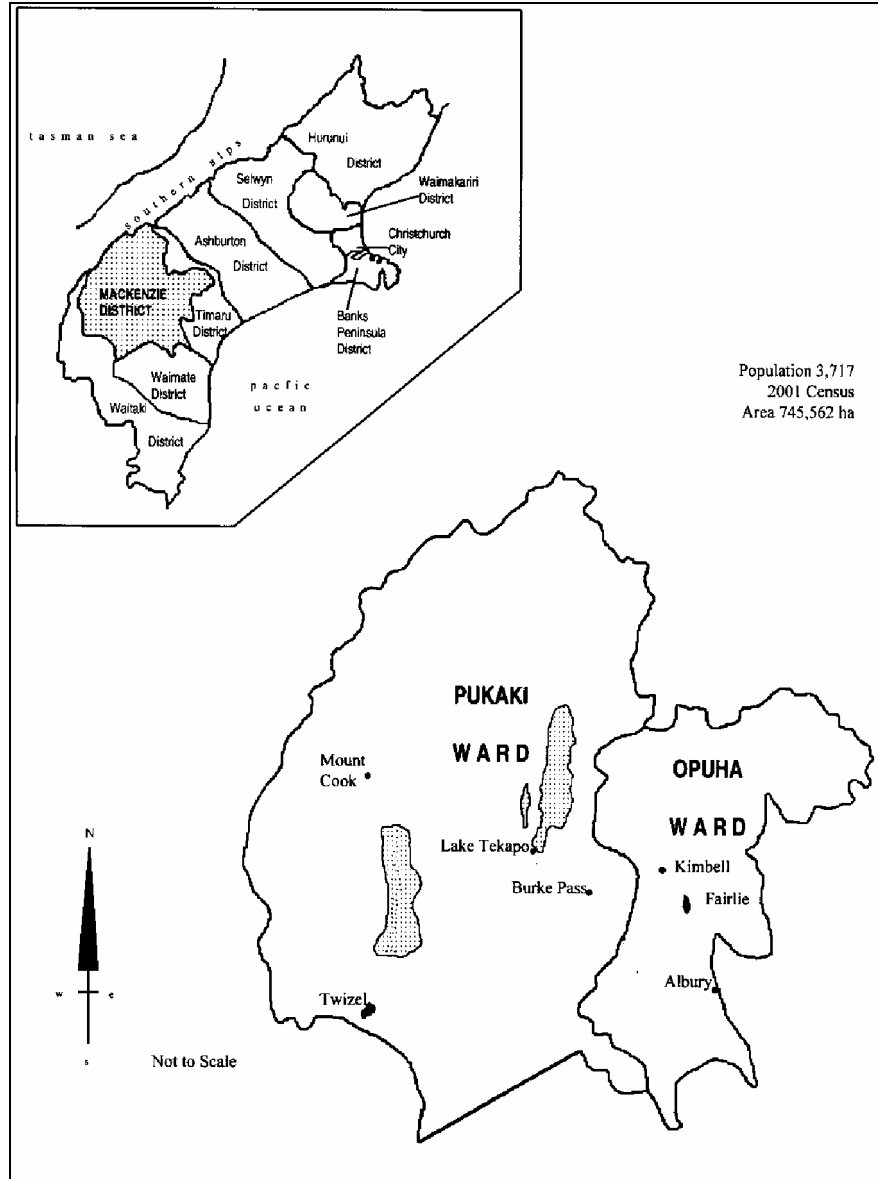


MACKENZIE DISTRICT COUNCIL



30 JUNE 2005
ANNUAL REPORT





Mackenzie District Council Annual Report 30 June 2005

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Introducing Your Mayor and Councillors

MAYOR: JOHN O'NEILL Ph: (03) 685 5864



COUNCILLORS

PUKAKI WARD

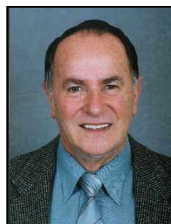
OPUHA WARD



Deputy Mayor:
SIMON MCDERMOTT
Ph (03) 435 1809



DAVE PULLEN
Ph (03) 435 0386



BARRY STRINGER
Ph (03) 680 6789



JOHN GALLAGHER
Ph (03) 685 8941



EVAN WILLIAMS
Ph (03) 685 8265



GRAEME PAGE
Ph (03) 685 8174



Chief Directory of the Executive as at 30 June 2005

Chief Executive Officer	Glen Innes	(03) 685 9013 glen@mackenzie.govt.nz	
Managers			
= Finance & Administration	Jason Beck	(03) 685 9015 jason@mackenzie.govt.nz	
= Asset Management	Bernie Haar	(03) 685 9014 bernie@mackenzie.govt.nz	
= Community Facilities	Garth Nixon	(03) 685 8514 garth@mackenzie.govt.nz	
= Planning & Regulations	Martin King	(03) 685 9019 martin@mackenzie.govt.nz	
Auditors	Audit New Zealand on behalf of The Controller and Auditor-General CHRISTCHURCH		
Solicitors	Anthony Harper Barristers & Solicitors 47 Cathedral Square CHRISTCHURCH		
Planners	Davie, Lovell-Smith Limited P O Box 679 CHRISTCHURCH		
Bankers	Westpac Banking Corporation Cnr. Stafford and Church Streets TIMARU		
Postal Address	Mackenzie District Council P O Box 52 FAIRLIE 8771	Location	Head Office Main Street FAIRLIE
	Twizel Service Centre Market Place TWIZEL		



Introduction

Statement from the Mayor and CEO

Introduction

This was another busy year for the Mackenzie District Council, in which good progress was made with a number of issues. However, not all of the major projects proceeded as quickly as hoped, and some capital work was deferred until 2005/06. Similarly sales from the disposal of surplus properties were slower than anticipated.

In financial terms the council recorded an operating surplus of \$378,000 (\$326,000 for the Group) and its equity at the end of the year was \$104 million. Council's introduction of financial contributions for development bore fruit during the year, as did the revised internal lending regime.

Community Facilities

During the year, the Council negotiated with Land Information New Zealand and the Department of Conservation the vesting of a significant area of land around Lake Ruataniwha as a local reserve.

The display of earthmoving machinery used from the dam construction days was shifted to a more prominent position at the entrance to the Twizel Township.

A wide-ranging review of fees and charges for the use of community facilities was undertaken after a gap of some years. Fees for swimming pools, halls, burials and pensioner housing rentals were all adjusted. Interest was shown by a local group in the development of a cemetery in Tekapo and investigations and discussions on this were advanced during the year.

Concern was expressed about the dated nature of the pensioner units in Mt Cook Rd, Fairlie, and investigation into their upgrading was commenced.

Plans for the upgrading of Tekapo and Twizel town centres were included in earlier planning studies, but limited progress was made in implementing these, largely due to greater time needed to resolve land issues. However, some preliminary work was completed on options for the refurbishment of the Twizel town centre.

Essential Services

Water, wastewater and stormwater - A key project advanced this year was the upgrading of the Tekapo Sewerage scheme. A contract of \$1.8m was let during the year to complete the work, allowing for additional capacity in the pipework and pumping station to accommodate growth of the township.

As much of the capacity of water and sewerage schemes in Tekapo and Twizel is needed to meet peak demand from tourists and other visitors, Council lodged applications for funding assistance from the recently developed Tourism Demand Subsidy Scheme. While its applications survived initial screening, their fate was unknown as at October 2005.

Work on the Allandale Rural Water supply reticulation was deferred until 2005/06. A rural extension of the Fairlie Water Supply at Nixons Road was approved with the aid of financial contributions from the benefiting land owners.

Council took a keen interest in developments on the utilisation of water in the Waitaki River. It met with the Waitaki Water Allocation Board and made submissions to the draft allocation plan. It also followed court action initiated by the Aoraki Water Trust to ascertain the nature of existing rights to water stored in the hydro lakes. More recently, it was involved in investigations of other irrigation proposals for the South Canterbury area.

Roading - During the year the Council continued its programme of seal extension works where matching subsidy was obtained. Five seal extensions totaling 13.07 km were completed at a cost of \$737,000. Since 2001, the Council has undertaken 40.6 km of seal extension work. The Council had planned to do even more of this work, but a hoped for relaxation of the subsidy criteria did not come to pass. In addition, some \$100,000 of minor safety works was completed.

Solid Waste - The Council has continued to achieve good results with its solid waste policies, this year successfully diverting more than 75% of the district's waste away from the landfill in Timaru.

Environmental services

Planning

Several changes to the Council's operative District Plan were progressed during the year. These were either designed to ensure a fair contribution from developers to the costs of development, or to implement changes arising from the planning exercises undertaken in Tekapo and Twizel in 2004.

New rules were set for the levying of reserve contributions on residential subdivision and early consultation was held with developers on refining the contributions required for services such as water, wastewater and stormwater.

The Tekapo shared vision document triggered a further five plan changes affecting the zoning in the township. By the end of the year these changes had been notified for public consultation, but formal hearings did not take place until the new financial year.



The Council also formally endorsed the Twizel development plan, which will require a number of plan changes to implement its recommendations.

Other Regulatory Matters.

Council was closely involved in the progress of remediation work proposed for the Opuha Dam, working with the Canterbury Regional Council on consents for the work.

Fees were revised during the year to ensure a sufficient proportion of user charges were recovered from a range of regulatory activities. New policies were prepared for dog control and for gambling venues. Consultation was begun on a liquor ban bylaw for the town centre in Twizel and measures to control Freedom Camping in the District were examined.

