Lake Tekapo Community Hall* section 7(2)(b)(ii).

**Annette Money/Peter Maxwell**

The Committee continued in Open Meeting.

**LAKE TEKAPO COMMUNITY HALL:**

Resolved that the following resolution taken with the Public Excluded be confirmed: "That the tender from Richard Herlund, L and L Construction, for the upgrade of the Lake Tekapo Community Hall for \$434,208.00 be accepted."

**Graeme Page/Peter Maxwell**

**THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2.15 PM**

**CHAIRMAN:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE  
**SUBJECT:** BANCORP QUARTERLY REPORT – DECEMBER 2012  
**MEETING DATE:** 5 FEBRUARY 2013  
**REF:** FIN 9/1/9  
**FROM:** MANAGER – FINANCE AND ADMINISTRATION  
**ENDORSED BY:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

The report has been tabled to inform Councillors of the performance of the Council's investment portfolio, which is managed by Bancorp Treasury Services Limited.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.

**PAUL MORRIS**  
**MANAGER – FINANCE & ADMINISTRATION**

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

## **ATTACHMENTS:**

Appendix 1: Quarterly report from Bancorp Treasury Services to 31 December 2012.

## **PARTICULAR POINTS TO NOTE:**

### **Comparison with the Benchmark**

The Council's portfolio increased in value by 1.83%, whereas the benchmark portfolio increased in value by 1.46% over the quarter, therefore the Council's Portfolio outperformed compared to the benchmark. The main reason why Council's portfolio outperformed the benchmark index is as follows;

The asset mix benefited Council during the quarter, specifically the inclusion of longer dated bank issued bonds, an asset class whose spread declined more than the corporate bonds of a similar duration.

### **Movements in the Portfolio**

The portfolio stands at \$4.53 Million. The portfolio decreased by \$0.5 million over the period. Details of the purchases are as follows:

- Redeemed \$0.50million of ASB Bank (Sub Debt) matured Nov 2012

At the end of December the weighted average running yield of Council's bond portfolio was 7.03%.

### **Policy Adherence**

- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.64 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.15 years.
- Assets category percentages are as follows (excluding the call deposit):
  - Corporates 5.52%
  - Registered Banks 72.39%
  - Local Authorities 22.09%

### **Financial Market Movements**

There were no movements in the Official Cash rate during the period.



# QUARTERLY PORTFOLIO REPORT

*PREPARED FOR*



*For the quarter ended 31 December 2012*

**PREPARED BY BANCORP TREASURY SERVICES LIMITED**



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

## PORTFOLIO REPORT

Below is a summary of the performance of Mackenzie District Council's ("MDC") Long Term Funds Portfolio ("LTFP") and the benchmark portfolio for the quarter ended 31 December 2012.

MDC's LTFP, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.83%.

MDC portfolio value at 30 September 2012	\$ 5,319,163
MDC portfolio value at 31 December 2012	\$ 4,809,248
Add coupon payments	\$ 107,454
Net – purchases/sales/maturities	\$ 500,000
<b>Total</b>	<b><u>\$ 5,416,702</u></b>
Percentage change in effective cash value	+1.83%

The benchmark portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.46%.

Benchmark portfolio value at 30 September 2012	\$ 9,655,388
Benchmark portfolio value at 31 December 2012	\$ 9,592,831
Add coupon payments	<u>\$ 203,800</u>
<b>Total</b>	<b><u>\$ 9,796,631</u></b>
Percentage change in effective cash value	+1.46%



## OVERVIEW

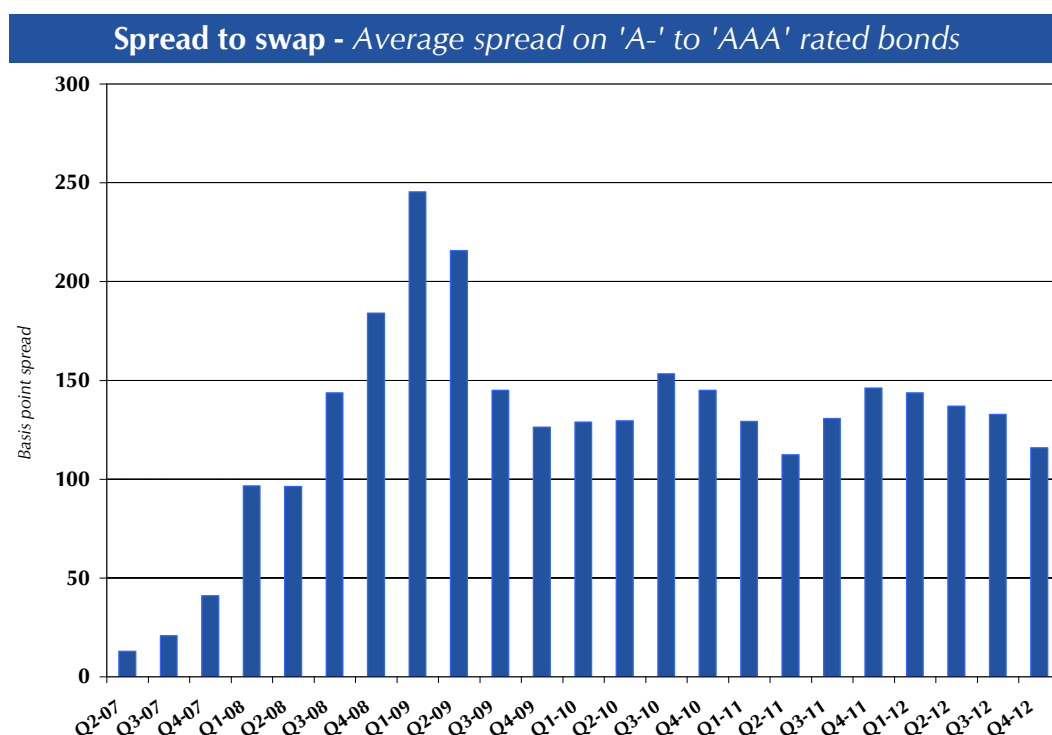
A summary of the performance of MDC's LTFF during the December 2012 quarter is as follows.

- The LTFF outperformed the benchmark index, increasing in value by 1.83% compared to the benchmark portfolio's increase of 1.46%.
- The running yield of the portfolio as at 31 December 2012 was 7.03%.
- The nominal value of the portfolio decreased by \$500,000 to \$4,527,000 during the quarter, however \$3.40 million has been invested on term deposit (see commentary next section).

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30 September 2012	2.50%	2.67%	2.58%	2.68%	2.81%	3.11%	3.69%
31 December 2012	2.50%	2.68%	2.60%	2.67%	2.79%	3.10%	3.77%
Change	Nil	+0.01%	+0.02%	-0.01%	-0.02%	-0.01%	+0.08%

Interest rates in New Zealand adopted a range trading pattern during the quarter. Nevertheless, there was still a reasonable amount of 'intra-quarter' volatility with the 3 year swap trading in a 30 basis point range and the 10 year swap in a 38 basis point range. The changes in rates were due primarily to developments offshore, with the European sovereign debt crisis and the US fiscal cliff the two main focal points. Overall the yield curve steepened with the market indicator spread between the 2 year swap and the 10 year swap widening from 101 basis points at the start of the quarter to 110 basis points by the end of the quarter.

Credit spreads in New Zealand declined during the quarter, due to deleveraging in the corporate sector which produced excessive liquidity in the banking system with the banks seemingly unable to find sufficient 'bankable' lending propositions to replace lost assets. The graph below shows credit spreads for New Zealand dollar denominated bonds rated between 'A-' and 'AAA' with the average spread declining from 133 basis points on 1 October 2012 to 116 basis points by 31 December 2012.



## PORTFOLIO ACTIVITY

The performance of the LTFP over the quarter was superior to the benchmark portfolio, increasing in value by 1.83% while the benchmark portfolio increased by 1.46%. Ordinarily it would be expected that MDC would have underperformed the benchmark index as yields in the medium to longer end of the curve increased during the quarter and the LTFP had a longer duration (2.64 years) than the benchmark index (2.15 years). However the up move in interest rates was more than compensated for by the makeup of the LTFP with previous decisions about specific asset selection benefiting MDC during the quarter, specifically the inclusion in the portfolio of longer dated bank issued bonds, an asset class whose spread declined more than corporate bonds of a similar duration.

For valuation purposes, the ANZ/National Bank 9.66% coupon hybrid bond has once again been valued as an 18 April 2013 maturity, at a price of 98.50 cents in the dollar which includes accrued interest. This equates to a yield of 22.00%. Although it is a perpetual instrument there is still some doubt as to whether the bond will be called (paid back) by ANZ/National Bank on 18 April 2013. This is because the new capital adequacy requirements under Basel 3 mean that the bond is no longer regarded as a capital efficient method of debt to have on issue. If the bond is not called on 18 April 2013, it will be rolled over for a further 5 years at a margin of 2.00% over the prevailing 5 year swap rate and if rolled again on 18 April 2018, the margin increases to 3.00% over the then prevailing 5 year swap rate.

There was one maturity during the quarter, of \$500,000 of ASB Bank 15 November 2012 subordinated debt bonds, the proceeds of which were available for reinvestment. At present, the yields available for term deposits are still higher than those available for bonds of a similar term. To obtain rates in excess of current term deposit rates, the LTFP would have to invest for extended terms which Bancorp Treasury Services Limited ("Bancorp Treasury") does not believe is appropriate in the current interest rate environment. This is illustrated by the rates for various bonds as at 31 December 2012 which are listed in the table below.

Security	Maturity	Coupon	Rating	Yield
ANZ/National	18-06-13	5.63%	AA-	3.29%
ASB Bank	18-11-13	5.51%	AA-	3.35%
BNZ	31-03-14	6.70%	AA-	3.51%
Auckland Council	02-10-14	6.68%	AA	3.35%
Westpac	16-03-15	4.86%	AA-	3.68%
BNZ	27-05-15	8.67%	AA-	3.76%
Tauranga CC	15-04-16	6.25%	A+	3.98%
NZ Post	15-11-16	5.22%	AA-	4.38%
ASB Bank	08-06-17	6.06%	AA-	4.26%
Transpower	30-11-18	5.14%	AA-	4.45%
BNZ	20-12-18	6.10%	AA-	4.77%
Rabobank	19-03-19	6.10%	AA	4.86%

Because of the interest rates available from bank term deposits it was decided that these would be preferable to bonds with the following three term deposits having been transacted in December.