New legislation covering building control presents challenges to all local authorities. The Council endorsed moves to investigate the sharing of services with other authorities to gain accreditation as a Building Consent Authority under the Building Act 2002.

Commercial activities

Forestry - In a change to its funding arrangements, the Council resumed ownership of all land previously controlled by the Forestry Board and compensated the Board for its earlier land related costs. It is now renting its land back to the Board at a rent of 4% of the land value of each block. Log prices were depressed so harvesting was deferred. In addition, a planted block was deemed to be surplus to requirements and is to be disposed of.

Real Estate - Arrangements were finalised on the sale of a block of surplus land at Maryburn and good progress was made in other land negotiations at Tekapo. Changes to the District Plan were required to be finalised before some of these latter negotiations could be completed.

Pukaki Airfield - The management of this Council asset moved on with the creation of Mackenzie Holdings Limited as a Council owned company charged with its operation and development. A constitution was created and a Statement of Intent approved. Arrangements were put in hand to capitalise the company through the transfer of land in a staged way to reduce liabilities for taxation. Interim financing was arranged until the transfer could be affected.

Democracy and Corporate Services.

A number of changes were made post election to the structure of Council operations. With only seven members on Council, it was agreed to only retain the Tourism and Forestry Boards as Standing Committees of Council and to allocate portfolio responsibilities to elected members in place of the former Finance, Planning and Operations committees.

A new remuneration regime was introduced for elected members together with rules for the reimbursement of expenses. The delegations register was updated and staff warrants issued.

A statement endorsing the respective roles of Council and Community Boards was endorsed by both the outgoing and incoming bodies.

The Council offices were refurbished early in the year, resulting in an improved reception area and the creation of a private interview room.

Elected Members

A number of members either did not seek re-election or were unsuccessful in obtaining another term on council or community board.

They included former Mayor Stan Scorrige, and Councillors Francie Edge, John Miller, Ron Walter, Bronwen Murray and Frank Hocken. Councillors Graeme Page and Evan Williams were elected to the Opuha Ward on the Council in October 2004.

Elected Community Board members who ended their service at that time included Graham Hughes, Heather Tindall and Malcolm Dodds (Twizel); Bruce Scott, Carolyn Murray, Walter Speck and Anthony Bailey (Tekapo); and Barry Brien and Debbie Jensen (Fairlie). Thanks are due to these people for their service to the District.

Staffing

During the year, two new staff members joined the Mackenzie District Council team. They were John McGartland, who replaced Geoff Hemm as Solid Waste Manager in November, and Sarah Bevin who was appointed as Planning Officer in December. The former Planning Officer, Hayley Shearer was promoted to the newly-created position of Senior Planner in November. Bobby Hughes resigned as Twizel Resource Recovery Park Supervisor in June.



Glen Innes
Chief Executive
30 June 2005



John O'Neill
Mayor



Statement of Compliance and Responsibility

Compliance

1. The Council and management of Mackenzie District Council confirm that, in accordance with Section 92 of the Local Government Act 2002, all the statutory requirements in relation to the annual report have been complied with.

Responsibility


2. The Council and management of Mackenzie District Council accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.
3. 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.
4. In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2005 fairly reflect the financial position and operations of the Mackenzie District Council.



Glen Innes
Chief Executive



John O'Neill
Mayor



Jason Beck
Manager – Finance & Administration

Audit Report



Audit New Zealand

AUDIT REPORT
TO THE READERS OF
MACKENZIE DISTRICT COUNCIL AND GROUP'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of Mackenzie District Council (the Council) and group. The Auditor-General has appointed me, Tony Uttley, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the requirements of Schedule 10 of the Local

Government Act 2002 that apply to the annual report of the Council and group for the year ended 30 June 2005, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the Council and group on pages 95 to 119:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the Council and group's financial position as at 30 June 2005; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the Council and group on pages 13 to 90 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements"), including the provisions of Clause 15(f) of Schedule 10 relating to the significant acquisitions or replacements of assets

The audit was completed on 25 October 2005, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our opinion above



Audit Report

Responsibilities of the Council and the Auditor

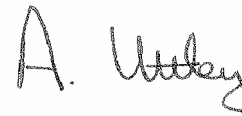
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Council and group as at 30 June 2005. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

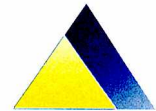
Independence

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

Other than the audit, we have no relationship with or interests in the Council or any of its subsidiaries.



Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



Mackenzie Today

Background

Maori 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 3,717 on census night in 2001. Only Kaikoura District and the Chatham Islands have smaller residential populations. In the five years between 1996 and 2001, the population declined by 360 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 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. Further opportunities exist to tap this water resource both for hydro electricity generation and irrigation.

Demographics

The 2001 Census showed Mackenzie District having slightly lower proportions of its population under the age of 15 and over the age of 65.

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 94.9% of the people in the district having European ethnic origin compared with 80.1% for all of New Zealand.

The median income of people in the Mackenzie is \$16,400, \$2,100 lower than the national figure.

In terms of employment, Mackenzie's unemployment rate in the 2001 Census was 3.0% compared with 7.5% for all of New Zealand. The most popular occupational group was Agricultural and Fishery workers at 29.3%. Overall the most popular occupational groups in the country was Service and Sales workers at 14.8%.

There were 948 families in the District at the last Census. There were a greater proportion of families with no children and a lesser proportion of single parent families compared with the national statistics.

There were 1392 households in the Mackenzie in 2001 with an average household size smaller than the national norm (2.4 people compared with 2.7 for all of New Zealand).

Weekly rentals were considerably lower in the district (\$81/week compared with \$176/wk for New Zealand as a whole). 70.4% of dwellings in Mackenzie were owned with or without a mortgage which is slightly higher than the New Zealand figure of 68.8%.

Average household spending was significantly lower (\$38,131 compared with \$43,682 nationally).

At the Census, there were 337 businesses located within the district.



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:

1. A safe and healthy community,
2. A supportive community,
3. A participative, well informed and culturally aware community,
4. A thriving economy,
5. An attractive and highly valued natural environment, and
6. Affordable access to goods and services

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 whenever 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 and safety of the urban community will be enhanced through upgraded sewerage and water treatment systems. Much has already been achieved but higher standards are likely to be 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 recent planning exercises in 2004 in two of 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 does 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 farm 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 recent 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 Explained

A Definition of Community Outcomes

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. In short, Mackenzie's Community Outcomes describe the type of District in which its people wish to live, work and play.

Helping achieve the Mackenzie Community Outcomes is of course not the sole responsibility of Council. Many individuals and groups will work towards achieving these outcomes. Council is keen to develop partnerships with such people where that will help advance these community goals.

The best way to determine what the people want is to ask them directly and Council will develop a more extensive process for doing that in preparing its 2006 plan.

However, feedback was sought from the community in preparing the Council's Strategic Plan in 1996. The expectations established then have been used to develop an interim set of Community Outcomes.

Interim Community Outcomes for the Mackenzie

Our six Community Outcomes are:

1. A safe and healthy community,
2. A supportive community,
3. A participative, well informed and culturally aware community,
4. A thriving economy,
5. An attractive and highly valued natural environment, and
6. Affordable access to goods and services

The Council needs to think about how each of its activities contributes to the achievement of these outcomes.

Community Outcomes Identified in 1996

The Community Outcomes identified in the 1996 Strategic Plan were as follows:

Environmental Management

Goal: To manage and enhance the natural and man-made environments in a sustainable way through:

- ✓ Maintaining and improving water and air quality. Using land sustainably.
- ✓ Maintaining or enhancing the biodiversity of the district.
- ✓ Eradicating or controlling identified plants and animal pests.
- ✓ Respecting cultural and heritage values and protecting identified sites.
- ✓ Recognising Takata Whenua values.
- ✓ Mitigating or controlling identified hazards.
- ✓ Providing for well planned development, which balances the environmental, social and economic aspirations of the community.
- ✓ Protecting, maintaining and improving the physical infrastructure, for the benefit of the District.

Essential Services

Goal: To ensure the effective provision of essential services through:

- ✓ Providing a safe and well-maintained roading network with a progressive improvement programme.
- ✓ Ensuring water supplies meet the communities' requirements with regard to both quality and quantity.
- ✓ Maintaining effective sewage collection and treatment systems.
- ✓ Disposing of solid and hazardous waste in an effective manner.
- ✓ Reducing the volume of waste disposed of at landfill to zero by June 2014.
- ✓ Having adequate stormwater systems in place to prevent surface flooding in communities.
- ✓ Providing affordable, attractive cemeteries for the District.



Community Outcomes cont...

Social and Community Services

Goal: To facilitate the provision of services to meet social, cultural, sporting and recreational needs in order to create:

- ✓ A strong community spirit.
- ✓ A safe community.
- ✓ A healthy community.
- ✓ A well-educated community
- ✓ An employed community.
- ✓ A mentally and spiritually well community.
- ✓ A culturally aware community.

Tourism and Economic Development

Goal: To promote sustainable development for tourism and business in the Mackenzie area to achieve:

- ✓ Recognition of the District as a leading tourist destination.
- ✓ A prosperous community.
- ✓ A broad economic base.
- ✓ Employment for our people.
- ✓ Development that does not compromise the values for present and future generations.