- \$700,000 deposited on 13 December 2012 for a term of 30 days at a rate of 3.61%.
- \$700,000 deposited on 13 December 2012 for a term of 60 days at a rate of 3.85%.
- \$2.60 million deposited on 13 December 2012 for a term of 120 days at a rate of 4.19%.

To obtain equivalent rates on the bond market, MDC would need to invest for considerably longer terms than the deposits were taken out for, and with interest rates more likely to rise than fall over the next year or so, it was decided to access the term deposit market instead.

As at 31 December MDC complied with the credit rating criteria contained in the Treasury Policy. Bancorp Treasury is classifying the ANZ/National Bank 2013 bond under the Moody's Investors Service 'equivalent test' which is permissible under the Treasury Policy.

Overall, Bancorp Treasury is satisfied with the makeup and profile of MDC's portfolio, with the running yield of 7.03% (which excludes the term deposits) still delivering considerable benefits over the interest rates available for shorter term money market investments, which are still trading at 'elevated' levels compared to deposit rates available in the wholesale market.

## GLOBAL MARKETS OVERVIEW

Towards the end of the quarter, volatility in financial markets was elevated as economic and fiscal hopes and investor sentiment waxed and waned. However the underlying optimistic tone which developed in November continued into December, buoyed by upbeat US jobs data and evidence of an improving Chinese economy, together with another round of Federal Reserve ("Fed") quantitative easing. But tardiness by US politicians to address, let alone resolve, the impending 'fiscal cliff' weighed on financial market sentiment as the 1 January 2013 deadline approached, causing a rush into the safe haven of the USD (to the detriment of riskier currencies such as the NZD and AUD) and US Treasuries. US politicians reached an agreement on 31 December, producing a reversal of much of the rush into safe haven currencies.

At its 12 December 2012 meeting, the Fed voted to keep interest rates near zero until unemployment falls below 6.5% and projected inflation "*between one and two years ahead*" is at no more than 2.5%. As flagged previously the Fed will also replace Operation Twist, which resulted in the Fed swapping around USD45 billion per month of short dated treasuries for longer dated debt and which was due to expire at the end of December, with USD45 billion a month of outright longer term bond purchases. This is in addition to the USD40 billion per month of mortgage backed bond purchases. The tying of Fed interest rate policy targets to specific unemployment and inflation thresholds will provide more clarity of Fed moves to the markets.

As widely expected, both the European Central Bank ("ECB") and Bank of England left their cash rates unchanged in early December (at 0.75% and 0.50% respectively), although the ECB did provide some sharp downward revisions to their Eurozone growth forecasts. The ECB now expects GDP growth to range between -0.6% and -0.4% for 2012, between -0.9% and +0.3% for 2013 and between 0.2% and 2.2% for 2014. Risks to the outlook "remain on the downside," although the ECB expects strengthening global demand to help fuel a recovery later in 2013.

The Reserve Bank of Australia ("RBA") took further action in early December to prop up the slowing Australian economy, cutting the cash rate back to its post-GFC low of 3.00% in a widely anticipated move. It was the RBA's fourth cash rate cut this year, with the cash rate now a full 1.25% lower than it was at the start of 2012.

Global bond rates reflected the generally upbeat tone that prevailed towards the end of the quarter. The yield on the US 10 year Treasury bond climbed from 1.56% in early December to close the month at 1.76%. Meanwhile in Germany the 10 year bund rate rose from a low of 1.30% in early December to open in early January at 1.46%, with much of the up-move occurring once the market reopened after the New Year break and was able to react to the news of the US 'fiscal cliff' resolution.

## NEW ZEALAND MARKET OVERVIEW

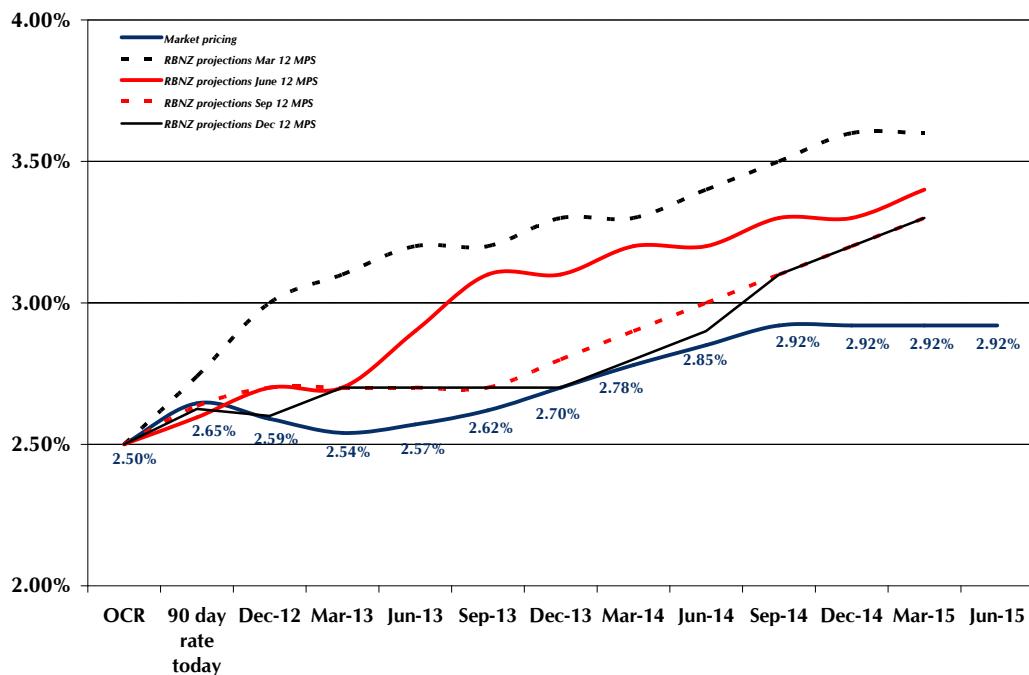
Economic data releases over the quarter pointed towards signs of sluggish economic growth in New Zealand. The unemployment rate leapt to a three year high of 7.3% in the September quarter, compared to expectations of it remaining unchanged at 6.8%. Some politicians and economists expressed doubts about the validity of the data, however those involved in the manufacturing and retail sectors could provide plenty of anecdotal evidence to support the deterioration in the labour market. Retail sales too were hit hard in the September quarter, falling 0.4% against expectations of a 0.4% increase. GDP rose by 0.2% over the September quarter and was 2.0% higher in the September quarter compared with the September 2011 quarter. The figure was below market expectations but was in line with RBNZ projections.

At his first *Monetary Policy Statement* ("MPS"), newly appointed Reserve Bank of New Zealand ("RBNZ") Governor Graeme Wheeler presented a balanced economic outlook for the New Zealand economy, consequently more upbeat than the easing bias that had been projected by financial markets. The RBNZ sees inflation tracking towards the middle of its 1.00%-3.00% range, a mid-point that has now been clearly defined as the target. Economic growth is expected to accelerate gradually to around 3.00% over 2013, with the Christchurch rebuild (now estimated at NZD30 billion) offsetting government fiscal consolidation and the effects of the strong NZD.

Markets reacted to the MPS by scaling back the implied easing bias, with only a 50% probability of an Official Cash Rate ("OCR") cut now being priced in through 2013. The chart on the following page below shows the RBNZ's projections for the 90 day bank bill rate from the last four MPSs and the 90 day bank bill futures pricing as at 31 December 2012.



## 90 day bank bill futures



### LOCAL AUTHORITY SECTOR

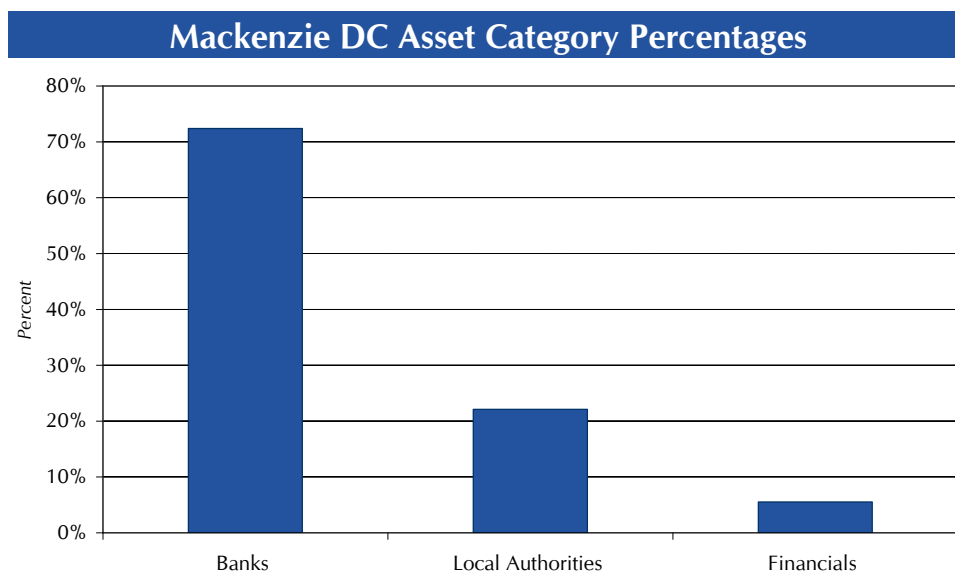
The Local Government Funding Agency (“LGFA”) held its ninth tender in December with \$30.0 million of December 2017 bonds issued at a weighted average of 3.59% and \$45.0 million of March 2019 bonds issued at a weighted average rate of 3.95%. With add-on costs of 30 basis points associated with the LGFA’s operating margin and the credit spread of 20 basis points for unrated local authorities the ‘all up’ rate for unrated borrowers equated to 4.09% for the December 2017 maturity or 0.96% over swap and 4.45% for the March 2019 maturity or 1.13% over swap. Bidding interest was again strong with a total of \$327.0 million of bids received for the \$75.0 million of bonds on offer which equates to a bid to cover ratio of 4.4.

While there has been investor demand there has been little in the way of standalone bond issuance by local authorities over the past month, with the borrowers preferring to fund via the LGFA. There have been rumours of a couple of private placements but no details of these have been made public. On the banking front, there is still an appetite to fund shorter term tenors with the banks having lowered the margins in an effort to win back business they have lost to the capital markets.