Democracy

Goal: To encourage community participation in local government to foster:

- ✓ Informed communities.
- ✓ Community participation.
- ✓ Good decision making.
- ✓ Depth in community leadership skills.
- ✓ An equitable rating and funding system.

Commercial Activities

Goal: To manage our commercial investments wisely to ensure:

- ✓ The best possible economic return is obtained.
- ✓ All investments contribute positively to the Mackenzie District.
- ✓ A balanced investment portfolio is maintained.

Group Activities in Detail

Overview

Summary of Group Activities

Community Facilities

- *Cemeteries*
- *Community Facilities and Halls*
- *Libraries*
- *Passive Reserves, Walkways, Recreation Areas, Sports Grounds & Township Maintenance*
- *Pensioner Housing*
- *Swimming Pools*
- *Community Services*
- *Public Conveniences*

Essential Services

- *Water Services*
- *Wastewater*
- *Stormwater*
- *Solid Waste Management*
- *Roading*
- *Roading Professional Services Business Unit*

Environmental Services

- *Planning Services*

- *Building Control*
- *Animal Control*
- *Civil Defence*
- *Rural Fire Protection*
- *Liquor Licensing*
- *Environmental Health Services*

Tourism & Economic Development

- *Tourism & Economic Development Board*
- *Information Centre (Lake Pukaki)*

Commercial Activities

- *Property Management – Real Estate & Commercial Properties*
- *Forestry*
- *Real Estate*
- *Rental Properties*
- *Pukaki Airfield*
- *Investments*

Democracy & Corporate Services

- *District Council*
- *Community Boards*
- *Elections*
- *Corporate Services*



Group Activities

Overview of Group Activities

This section of the plan contains details relating to the Council's main areas of activity. Some of these are core responsibilities under legislation; others are responsibilities arising from the direction in which the District has chosen to move.

Similar output areas have been grouped under a 'Significant Activity'. Each significant activity may not necessarily be financially significant in terms of its overall expenditure but it recognises the importance of the activity to the residents and ratepayers of Mackenzie. The significant activities have been grouped as follows:

Group Activity	Significant Activities
Community Facilities	Cemeteries Community Facilities and Halls Libraries Passive Reserves, Walkways, Recreation Areas, Sports Grounds & Township Maintenance Pensioner Housing Swimming Pools Community Services Public Conveniences
Essential Services	Water Services Wastewater Stormwater Solid Waste Management Roading Roading Professional Services Business Unit

Group Activity	Significant Activities
Environmental Services	Planning Services Building Control Animal Control Civil Defence Rural Fire Protection Liquor Licensing Environmental Health Services
Tourism & Economic Development	Tourism & Economic Development Board Information Centre (Lake Pukaki)
Commercial Activities	Property Management – Real Estate & Commercial Properties Forestry Real Estate Rental Properties Pukaki Airfield Investments
Democracy & Corporate Services	District Council Community Boards Elections Corporate Services



Overview of Group Activities cont...

Each significant activity involves the day-to-day operational aspects of providing the service. These aspects are briefly described as the function of each activity. Key sub-activities are also noted individually.

For each service area, objectives and performance measures have been set in addition to financial information relevant to the service. The objectives and performance measures have been written so that the Council's performance in each of the activity areas can be judged. Where appropriate, Council ensures work is performed to recognised standards such as those established by Land Transport New Zealand for roading activities.

In other activities such as policy, planning and inspection services, Council ensures a quality service is provided by using suitably trained, qualified and supervised staff.

Summary of Funding of Group Activities (\$000) 2004/2005

Group Activities	Operating Costs	Funded by: General Rate	Funded by: Targeted Rate	Other Revenue	Total	Surplus/ (Deficit)
Community Facilities	1,429	363	740	183	1,286	(143)
Essential Services	4,192	297	1,799	2,537	4,633	441
Environmental Services	730	361	93	620	1,074	344
Tourism & Economic Development	202	119	0	125	244	42
Democracy & Corporate Services	1,735	618	75	1,009	1,702	(33)
Commercial Activities	422	(19)	(877)	1,045	149	(273)
Total	8,710	1,739	1,830	5,519	9,088	378

GROUP ACTIVITIES - Community Facilities

Community Facilities (Summary)

Community Facilities contribute to the following outcomes:

- A safe and healthy community
- A supportive community
- A participative, well informed and culturally aware community
- An attractive and highly valued natural environment
- Affordable access to goods and services.

The following activities contribute to the essence of the community, adding value to the District by increasing access to cultural, social and recreational pursuits as well as supporting a safe and healthy community.

Much of the day to day services provided to maintain the facilities are provided for through the Townships contract with Whitestone Ltd, which has been running since 2002. The contract encompasses township, reserves and grounds maintenance cemetery services and building inspection and maintenance. Some services such as cleaning contracts are contracted to smaller companies and a small portion of the work is held in house.

Cemeteries – The District’s cemeteries are readily accessible to all of its residents and are attractively maintained to a high standard. Interment fees, although recently increased, are kept at an affordable level. Requirements for new cemeteries and expansion of existing ones are assessed from time to time.

Community Centres and Halls – These cater for a wide range of activities, such as basketball, community meetings, plays, small bore rifle shooting, bridge, boys and girls clubs and so on. Council believes these facilities fulfil an important social role in bringing the community together.

Libraries - The libraries are run as “Community Libraries” in conjunction with the Twizel Area School and Mackenzie College. They cater for a cross section of educational and recreational reading requirements.

Parks and Reserves – Council’s role in this area is to ensure residents have reasonable access to adequate sports facilities, parks, reserves, amenity areas and walkways and to maintain these to a satisfactory standard.

Pensioner Housing – A limited number of pensioner units are held by Council. Council maintains the buildings and grounds, reviews tenancy agreements, leases vacant premises and monitors long-term requirements and maintenance programmes.

Public Toilets - Adequate public conveniences are provided for visitors and locals. These properly cleaned and maintained facilities contribute to a clean environment

Swimming Pools – The pools at Fairlie and Twizel help Council promote general fitness, well-being and community spirit. Sporting and recreational facilities play an important role in the Kiwi culture and assist in knitting communities together.

Community Services - Council supports a range of community services that would not otherwise be viable in a District of this size. It supports Medical Centres, Social and Information Centres and makes grants to various community groups.

Issues

- The Peace Avenue trees, whilst protected by the District Scheme, are somewhat neglected and require provision for maintenance and enhancement in years to come if they are to remain as part of the District’s heritage
- The facilities in all play areas are dated and do not comply with current New Zealand Standards. Significant upgrading is required if they are to be brought up to standard
- Changes in swimming pool management guidelines have imposed additional costs and will affected clubs and groups using the facilities outside of public hours have
- Recent planning exercises in the townships have highlighted the need for continued development of the District’s amenities and reflect rising expectations of both residents and visitors
- Policy development is required concerning the use of Council’s reserves and the ongoing maintenance of the assets within them.
- Capital works in the community services area have suffered somewhat from having to be funded directly from rates rather than being met from depreciation reserves. Council has previously not funded depreciation on these facilities, believing that an element of community fundraising would assist with their eventual replacement. Council is now questioning whether it should rely so heavily on such a funding source. Some partial funding of depreciation is being contemplated in a future review of this policy.
- Cost recovery rates for some services had not been reviewed for some time and were out of step with other districts. Council reviewed fees and charges for its cemeteries, pools and halls during 2004 and will continue to do so more regularly.



Community Facilities (Summary) cont...

Community Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
196	External Revenue	177	183
352	General Rates	363	363
663	Targeted Rates	740	740
1,211	TOTAL INCOME	1,280	1,286
	OPERATING EXPENDITURE		
1,043	Operating Costs	1,090	1,059
106	Support Costs	120	121
188	Depreciation	179	219
0	Debt Servicing Interest	20	30
1,337	OPERATING COST	1,409	1,429
(126)	NET SURPLUS (DEFICIT)	(129)	(143)
	CAPITAL		
21	Capital Expenditure	223	71
21	CAPITAL TO BE FUNDED	223	71
(126)	Operating Surplus / (Deficit)	(129)	(143)
147	Reserves/Reduction in Equity	352	214
21	TOTAL SOURCE OF FUNDS	223	71

Financial Commentary

Surplus/(Deficit)

The deficit for the year was \$143,000; \$14,000 greater than the budgeted deficit of \$129,000.

Revenue

Total Revenue for the year was \$1,286,000; \$6,000 greater than the budget of \$1,280,000.

The Key Variance was:

- An additional \$5,000 was received from SPARC for distribution that was not budgeted for.

Operating Expenditure

Total Operating Expenditure for the year was \$1,429,000; \$20,000 greater than the budget of \$1,409,000.

The Key Variances were:

- Operating Costs were down on budget by \$31,000 due various savings achieved during the year.
- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation.
- Debt Servicing Interest was \$10,000 greater than budgeted due to the increase in the Interest Rates during the year and the amount of debt various communities held at the start of the financial year being greater than was previously budgeted.



Community Facilities (Summary) cont...

Community Facilities Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
SIGNIFICANT PROJECTS		
Implementation of Development Plan – Twizel	35	7
Implementation of Development Plan – Lake Tekapo	35	5
Aerial Photographs	52	50
Pensioner Housing Upgrade	30	3
Playground Upgrade - Twizel	40	0
Resurfacing of Tennis Courts – Lake Tekapo	25	0
Other	6	6
TOTAL CAPITAL EXPENDITURE	223	71

Result for the 2004/2005 year

Total Capital Expenditure for the year was \$71,000; \$152,000 less than the budget of \$223,000. The Key Variances were:

- Only \$13,000 of the budget of \$70,000 for Implementation of Development Plans in Lake Tekapo and Twizel was incurred during the year.
- The Play Area Upgrade for Twizel of \$40,000 was deferred to the 2005/2006 year.
- The Resurfacing of the Tennis Courts in Lake Tekapo of \$25,000 was put on hold.
- Only \$3,000 of the budgeted \$30,000 was spent on the Upgrade of the pensioner Flats in Fairlie.