### POLICY ADHERENCE

- As at 31 December 2012, MDC was compliant with the investment parameters contained in its Treasury Policy.
- The duration of the LTFP at 2.64 years is within the 25% allowable fluctuation band of the benchmark portfolio’s duration of 2.15 years.

- As far as liquidity is concerned, all of the bonds in the portfolio have been traded regularly on the secondary market during the December quarter. We are confident that the portfolio would be able to be sold at short notice if required.
- As at 31 December 2012, the asset category percentages complied with the Treasury Policy. These are as listed and are graphically illustrated on the following page.
  - Banks 72.39%
  - Local Authorities 22.09%
  - Financials 5.52%



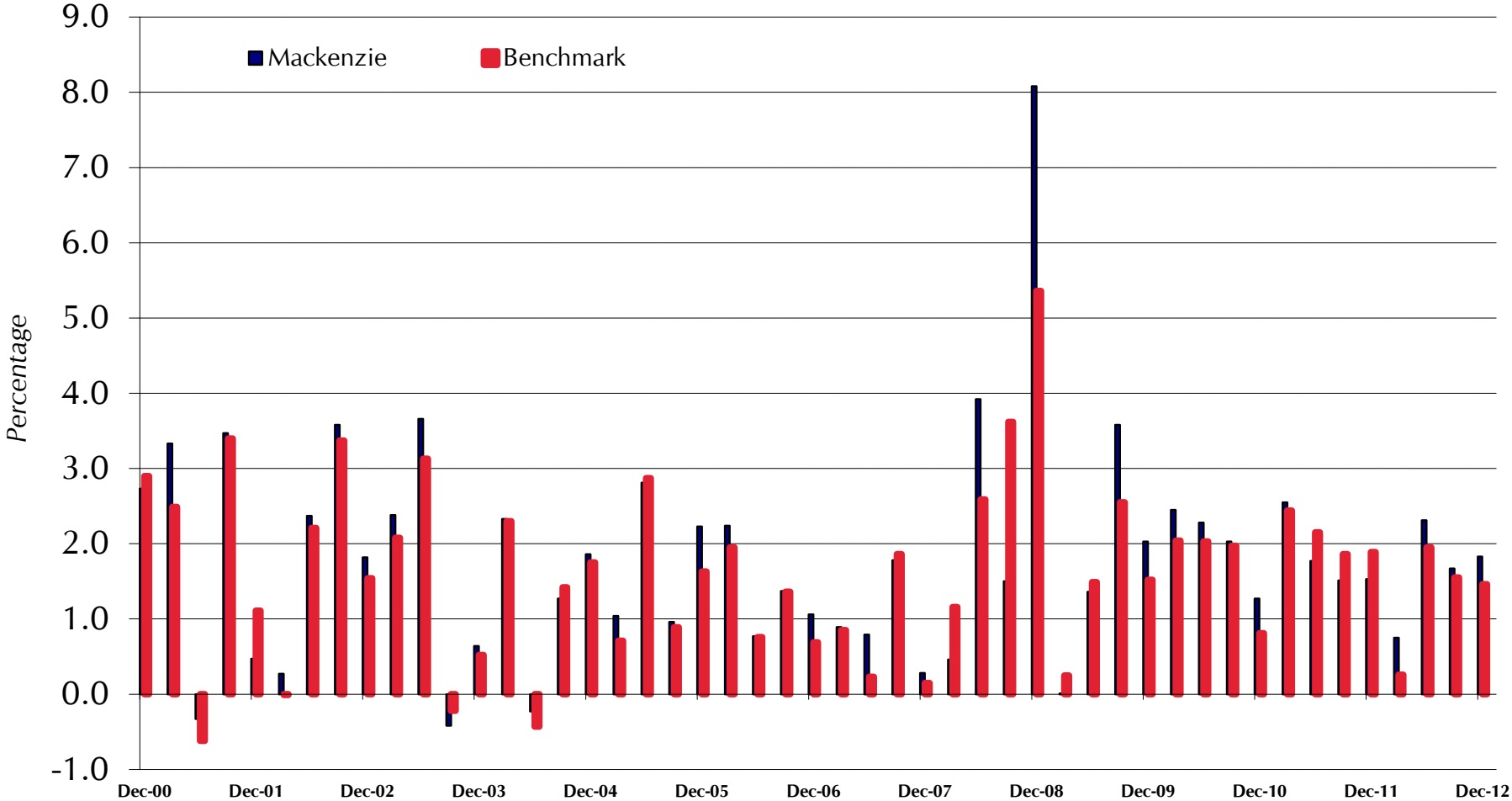


<b>Benchmark</b>											
<b>Security</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Coupon</b>	<b>30-Sep-12</b>		<b>31-Dec-12</b>			<b>Yield</b>	<b>Value</b>	
				<b>Nominal</b>	<b>Yield</b>	<b>Nominal</b>	<b>Coupons</b>	<b>Yield</b>		<b>Value</b>	<b>Effective cash</b>
				<b>\$</b>		<b>\$</b>	<b>\$</b>	01/10 to 31/12		<b>\$</b>	31/12/2012
								<b>\$</b>			<b>\$</b>
3 month Bank Bill	31-Dec-12	31-Mar-13		1,000,000	2.64	993,465	1,000,000		2.68	993,439	993,439
Westpac	16-Sep-02	28-Nov-13	7.04	1,000,000	3.53	1,063,409	1,000,000	\$35,200	2.86	1,043,618	1,078,818
Auckland Council	20-Apr-04	24-Mar-14	6.42	1,000,000	3.38	1,044,681	1,000,000		3.33	1,054,232	1,054,232
Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	3.65	1,078,504	1,000,000	\$34,300	3.56	1,055,025	1,089,325
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	4.07	1,144,359	1,000,000	\$43,350	3.76	1,120,031	1,163,381
ASB	20-Oct-10	20-Oct-15	6.10	1,000,000	4.22	1,080,490	1,000,000	\$30,500	3.97	1,067,957	1,098,457
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	4.12	1,112,176	1,000,000	\$34,350	4.06	1,091,309	1,125,659
NZ Post	15-Nov-11	15-Nov-16	5.22	1,000,000	4.57	1,043,706	1,000,000	\$26,100	4.38	1,036,206	1,062,306
ANZ/National Bank	16-Feb-11	16-Feb-18	6.85	1,000,000	5.00	1,094,597	1,000,000		4.52	1,131,013	1,131,013
				<u>\$9,000,000</u>		<u>\$9,655,388</u>	<u>\$9,000,000</u>	<u>\$203,800</u>		<u>\$9,592,831</u>	<u>\$9,796,631</u>
Value as at 30/09/2012						\$9,655,388				31/12/2012	9,592,831
										Coupons	203,800
										Net Purchases/Sales	Nil
											9,796,631
										Effective change in cash	\$141,243
										% change	1.46%
										Duration-years	2.15