Reason for Undertaking Capital Expenditure Projects

The Council's reasoning for undertaking the Significant Capital Expenditure Projects were as follows:

- The Planning Exercises in Lake Tekapo and Twizel resulted in a number of Landscape and Recreational Facility Issues to be addressed and the Council actively budgeted funds in the 2004/2005 year for Implementation of the Development Plans, Playground Upgrade and Resurfacing of Tennis Courts.
- The existing aerial photography that the Council possessed was prepared in 1995 and with the significant growth in the District; it was resolved by Council to update the Aerial Photographs of the Urban Areas.
- It was felt by the Council that the Pensioner Flats on Mt Cook Road, Fairlie, were too small and had not kept pace with the changing demands for Pensioners, therefore an upgrade of this facility was budgeted for.

Cemeteries

What the Council does

Council currently operates four cemeteries located at Albury, Fairlie, Burkes Pass, and Twizel. Cemetery management and maintenance includes keeping the cemeteries in a tidy and presentable manner, as well as managing burials. Maintenance and Sexton's duties are incorporated into the overall contract for the maintenance of township. The Council also maintains an extensive recording system to track allocated and reserved sites and maintain an ongoing historical archive. Returned Servicemen's Plots are only provided at the Fairlie and Twizel Cemeteries. Tekapo residents have expressed a desire for a cemetery in the township. A potential site has been identified and initial investigations have taken place.

Services Provided

- Performing Sexton's duties in the Cemeteries
- Reserving and allocating burial plots
- Ensuring that sites are developed
- Maintaining the grounds
- Maintaining a Records System.

Community Outcomes

The Community Outcome that Cemeteries primarily contribute to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	Grounds maintained to contract specification	Achieved Grounds were maintained to the specifications set out in the contract
2	Maintain user charges at 75% cost recovery basis	Not achieved Despite an increase in the user charges, the amount received for the year recovered only 50% of the total cost principally because the number of burials were fewer than anticipated

Identified Effects on Community Well-Being

The provision of Cemeteries has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Cemeteries Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
11	External Revenue	18	17
21	General Rates	18	18
32	TOTAL INCOME	36	35
	OPERATING EXPENDITURE		
27	Operating Costs	26	23
10	Support Costs	10	10
37	OPERATING COST	36	33
5	NET SURPLUS (DEFICIT)	0	2

Commentary on Cemeteries Financial Summary

Surplus/(Deficit)

The surplus for the year was \$2,000; \$2,000 greater than the budgeted breakeven position.

Revenue

Total Revenue for the year was \$35,000; \$1,000 less than the budget of \$36,000. There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$33,000; \$3,000 less than the budget of \$36,000. There was no significant variance from budget.

Cemeteries Capital Expenditure

There was no significant capital expenditure item for Cemeteries acquired or budgeted for the year under review.



Community Centres & Halls

What the Council does

Council operates a number of community centres and halls with varying degrees of use and service.

Services Provided

- The Twizel Events Centre is a new complex which incorporates the Twizel Information Centre, squash courts, gymnasium, climbing wall, sports hall, theatre, kitchen and meeting rooms. The Centre is open seven days per week through the summer months with reduced hours in the winter. The on site manager is contracted to Council to actively manage and promote the centre as well as to run the Information Centre.
- Mackenzie Community Centre in Fairlie incorporates a sports hall, theatre and community rooms. It is managed through the Council offices next door and has a number of regular users.
- Tekapo Community Hall includes a small hall and community rooms and kitchen. Bookings are managed by a neighbouring resident.
- In addition to these facilities, there are rural community halls at Sherwood, Skipton and Albury. These are generally used both for recreational and cultural purposes by the local community and are managed by local committees. In the rural areas rates, insurance and electricity are paid by Council and the building maintenance is managed through an ongoing programme.

Community Outcomes

The Community Outcomes that Community Centres and Halls primarily contribute to are:

- A Safe and Healthy Community
- A Supportive Community
- A Participative, Well Informed and Culturally Aware Community.

Performance Measures

	Objective	Result
1	Operate Halls within budget	Not Achieved Expenditure budget was exceeded this year mainly due to repairs required at the Twizel Events Centre and over expenditure on electricity charges
2	Ensure revenue targets are met	Achieved Revenue targets were exceeded this year in the community halls at Tekapo and Twizel and the Mackenzie Community Centre. This was bought about by additional events being run at Twizel Events Centre, revised fees and charges at the Mackenzie Community Centre and a restructuring of the Tekapo Hall fees to allow for hourly charge out.
3	Complete Building maintenance upgrades within allocated budgets	Achieved Mackenzie Community Centre had the theatre curtains and community room net curtains replaced and the hearing loop repaired.

Identified Effects on Community Well-Being

The provision of Community Centres & Halls has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Community Centres & Halls

Community Centres & Halls Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
37	External Revenue	39	43
100	Targeted Rates	139	139
137	TOTAL INCOME	178	182
	OPERATING EXPENDITURE		
115	Operating Costs	130	135
18	Support Costs	18	18
89	Depreciation	73	106
0	Debt Servicing Interest	14	19
222	OPERATING COST	235	278
(85)	NET SURPLUS (DEFICIT)	(57)	(96)
	CAPITAL		
15	Capital Expenditure	31	3
15	CAPITAL TO BE FUNDED	31	3
(85)	Operating Surplus / (Deficit)	(57)	(96)
100	Reserves/Reduction in Equity	88	99
15	TOTAL SOURCE OF FUNDS	31	3

Commentary on Community Centres & Halls Financial Summary

Surplus/(Deficit)

The deficit for the year was \$96,000; \$39,000 greater than the budgeted deficit of \$57,000.

Revenue

Total Revenue for the year was \$182,000; \$4,000 greater than the budget of \$178,000.

The Key Variance was:

- Hall Hire receipts were \$5,000 greater than was budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$278,000; \$43,000 greater than the budget of \$235,000.

The Key Variance was:

- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation.

Community Centres & Halls Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Mackenzie Community Centre	6	3
Tekapo Community Hall	25	-
TOTAL CAPITAL EXPENDITURE	31	3

The Key Variances was:

- The Resurfacing of the Tennis Courts in Lake Tekapo of \$25,000 was put on hold.

Libraries

What the Council does

The Council “purchases” library services from the Twizel Area School and Mackenzie College. Council provides 52% of the funding for these services with the remainder provided by the schools.

Services Provided

- ✓ The libraries are run as “Community Libraries” catering for a cross section of educational and recreational reading requirements
- ✓ The libraries also offer other services such as photocopying, Internet access etc
- ✓ Council’s main involvement is agreeing on the level of service required, monitoring service levels and considering budgetary requests each year.

Community Outcomes

The Community Outcome that Libraries primarily contribute to is:

- A participative, well informed and culturally aware community

Performance Measures

	Objective	Result
1	Increase library membership in line with district growth	Achieved Twizel usage was up from 1180 last year to 1387 this year. Mackenzie Community Library usage was up from 1623 last year to 1761 this year. This increase incorporated 177 new borrowers less others that had left the district or passed on.

Identified Effects on Community Well-Being

The provision of Libraries has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Libraries Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
91	General Rates	93	93
91	TOTAL INCOME	93	93
	OPERATING EXPENDITURE		
90	Operating Costs	90	90
3	Support Costs	4	4
7	Depreciation	7	7
100	OPERATING COST	101	101
(9)	NET SURPLUS (DEFICIT)	(8)	(8)
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(9)	Operating Surplus / (Deficit)	(8)	(8)
9	Reserves/Reduction in Equity	8	8
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Libraries Financial Summary

Surplus/(Deficit)

The deficit for the year was \$8,000; equal to the budget.

Revenue

Total Revenue for the year was \$93,000; equal to the budget. There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$101,000; equal to the budget. There was no significant variance from budget.

Libraries Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.



Reserves, Walkways, Passive Recreation Areas, Sports Grounds & Township Maintenance

What the Council does

The Council maintains and owns a host of reserves (urban and rural), domains, parks and walkways throughout the District. Some reserves are leased for grazing purposes while others provide open spaces for recreation, beautification, the enjoyment of visitors and residents and civic pride. This activity extends into passive non reserve areas which include street front plantings, mowing and beautification areas as well as amenity tree plantings. The Council believes that reserves, beautification and recreation areas aid in the well being of the community. It wants to ensure residents have reasonable access to adequate sports facilities, parks, reserves and walkways and to ensure all parks and reserves are maintained to a satisfactory standard.

These services are provided through various means including:

- Township maintenance contracts which incorporate:
 1. Cleaning,
 2. Litter collection,
 3. Grass cutting,
 4. Horticultural parks,
 5. Play area maintenance,
 6. Amenity garden maintenance in Fairlie and Tekapo is provided by in house staff
- Recreation planning and programming services.