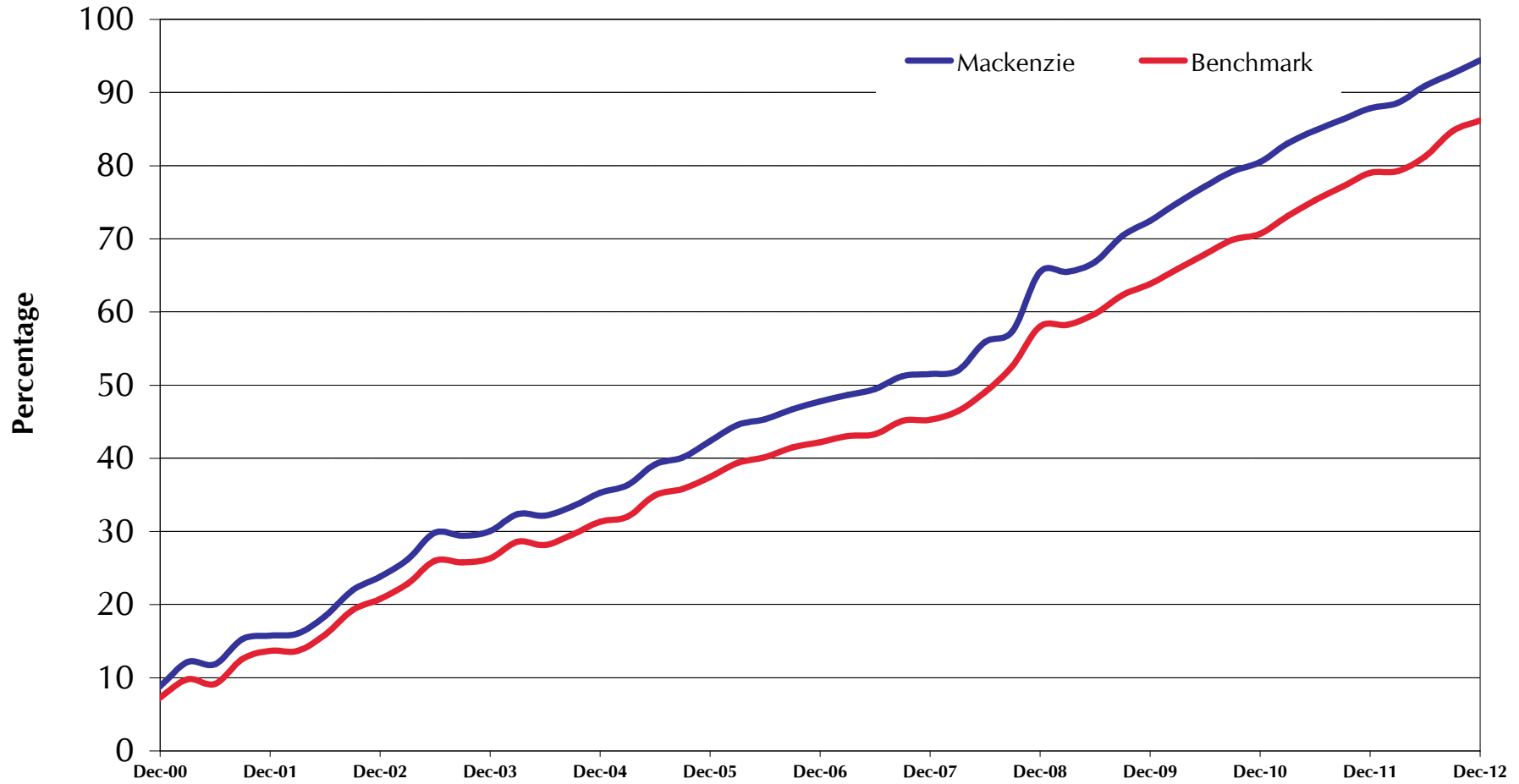
Mackenzie District Council

Security	Issue Date	Maturity Date	Coupon	30-Sep-12	Yield	Value	31-Dec-12	Coupons	Yield	Value	Effective Cash
				Nominal			Nominal				
ASB BANK sub	15-Nov-07	15-Nov-12	8.77	500,000	4.65	518,935		21,925	4.65		
ANZ NATIONAL	18-Apr-08	18-Apr-13	9.66	500,000	18.31	500,012	500,000	24,150	22.00	492,675	516,825
BNZ	27-May-08	27-May-13	8.56	500,000	3.00	532,589	500,000	21,400	3.34	514,434	535,834
ASB	16-Jul-08	16-Jul-13	8.52	500,000	3.48	528,308	500,000		3.30	533,379	568,473
MERRILL LYNCH	4-Sep-05	4-Sep-13	7.16	250,000	4.94	256,248	250,000		4.30	260,514	260,514
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	3.77	241,950	250,000	2,231	3.70	244,597	246,828
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	3.49	528,988	500,000		3.45	534,005	534,005
BNZ	27-May-08	27-May-15	8.67	500,000	4.07	572,180	500,000	21,675	3.76	560,016	581,691
AUCKLAND COUNCIL	27-Sep-10	27-Sep-17	6.52	500,000	4.13	553,676	500,000		4.06	561,043	561,043
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08	500,000	5.19	523,433	500,000		4.63	544,583	544,583
BNZ	<b>20-Dec-11</b>	<b>20-Dec-18</b>	<b>6.10</b>	<b>527,000</b>	<b>5.13</b>	<b>562,844</b>	<b>527,000</b>	<b>16,073</b>	<b>4.77</b>	<b>564,003</b>	<b>580,076</b>
				\$5,027,000		\$5,319,163	\$4,527,000	\$107,454		\$4,809,248	\$4,929,871
Value 30/09/2012						<u>\$5,319,163</u>	Value 31/12/2012				4,809,248
							Coupons				107,454
							Net purchases/sales/maturities				500,000
											<u>5,416,702</u>
							Effective change in cash				\$97,539
							% change				1.83%
							Duration-Years				2.64

# Mackenzie DC vs Benchmark - Quarterly



# Mackenzie DC vs Benchmark - Cumulative



## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE  
**SUBJECT:** VEHICLE REPLACEMENT 2012/13  
**DATE:** 5 FEBRUARY 2013  
**REF:** PAD 9/1

### **REASON FOR REPORT**

To confirm approval to replace the Asset Managers vehicle now that it has exceeded 180,000km as per Council policy.

### **RECOMMENDATIONS:**

1. That the report be received.
2. The Asset Manager's vehicle be replaced.

**BERNIE HAAR**  
**FLEET MANAGER**

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