Council undertook planning exercises in its townships in 2003/04. Growth in both Tekapo and Twizel has highlighted the need for increased amenity areas and increased levels of service. While some funding has been identified to progress some of these ideas, definite plans and details will be progressed throughout the coming years. Planning also needs to be advanced for Stage 2 of the Fairlie Township project which includes development options for the Village Green.

Services Provided

- Parks and reserves are maintained in a safe, functional and attractive state
- Reserving and allocating burial plots
- Township maintenance contract work including grass cutting, tree maintenance, ornamental plantings streetscape and litter collection
- Provision and maintenance of play areas in townships

-
- Planning and encouragement of physical activity in the community through the efforts of Sports South Canterbury
- Planning and development of existing and future reserves

Community Outcomes

The Community Outcomes that Reserves, Walkways, Passive Recreation, Sports Grounds and Township Maintenance primarily contribute to is:

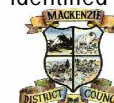
- A safe and healthy community
- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	Maintenance standards of parks and reserves meet specifications to at least 90%	Achieved Maintenance standards for parks and reserves in all areas met specifications as judged by the four inspection undertaken
2	Walking tracks upgraded to meet the appropriate NZ Standard (HB 8630:2004) by 2006	Achieved in part Some work was undertaken on the Fairlie walkway but no major work was commenced on other walkways
3	All play grounds upgraded to meet the NZ standard for play areas and soft fall areas by 2006	Not Achieved No progress was made this year due to delays in implementing the Twizel development plan

Identified Effects on Community Well-Being

The provision of Reserves, Walkways, Passive Recreation, Sports Grounds and Township Maintenance has effects on the Social, Cultural and Environmental well-being of the community; however, these have yet to be formally identified by Council.



Reserves, Walkways, Passive Recreation Areas, Sports Grounds & Township Maintenance cont ...

Reserves, Walkways, Passive Recreation, Sports Grounds and Township Maintenance Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
87	External Revenue	62	61
124	General Rates	132	132
497	Targeted Rates	529	529
708	TOTAL INCOME	723	722
	OPERATING EXPENDITURE		
492	Operating Costs	493	468
119	Support Costs	116	116
47	Depreciation	55	54
0	Debt Servicing Interest	6	11
658	OPERATING COST	670	649
50	NET SURPLUS (DEFICIT)	53	73
	CAPITAL		
1	Capital Expenditure	162	65
1	CAPITAL TO BE FUNDED	162	65
50	Operating Surplus / (Deficit)	53	73
(49)	Reserves/Reduction in Equity	109	(8)
1	TOTAL SOURCE OF FUNDS	162	65

Commentary on Reserves, Walkways, Passive Recreation, Sports Grounds and Township Maintenance Financial Summary

Surplus/(Deficit)

The surplus for the year was \$73,000; \$20,000 greater than the budgeted deficit of \$53,000.

Revenue

Total Revenue for the year was \$722,000; \$1,000 less than the budget of \$723,000.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$649,000; \$21,000 less than the budget of \$670,000.

Key Variances were:

- Operating Costs were down on budget by \$25,000 due various savings achieved during the year
- Debt Servicing Interest was \$5,000 greater than budgeted due to the increase in the Interest Rates during the year and the amount of debt various communities held at the start of the financial year being greater than was previously budgeted.

Reserves, Walkways, Passive Recreation, Sports Grounds and Township Maintenance Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
District	52	50
Fairlie	-	2
Lake Tekapo	35	6
Twizel	75	7
TOTAL CAPITAL EXPENDITURE	162	65

The Key Variance was:

- Only \$13,000 of the budget of \$70,000 for Implementation of Development Plans in Lake Tekapo and Twizel was incurred during the year.



Pensioner Housing

What the Council does

Council sees its role in this area as “to respond to the community requirements for an appropriate level of pensioner housing”. Council maintains the buildings and grounds, selects tenants, reviews tenancy agreements and rentals, and monitors long term demand for housing and maintenance.

The maintenance of buildings and grounds is incorporated into the townships maintenance contract. Council currently has 10 pensioner Housing Units, 7 located in Fairlie and 3 in Twizel. One other rental property in Twizel was removed from the pensioner housing category during the year and is likely to be disposed of.

Council will progressively upgrade the Fairlie Pensioner Housing Units over the next few years. The existing units are very small and dated and do not meet the needs of the modern pensioner. This is reflected in poor occupancy rates over recent years. The units will be enlarged and access improved in order to enhance their amenity. The demand for suitable pensioner housing in the Mackenzie is predicted to increase over the next ten years and Council sees these improvements as crucial in maintaining an appropriate housing stock.

Services Provided

- Provision of Pensioner Housing
- Maintenance of housing stock and grounds

Community Outcomes

The Community Outcome that Pensioner Housing primarily contributes to is:

- A supportive community

Performance Measures

	Objective	Result
1	Occupancy rates maintained at 95% each year	Achieved Occupancy Rates were maintained at 95%. 10 units 9 occupied for 12 months 1 unit occupied for 9 months
2	Tenants satisfied with the standard of maintenance and accommodation	Not Measured Tenants satisfaction was not tested
3	Complete upgrade of Fairlie Units on time and within budget	Not Achieved - Physical work on the Fairlie Pensioner upgrade was not commenced. Financial support from Housing NZ was explored and preliminary designs and costings completed. Pursuant to a Council resolution from 27 th September 2005, the Council wishes to review further options which may include building new units.

Identified Effects on Community Well-Being

The provision of Pensioner Housing has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Pensioner Housing cont ...

Pensioner Housing Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
27	External Revenue	26	28
(8)	General Rates	(9)	(9)
19	TOTAL INCOME	17	19
	OPERATING EXPENDITURE		
17	Operating Costs	14	19
4	Support Costs	4	4
11	Depreciation	11	11
32	OPERATING COST	29	34
(13)	NET SURPLUS (DEFICIT)	(12)	(15)
	CAPITAL		
0	Capital Expenditure	30	3
0	CAPITAL TO BE FUNDED	30	3
(13)	Operating Surplus / (Deficit)	(12)	(15)
13	Reserves/Reduction in Equity	42	18
0	TOTAL SOURCE OF FUNDS	30	3

Commentary on Pensioner Housing Financial Summary

Surplus/(Deficit)

The deficit for the year was \$15,000; \$3,000 greater than the budgeted deficit of \$12,000.

Revenue

Total Revenue for the year was \$19,000; \$2,000 greater than the budget of \$17,000.

The Key Variance was:

- Rentals from Pensioner Housing were \$2,000 more than was budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$34,000; \$5,000 greater than the budget of \$29,000.

The Key Variance was:

- The cost of rates was \$3,000 above budget for the year.

Pensioner Housing Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Mt Cook Road Flats - Fairlie	30	3
TOTAL CAPITAL EXPENDITURE	30	3

The Key Variance was:

Only \$3,000 of the budgeted \$30,000 was spent on the upgrade of the Pensioner Flats in Fairlie.

Swimming Pools

What the Council does

Two public swimming pools are operated in the District - Fairlie and Twizel. The pools are solar heated and operated only during the summer months.

Provision of swimming pools and other recreation facilities aid in the Community's general well-being and community spirit. The Council believes that sporting and recreational facilities play an important role in the Kiwi culture and assist in knitting communities together.

Changes to swimming pool management guidelines have led Council to ensure supervision is provided for all pool sessions. This has had a significant impact on pool users particularly clubs and groups due to the increased costs associated with providing this service.

Services Provided

- Council provides swimming pools in Fairlie and Twizel.
- Pools are operated and maintained using a combination of staff and contractors. Contractors provide specialist services for major maintenance. Council employs and trains staff for life guarding and cleaning duties.
- The pools are both operated as summer pools and are open from late October to mid March. Twizel Pool is an open air pool 33m long with toddler pools and a sun shade attached at the South end. It is heated by a solar system. Fairlie has a covered 25 metre pool with toddler pool attached

Community Outcomes

The Community Outcome that Swimming Pools primarily contribute to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	Pool water quality to meet the appropriate New Zealand Standard	Achieved Pool Water Quality was monitored daily and tested by a laboratory monthly with no concerns
2	Maintain income levels at 25% of operational cost and control costs to operate within budget and the service levels	Not Achieved Income received was only 23% of operational costs mainly due to two factors – the Twizel Community Board successfully advocated for a smaller increase in fees than budgeted and there was a failure of the filtration plant at Fairlie that required expensive repairs
3	Complete maintenance upgrades within budget prior to the start of each season	Not Achieved All upgrades were not achieved as planned - the Fairlie Pool was painted at the end of the season but the Twizel pool was not due to weather and timing issues. The Twizel pool required additional work on the expansion joints.

Identified Effects on Community Well-Being

The provision of Swimming Pools has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Swimming Pools Cont ...

Swimming Pools Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
20	External Revenue	23	26
67	Targeted Rates	73	73
87	TOTAL INCOME	96	99
	OPERATING EXPENDITURE		
78	Operating Costs	117	114
17	Support Costs	17	17
12	Depreciation	11	17
107	OPERATING COST	145	148
(20)	NET SURPLUS (DEFICIT)	(49)	(49)
	CAPITAL		
0	Capital Expenditure	1	1
0	CAPITAL TO BE FUNDED	1	1
(20)	Operating Surplus / (Deficit)	(49)	(49)
20	Reserves/Reduction in Equity	50	50
0	TOTAL SOURCE OF FUNDS	1	1

Commentary on Swimming Pools Financial Summary

Surplus/(Deficit)

The deficit for the year was \$49,000; equal to budget.