## BACKGROUND

As part of the 2012/13 budget process, analysis off vehicle fleet use predicted that three vehicles would exceed the distance element as specified in the vehicle policy for replacement. Council subsequently approved a budget of \$108,000 for the 2012/13 financial year for those replacements.

Vehicle	Month when Replacement Programmed
Asset Manager's vehicle	February 2013
Building Inspector's vehicle	Replaced
Roothing Pool Car	Replaced

Of the original budget \$48,778 has been spent leaving a balance of \$59,222.

Also in September an un-budgeted vehicle was purchased for the new Chief Executive Officer at a cost of \$43,990.

## POLICY

The relevant sections of the Vehicle Policy are:

- Replacement of all Council vehicles is six years and/or 180,000kms.
- Planned purchases of vehicles will require to be reported to Council for approval before purchases are made.

## VEHICLE CONDITION

The Asset Manager's vehicle has now exceeded the 180,000km (184,000km) and in line with the policy is due for replacement and has been budgeted for in 2012/13.

## CONCLUSION

This vehicle, along with two others were predicted to exceed the 180,000 km in 2012/13 and sufficient funds were allowed in this year's budget. Two of the three have already been replaced and the third one should also be replaced now.

In line with Council policy, I recommend that the Asset Managers vehicle be replaced.

# MACKENZIE DISTRICT COUNCIL

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** SPONSORSHIP REQUEST – NEW ZEALAND ROWING CHAMPIONSHIP 2013

**MEETING DATE:** 5 FEBRUARY 2013

**REF:** FIN 9/6

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED BY:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

Attached is a request to the Council from the South Island Rowing Association to be a sponsor at the 2013 NZ Rowing Championship to be held at Lake Ruataniwha, Twizel, from 19 February to 24 February 2013. The Council has not previously been a sponsor for this event. The cost per race is \$200.00 plus GST.

Last year the Council and the Twizel Community Board shared the cost of \$690 plus GST for the sponsorship of a finals race at the New Zealand Maadi Cup Event.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That the Committee considers the request for it to be a sponsor at the 2013 New Zealand Rowing Championship.