Revenue

Total Revenue for the year was \$99,000; \$3,000 greater than the budget of \$96,000.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$148,000; \$3,000 greater than the budget of \$145,000.

The Key Variance was:

- Cost of Repairs and Maintenance was \$3,000 greater than budgeted.

Swimming Pool Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Plant – Fairlie Pool	1	1
TOTAL CAPITAL EXPENDITURE	1	1

There was no significant variance from budget

Community Facilities

What the Council does

Council supports a range of community services in the Mackenzie that would not otherwise be viable. It undertakes this work to support the health and welfare of the community by helping finance Medical Centres, Social and Information Centres and by making grants to various community organisations.

It provides housing and Medical Centres for the Doctors in Fairlie and Twizel. Council provides these facilities rent free and maintains them in accordance with the building maintenance plan.

Council has entered into contracts with Heartland Services, an arrangement whereby Government services are delivered to smaller centres. Council supports the service centres in Fairlie and Twizel from where these government services can be delivered whenever their representatives are in town. These centres also deliver services such as counselling, employment advice and training, budget support and advice, tourism promotion, event management and town promotion.

Council also co-ordinates and distributes funds for various local organisations through programmes such as SPARC's rural travel fund and Creative New Zealand's Community Funding scheme. These funds are distributed with assistance from local committees.

Council also provides support for schools and kindergartens in improving their facilities. In 2004 it consulted with Principals and Boards of Trustees over the future of schooling in the area. Given the large area of the district and its dispersed population, Council is convinced that the present system serves the Mackenzie very well and must be retained.

Services Provided

- Fairlie Resource and Information Centre
- Pukaki Visitor Information Centre
- Twizel Resource Centre
- Twizel Information Centre
- Twizel Medical Centre
- Fairlie Medical Centre Advice and training, budget support and advice, tourism promotion, event management and town promotion.

Community Outcomes

The Community Outcomes that Community Facilities primarily contribute to are:

- A safe and healthy community
- A supportive community
- A participative, well informed and culturally aware community
- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	Allocation of Creative New Zealand funding within time frame, budget and guidelines	Achieved Allocation of the Creative New Zealand grant and the SPARC Rural Travel fund was completed in line with budget and guidelines
2	Medical Facilities maintained in line with the Building Maintenance Plan	Achieved The kitchen upgrade in Fairlie Medical Centre was completed within budget

Identified Effects on Community Well-Being

The provision of Community Facilities has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Community Facilities cont ...

Medical Centres Financial Summary

The following financial information pertains to Medical Centres only. The financial information relating to grants is included in the section "Passive Reserves, Recreation Areas, Sports Grounds and Township Maintenance"

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
9	External Revenue	7	4
2	General Rates	2	2
11	TOTAL INCOME	9	6
	OPERATING EXPENDITURE		
6	Operating Costs	12	11
3	Support Costs	4	4
13	Depreciation	12	15
22	OPERATING COST	28	30
(11)	NET SURPLUS (DEFICIT)	(19)	(24)
	CAPITAL		
5	Capital Expenditure	0	0
5	CAPITAL TO BE FUNDED	0	0
(11)	Operating Surplus / (Deficit)	(19)	(24)
16	Reserves/Reduction in Equity	19	24
5	TOTAL SOURCE OF FUNDS	0	0

Commentary on Medical Centres Financial Summary

Surplus/(Deficit)

The deficit for the year was \$24,000; \$5,000 greater than the budgeted deficit of \$19,000.

Revenue

Total Revenue for the year was \$6,000; \$3,000 less than the budget of \$9,000.

The Key Variance was:

- Level of Rentals received were \$3,000 down on budget

Operating Expenditure

Total Operating Expenditure for the year was \$30,000; \$2,000 greater than the budget of \$28,000.

The Key Variance was:

- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation.

Medical Centres Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review

Public Conveniences

What the Council Does

Public toilets are provided, operated and maintained in ten locations – principally in towns and recreation spots. Portalooos are also provided in some holiday locations. Council also operates campervan effluent dump stations to cater for independent travellers. The toilets are cleaned by a range of service providers including contractors and part time staff. Building maintenance is provided under the Building Maintenance Plan.

Community	Facility	Location
Fairlie	Toilet	Main Street
	Toilet	Lake Opuha
	Toilet	Fairlie Domain
Tekapo	Dump Station	Domain Camping Ground
	Toilet	Town Centre
	Toilet	Tekapo Domain
	Toilet	Pines Long Drop
	Dump Station	State Highway #8
	Dump Station	Domain Camping Ground
Twizel	Toilet	Mt Cook Lookout
	Toilet	Market Place
	Toilet	Lake Wardell Long Drop
	Toilet	Lake Ruataniwha Portalooos
	Dump station	Shell Service Station

Services Provided

- Public Toilets and effluent disposal stations
- Cleaning Services.

Community Outcomes

The Community Outcome that Public Conveniences primarily contribute to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	Complaints regarding cleanliness are no more than five per year	Achieved No complaints regarding toilets - two complimentary letters for Fairlie Public toilets
2	Toilets maintained in a safe and healthy condition	Achieved All toilets maintained in safe and healthy condition as assessed on random inspections
3	Buildings are maintained in accordance with the Building Maintenance Plan	Largely Achieved Maintenance completed within budget. Painting of Tekapo toilets was deferred due to impending development of this facility

Identified Effects on Community Well-Being

The provision of Public Conveniences has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Public Conveniences cont ...

Public Conveniences Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
5	External Revenue	3	3
123	General Rates	126	126
128	TOTAL INCOME	129	129
	OPERATING EXPENDITURE		
130	Operating Costs	136	128
23	Support Costs	22	22
9	Depreciation	9	7
162	OPERATING COST	167	157
(34)	NET SURPLUS (DEFICIT)	(38)	(28)
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(34)	Operating Surplus / (Deficit)	(38)	(28)
34	Reserves/Reduction in Equity	38	28
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Public Conveniences Financial Summary

Surplus/(Deficit)

The deficit for the year was \$28,000; \$10,000 less than the budgeted deficit of \$38,000.

Revenue

Total Revenue for the year was \$129,000; equal to budget.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$157,000; \$10,000 less than the budget of \$167,000.

The Key Variance was:

- Repairs and Maintenance for the year was \$10,000 less than budgeted.

Public Conveniences Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

GROUP ACTIVITIES – Essential Services

Essential Services (Summary)

Essential Services contribute to the following Outcomes.

- An attractive and highly valued natural environment
- A safe and healthy community
- A thriving economy
- Affordable access to goods and services
- A participative, well informed and culturally aware community

These services are an essential part of our infrastructure and have become an integral part of everyday modern life. Well maintained roads increase our access to healthcare and educational opportunities and provide access for visitors and service providers. Clean water and the safe disposal of waste promotes better hygiene and helps eliminate our exposure to biological contamination. The responsible disposal of sewage, stormwater and refuse helps to preserve the quality of our immediate environment whilst recycling initiatives encourage the conservation of raw materials and foster an appreciation of the impact of our lifestyles on the wider environment.

Essential Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
364	External Revenue	481	1,014
1,226	Subsidy	2,058	1,523
240	General Rates	297	297
1,796	Targeted Rates	1,804	1,799
3,626	TOTAL INCOME	4,640	4,633
	OPERATING EXPENDITURE		
1,870	Operating Costs	1,857	2,003
139	Support Costs	148	193
1,518	Depreciation	1,536	1,785
0	Debt Servicing Interest	257	211
3,527	OPERATING COST	3,798	4,192
99	NET SURPLUS (DEFICIT)	842	441
	CAPITAL		
2,406	Capital Expenditure	4,680	3,540
2,406	CAPITAL TO BE FUNDED	4,680	3,540
99	Operating Surplus / (Deficit)	842	441
2,307	Reserves/Reduction in Equity	3,838	3,099
2,406	TOTAL SOURCE OF FUNDS	4,680	3,540

Essential Services (Summary) cont ...

Financial Commentary

Surplus/(Deficit)

The Surplus for the year was \$441,000; \$401,000 less than the budgeted surplus of \$842,000.

Revenue

Total Revenue for the year was \$4,633,000; \$7,000 less than the budget of \$4,640,000.

Key Variances were:

- External Income was up on budget by \$533,000 due to the receipt of Financial and Upgrade Contributions for Water, Sewer, Stormwater and Roding.
- Subsidies were down on budget by \$535,000 due to less Roding Capital expenditure being undertaken as a result of the inability to secure the subsidies for the work.

Operating Expenditure

Total Operating Expenditure for the year was \$4,192,000; \$394,000 greater than the budget of \$3,798,000.

Key Variances were:

- Operating Costs were up on budget by \$146,000 due to the increase in Roding and Contractors' Costs.
- Depreciation was up on budget due to the recalculation performed as a result of the full infrastructural asset revaluation.

Essential Services Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
SIGNIFICANT PROJECTS		
Allandale Water Reticulation Project	500	7
Other Water Capital Projects	188	113
Lake Tekapo Sewer Reticulation Upgrade	1,360	1,755
Other Sewer Capital Projects	87	51
Fairlie Western Catchments Stormwater Project	100	9
Other Stormwater Projects	35	11
Rural Roding Seal Extensions	1,384	698
Other Roding Projects	942	816
Solid Waste Capital Projects	50	56
Roding Professional Services Business Unit Capital Projects	32	20
Engineering Capital Projects	2	4
TOTAL CAPITAL EXPENDITURE	4,680	3,540

Essential Services (Summary) cont ...

Reason for Undertaking Capital Expenditure Projects

The Council's reasoning for undertaking the Significant Capital Expenditure Projects were as follows:

- The Allandale Reticulation Project was budgeted to allow for the projected expansion of the Allandale Water Supply.
- The Lake Tekapo Sewer Reticulation was required and budgeted for to meet the increasing demand placed on the system as a result of the residential development.
- The Fairlie Western Catchment Stormwater Project was an item carried forward from the previous year. The project will help mitigate flooding issues in the Fairlie Township.
- There was a prospect of achieving a very favourable Benefit/Cost ratio for obtaining Land Transport New Zealand Subsidies to carry out significant lengths of Seal Extension to the Rural Roding network and as a result, the Council achieving budgeted \$1,384,000 for this task. Due to the inability to secure the favourable Benefit/Cost ratio for these projects, only \$698,000 was actually spent.

Results for the 2004/2005 year

Total Capital Expenditure for the year was \$3,540,000; \$1,140,000 less than the budget of \$4,680,000.

Key Variances were:

- Reduced Roding Capital Expenditure carried during the year as a result of the inability to secure subsidies for the work.
- The Upgrade to the Allandale Water Reticulation was deferred until 2005/2006.
- The cost of the Tekapo Sewer Reticulation was over budget by \$398,000 for the year.
- Due to delays in securing the appropriate areas of land for the project to proceed, only \$9,000 was spent on the Fairlie Western Catchment Stormwater Project during the year and the balance of the project has been deferred to 2005/2006.

Water Supplies

What the Council does

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

Management of the Albury Water Supply has been taken over by the Albury Water Supply Committee under a formal agreement with the Mackenzie District Council. Management of two small rural schemes, Kimbell Rural and Wellshot, for which Council hold resource consents to take water, is carried out by the consumers.

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

The schemes which are managed by Council, with the exception of Twizel, are disinfected with chlorine. This provides protection from bacteria and viruses. However, none of the schemes in the District have recognised protection for the protozoa, giardia or cryptosporidium. Thus they have unsatisfactory Ministry of Health gradings.

The Government has announced its intention to introduce mandatory higher water quality standards. Council will assess appropriate treatments for the various schemes when the Drinking Water legislation review is completed. This is likely to impact significantly on the Capital Works programme and the associated costs may force a reduction in overall water usage.

Services Provided

- Continuous supply of potable water and sufficient water supply for fire fighting purposes in 'on-demand' schemes.
- Continuous small flow of potable water to on-property storage tanks on 'restricted flow' schemes. The flow rate is controlled according to the number of 'units' purchased.
- Small flow, not necessarily continuous, up to 1820 litres per day to on-property storage tanks for 'tank supplies' and 'modified restricted flows.' This applies in areas reticulated with small diameter pipes or where the pressure may drop below the level required to operate 'Maric' restrictors.
- On demand response to faults and technical advice to consumers.
- Water quality testing to comply with NZ Drinking Water Standards microbiological requirements, in the distribution zones.
- Ongoing water main maintenance, renewal and upgrading.
- Maintenance of water reticulation networks including pipes, valves, meters and hydrants.
- Supply of information on water services and their location.

External contractors undertake all the maintenance and projects in terms of contract specifications overseen by Council's Asset Management Section.

Community Outcomes

The Community Outcomes to which the water supply activity primarily contributes are:-

- A safe and healthy community
- A thriving economy
- An attractive and highly valued natural environment
- Affordable access to goods and services



Water Supplies cont...

Performance measures

	Objective	Result
1	100% E-Coli monitoring compliance with NZ Drinking Water Standards in the distribution zones of disinfected schemes	Achieved in Part - Fairlie, Kimbell, Lake Tekapo and Allandale Water Supplies achieved 100% compliance on a total of 134 samples taken. Burkes Pass Water Supply achieved 92% compliance on 12 samples taken.
2	100% Compliance with Environment Canterbury's Resource Consents	Achieved in Part - Fairlie, Lake Tekapo, Allandale and Spur Road Supplies did not exceed the allowable daily water take. Twizel exceeded the allowable daily water take on 34 days. No volume recording was requested by Environment Canterbury for the Burkes Pass Water Supply.
3	Progress towards satisfactory Ministry of Health Water Quality Gradings	On-going progress - The public water supplies in the Mackenzie District currently do not have recognised protection for the protozoa, giardia or cryptosporidium. The unsatisfactory gradings will remain until adequate barriers are in place and a history of complying records is achieved. Council will assess the appropriate barriers for protozoa when the revised New Zealand Drinking Water Standards are published and the Drinking Water legislation review is completed

Identified Effects on Community Well-Being

The provision of Water Supplies has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Water Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
107	External Revenue	2	41
0	Amenities Contribution	85	176
0	Excess Water Rates	27	23
457	Targeted Rates	489	484
564	TOTAL INCOME	603	724
	OPERATING EXPENDITURE		
248	Operating Costs	244	249
87	Support Costs	96	96
204	Depreciation	201	230
0	Debt Servicing Interest	90	62
539	OPERATING COST	631	637
25	NET SURPLUS (DEFICIT)	(28)	87
	CAPITAL		
627	Capital Expenditure	688	120
627	CAPITAL TO BE FUNDED	688	120
25	Operating Surplus / (Deficit)	(28)	87
602	Reserves/Reduction in Equity	716	33
627	TOTAL SOURCE OF FUNDS	688	120

Water Supplies cont...

Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$87,000; \$115,000 greater than the budgeted deficit of \$28,000.

Revenue

Total Revenue for the year was \$724,000; \$121,000 greater than the budget of \$603,000.

The Key Variance was:

- Financial Contributions totalling \$176,000 were received with only \$85,000 budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$637,000; \$6,000 greater than the budget of \$631,000.

The Key Variance was:

- Depreciation was up on budget due to the recalculation performed as a result of the full infrastructural asset revaluation.

Water Supplies Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Rural	516	8
Fairlie	110	74
Lake Tekapo	6	20
Twizel	56	18
TOTAL CAPITAL EXPENDITURE	688	120

Key Variances were:

- Allendale Water Reticulation Upgrade, budgeted under Rural, was deferred to the 2005/2006 year.
- Costs involved with Resource Consents in Fairlie and Twizel were less than budgeted for the year.

Sewerage Services

What the Council does

In the Mackenzie District, there are presently four public sewerage schemes: Fairlie, Tekapo, Twizel and Burkes Pass. There are 2,008 properties connected to these four schemes. The other properties in the district dispose of their wastewater by other means – most via their own septic tank system.

The schemes consist of 48 km of gravity and pumped pipe systems to sewage treatment plants.

Final disposal of effluent is by way of soakage trenches, basins to land or irrigation to land. These systems minimise environmental pollution and protect public health and safety by safeguarding hygiene and preventing the spread of communicable diseases.

Services Provided

External contractors undertake all the maintenance and projects in terms of contract specifications overseen by the Asset Supervisor. These include:

- Collection and disposal of sewage that adequately meets the needs of the community
- Compliance with Environment Canterbury Resource Consent requirements at sewage plants
- The completion of improvement and maintenance projects according to schedules.

Community Outcomes

The Community Outcomes to which the water supply activity primarily contributes are:-

- A safe and healthy community
- A thriving economy
- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	No overflow at sewerage pump stations	Achieved - On one occasion, the Sealy Street emergency storage at Lake Tekapo just reached overflow level when the on-site alarm was observed. A fault occurred in the pump controls and the Telecom line from the alarm auto-dialler was not operational due to a lightning strike some days earlier.
2	Less than six Blockages per 10km of public sewer	Substantially Achieved – Fairlie, Burkes Pass and Twizel did not experience more than 6 blockages per 10 km of public sewer. Lake Tekapo recorded 8 blockages for its 10.5 km of public sewer.
3	100% compliance with Environment Canterbury's Resource Consents Monitoring Programme for all Public Sewerage Schemes	Substantially Achieved– Environment Canterbury has reported that Twizel and Burkes systems are operating within the Resource Consents. For Fairlie, ECan has reported that there were low levels of e-coli in two downstream bores in October 2004 and there were high Faecal Coliform and E Coli results were found in the closest bore to the road in March 2005. For Lake Tekapo, Environment Canterbury had reported that results show that the discharge failed to comply with the limits set for suspended solids and dissolved reactive phosphorus in both October 2004 and March 2005. It has been noted by ECan that the consent is to be replaced shortly and it is envisaged that new consent conditions would more accurately reflect the quality of the discharge



Sewerage Services cont ...

Identified Effects on Community Well-Being

The provision of Sewerage Services has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Sewerage Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
0	External Revenue	1	1
0	Subsidy	175	181
0	Amenities Contribution	152	298
361	Targeted Rates	346	346
361	TOTAL INCOME	674	826
	OPERATING EXPENDITURE		
84	Operating Costs	95	112
62	Support Costs	68	68
145	Depreciation	148	152
0	Debt Servicing Interest	109	98
291	OPERATING COST	420	430
70	NET SURPLUS (DEFICIT)	254	396
	CAPITAL		
372	Capital Expenditure	1,447	1,806
372	CAPITAL TO BE FUNDED	1,447	1,806
70	Operating Surplus / (Deficit)	254	396
302	Reserves/Reduction in Equity	1,193	1,410
372	TOTAL SOURCE OF FUNDS	1,447	1,806

Commentary on Sewerage Services Financial Summary Surplus/(Deficit)

The surplus for the year was \$396,000; \$142,000 greater than the budgeted surplus of \$254,000.