**PAUL MORRIS**  
**MANAGER FINANCE AND ADMINISTRATION**

**WAYNE BARNETT**  
**CHIEF EXECUTIVE OFFICER**

Dear Mackenzie District Council

### **SPONSORSHIP REQUEST – NEW ZEALAND ROWING CHAMPIONSHIP 2013**

From the week starting 19 February – 24 February 2013, South Island Rowing Association will be hosting the New Zealand Rowing Championship based at Lake Ruataniwha – Twizel.

Crews from all over New Zealand will embark on Twizel and surrounding communities to compete at this year's championships. It is expected around 700 crews (1000 plus rowers) this includes New Zealand's Olympic rowers and up and coming national representatives.

South Island Rowing would like to ask if you would consider being a sponsor at this year's championship. We are looking for race sponsors, there are no limits to how many races you would like to sponsor.

The cost per race is \$200.00 plus GST per race. In return for the funding, you will have your company advertised in the events book, your will also have your company's name on display in front of the winning crews at the presentation and we would also like to invite you to the sponsors function which will be held during that week.

It is expected between 6000 – 8000 spectators will be on the banks of Lake Ruataniwha - Twizel on the finals days, to watch the crews compete, this is also broadcast on Sky Television and via local radio.

All sponsorship money goes towards running of the regatta and the upkeep of the course. This event is totally run by volunteers who give many hours to the sport of rowing.

If you would like to be a sponsor at this year's event, please contact Catherine Wilson via email at [sir.caretaker@sir.org.nz](mailto:sir.caretaker@sir.org.nz) or phone 0211721588. If you could also include a JPG logo of your company via email no later than the 31 January 2013, we would like to get this to the printers as soon as possible.

Kind regards

Catherine Wilson  
Sponsorship Manager  
South Island Rowing Association



# MACKENZIE DISTRICT COUNCIL

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** PHOTOGRAPHIC CONVENTION - REQUEST FOR SPONSORSHIP

**MEETING DATE:** 5 FEBRUARY 2012

**REF:** FIN 9/6

**FROM:** THE MAYOR

## **PURPOSE OF REPORT:**

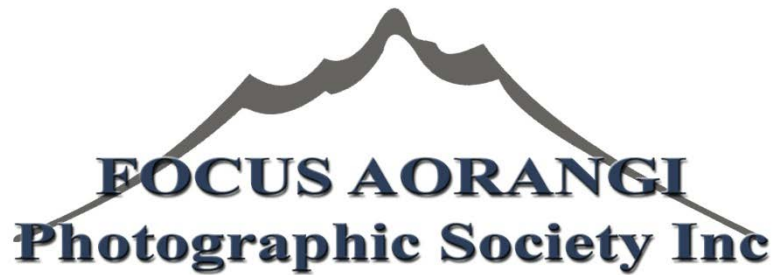
Attached is a request from the Convention Committee for sponsorship of the South Island Regional Photographic Convention to be held in the Lake Tekapo Community Hall from 3 to 5 October 2013. The request is specifically for the use of the facility free of charge.

The Committee has asked for an early reply to enable them to finalise and present the budget to the national body, The Photographic Society of New Zealand.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That the Council recommends that the Tekapo Community Board budgets for a grant to the South Island Regional Photographic Convention Committee to cover the cost of the hire of the Lake Tekapo Community Hall for the Convention to be at Lake Tekapo from 3 to 5 October 2013.

**CLAIRE BARLOW**  
**MAYOR**



**FOCUS AORANGI**  
**Photographic Society Inc**

23<sup>rd</sup> January 2013

South Island Regional Photographic Convention  
Norma Bartrum  
20 Shere Street  
Pleasant Point

The Mayor  
McKenzie District Council  
Mt Cook Rd  
Fairlie

Dear Clare

Re: Photographic Convention

Further to the discussion I had with you at the end of last year, we are now writing formally to the Council with our request for sponsorship.

On an earlier visit to Tekapo, we spoke with Peter Maxwell and Murray Cox about the convention we are running in Tekapo from the 3<sup>rd</sup> to the 5<sup>th</sup> October 2013.

We plan to base the convention at the Tekapo Hall facility which we have been assured by your office that it will be refurbished in time.

As we see it this Convention will have an ongoing beneficial effect for the life of Tekapo. We are hoping to have upwards of a hundred conventioners in attendance from both the South and North Islands and even some from overseas. Amongst those attending will be both professional and amateur photographers. Whilst there, many thousands of images will be taken of Tekapo and the surrounding areas will be taken. These will be put on show on websites, entered in photographic competitions both here in New Zealand and overseas.

To help to make this convention a success we anticipate having a top line landscape photographer in attendance as our keynote speaker.

To do this comes at great cost and yet we have to keep our registration fee at a level that will entice photographers from all walks of life.

How do we see you helping us run this event? When we ran a similar event in Timaru 5 years ago, the Timaru District Council granted the use of the Caroline Bay Hall free of charge. Is there any way your council could see their way clear to do likewise.

As we have to finalise our budget to present to our national body, The Photographic Society of New Zealand, very soon, we would appreciate an early reply.

Thank you for considering our request.

Yours faithfully

Norma Bartrum  
Convenor  
Lorraine Gibb  
Secretary  
Convention Committee