Revenue

Total Revenue for the year was \$826,000; \$152,000 greater than the budget of \$674,000.

Key Variance was:

- Financial and Upgrade Contributions totalling \$298,000 were received with only \$152,000 budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$430,000; \$10,000 greater than the budget of \$420,000.

Key Variances were:

- Operating costs were up on budget by \$17,000 due to the increase in the cost of Electricity and Contractors
- Debt Servicing Interest was down on budget by \$11,000 due to the timing of the Lake Tekapo Sewer Reticulation Upgrade.

Sewerage Services Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Burkes Pass	2	2
Fairlie	-	1
Lake Tekapo	1,370	1,768
Twizel	75	35
TOTAL CAPITAL EXPENDITURE	1,447	1,806

Key Variances were:

- New Sewer Treatment Works in Twizel were deferred to the 2005/2006 year.
- Costs involved with the Reticulation Upgrade in Lake Tekapo were \$398,000 greater than budgeted for the year.

Stormwater

What the Council does

To provide and maintain reliable reticulated stormwater systems which protect public health, property, safety, the environment and recognises cultural values whilst realising current financial constraints both now and in the future.

Mackenzie District Council maintains stormwater systems relative to the size of the urban areas served. 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 are required to dispose of their own stormwater to land on that site.

External contractors undertake all the maintenance and projects in terms of contract specifications overseen by the Asset Supervisor

Services Provided

- On demand response to stormwater blockages, flooding and overflows, emergency replacement of stormwater pipelines.
- Preventative maintenance and capital works programmes for stormwater extension and upgrading.

Community Outcomes

The Community Outcomes to which the stormwater activity primarily contributes are:-

- A safe and healthy Community
- An attractive and highly valued natural environment community
- A participative, well informed and culturally aware community

Performance Measures

	Objective	Result
1	That continuity of the service provided is maintained.	Achieved - The Stormwater systems in the three townships were maintained to ensure continuity of service.
2	That damage and inconvenience to property is minimised	Achieved – No significant flood events occurred during the year.

Identified Effects on Community Well-Being

The provision of Stormwater has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Stormwater cont ...

Stormwater Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
0	Amenities Contribution	33	3
65	Targeted Rates	75	75
65	TOTAL INCOME	108	78
	OPERATING EXPENDITURE		
19	Operating Costs	17	6
16	Support Costs	18	18
39	Depreciation	40	35
0	Debt Servicing Interest	(6)	(9)
74	OPERATING COST	69	50
(9)	NET SURPLUS (DEFICIT)	39	28
	CAPITAL		
27	Capital Expenditure	135	20
27	CAPITAL TO BE FUNDED	135	20
(9)	Operating Surplus / (Deficit)	39	28
36	Reserves/Reduction in Equity	96	(8)
27	TOTAL SOURCE OF FUNDS	135	20

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The surplus for the year was \$28,000; \$11,000 less than the budgeted surplus of \$39,000.

Revenue

Total Revenue for the year was \$78,000; \$30,000 greater than the budget of \$106,000.

The Key Variance was:

- Financial Contributions received totalled only \$3,000; \$30,000 down on budget.

Operating Expenditure

Total Operating Expenditure for the year was \$50,000; \$19,000 less than the budget of \$69,000.

Key Variances were:

- Operating costs were down on budget by \$11,000 due to the low level of Contractors work required.
- Depreciation was down on budget due to the recalculation performed as a result of the full infrastructural asset revaluation.

Stormwater Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Fairlie	100	9
Lake Tekapo	17	6
Twizel	18	5
TOTAL CAPITAL EXPENDITURE	135	20

Key Variances were:

- Western Catchment Hazard Protection Work in Fairlie was deferred to the 2005/2006 year.
- Costs involved with the Resource Consents in Twizel and Lake Tekapo were less than budgeted for the year.

Solid Waste Management

What the Council does

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.

Services Provided

- Domestic refuse collection, collecting recyclables, organics and residual waste
- Promotion of waste minimisation
- Provision of recycling facilities
- Operation of a Vertical Composting Unit to turn the District's organic material into valuable compost
- Provision of an Education Programme, encouraging residents, businesses, schools and community groups to separate and reduce their waste at source
- Participation in the regional waste strategy.

Community Outcomes

The Community Outcomes to which the Solid Waste activity primarily contributes are:

- A safe and healthy community
- An attractive and highly valued natural environment
- Affordable access to goods and services

Performance Measures

	Objective	Result
1	100% of all compliant waste bags placed at kerbside picked up.	Achieved - Objective is measured by number of complaints received for non-collection of refuse at kerbside. There were no complaints received that fully compliant bags were not collected.
2	70% of all solid waste diverted from landfill based on 1999 volumes (when 100% was landfilled) adjusted for annual growth or contraction.*	Achieved - The total waste handled for the year was 2,186.9 tonnes. Of this 534.0 tonnes was disposed of at landfill, giving a 75.58% diversion of waste from landfill.
3	100% compliance with resource consents	Not Measured - No monitoring reports were received from Environment Canterbury
4	Reconcile materials in stock and report annual quantities of recyclables recovered, organics composted, cleanfill diverted and residual waste landfilled	Achieved - Reconciliation is scheduled below.

* The solid waste management system currently in use was adopted at the beginning of the 2002/03 financial year. The goal that was set then was to achieve 60% diversion of waste from landfill calculated from a base of the 1999 figures. When this was executed, the diversion target was raised to 70%.

Solid Waste Management cont ...

Reconciliation of materials in stock.

Type of Material	Tonnes
Residual Waste	534.0
Putrescible (Food) Waste	337.9
Green Waste	694.0
Cardboard and Paper	160.1
Glass	202.0
Timber	163.0
Non-ferrous Metal	2.9
Scrap Steel	56.0
Plastics	21.1
Other (clothing, tyres, carpet, automotive oil)	16.0
Total Materials	2,186.9

Identified Effects on Community Well-Being

The provision of Solid Waste has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Solid Waste Management Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
157	External Revenue	178	156
240	General Rates	297	297
65	Targeted Rates	67	67
462	TOTAL INCOME	542	520
	OPERATING EXPENDITURE		
433	Operating Costs	392	447
10	Refuse Collection	41	43
29	Support Costs	29	29
56	Depreciation	54	64
0	Debt Servicing Interest	50	57
528	OPERATING COST	566	640
(66)	NET SURPLUS (DEFICIT)	(24)	(120)
	CAPITAL		
49	Capital Expenditure	51	56
49	CAPITAL TO BE FUNDED	51	56
(66)	Operating Surplus / (Deficit)	(24)	(120)
115	Reserves/Reduction in Equity	75	176
49	TOTAL SOURCE OF FUNDS	51	56

Solid Waste Management cont ...

Commentary on Solid Waste Management Financial Summary

Surplus/(Deficit)

The deficit for the year was \$116,000; \$92,000 greater than the budgeted deficit of \$24,000.

Revenue

Total Revenue for the year was \$520,000; \$22,000 less than the budget of \$542,000.

The Key Variance was:

- External Revenue was down on budget due to the lower level of Compost Sales achieved than was budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$636,000; \$70,000 greater than the budget of \$566,000.

Key Variances were:

- Operating costs were down on budget by \$55,000 due to additional staff required at the Resource Recovery Parks and the recognition of additional monitoring costs to meet Resource Consent requirements for the closed landfills.
- Depreciation was up on budget due to the recalculation performed as a result of the full asset revaluation.

Solid Waste Management Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Solid Waste Management	4	3
Twizel Landfill	-	4
Fairlie RRP	22	17
Lake Tekapo RRP	9	8
Twizel RRP	16	22
Organic Waste Treatment	-	2
TOTAL CAPITAL EXPENDITURE	51	56

Key Variances were:

- Boundary fencing with the adjoining neighbour was required at the Twizel Landfill Site.
- Costs involved with the Resource Consents were incurred for the Twizel RRP, which were not budgeted for.

Roading

What the Council does

An efficient transportation system (including roadways, footpaths and cycleways) is essential to the efficient functioning of the District.

The Council maintains local roads in the District to Land Transport New Zealand and its own Roding Asset Management Plan standards. Over recent years the level of services provided by roads and footpaths has been gradually raised to meet higher expectations of road users. Improvements to localised road alignments, signage, road markings and street lighting have also provided increased road safety. Maintenance programmes over the next few years will focus principally on maintaining roads at current levels of service, although further improvements on selected sections of road will be made. The Council has carried out 40.6km of seal extension since 2001 and intends to continue this programme provided Land Transport New Zealand financial assistance is obtained. No new roads are anticipated except for short sections associated with new subdivisions. These are constructed by subdivision developers and vested in the Council once completed.

The roading network consists of 178 km of sealed roads and 530 km of unsealed roads. There are 47 km of footpaths and a total of 93 bridges.

Services Provided

- Maintenance and upgrading of roads, bridges, cattlestops, footpaths and kerb and channels.
- Traffic services, including signage, road marking and street lighting and street cleaning.
- Before 30 June 2005, in conjunction with the NZ Police and LTSA (as the lead agency) adopt (and thereafter annually review) a road safety strategy for the District to be implemented by the Road Safety South Canterbury Committee's Annual Business Plan.
- External contractors undertake all the maintenance in terms of contract specifications and are overseen by the Manager of the Council's Roding Business Unit.

Community Outcomes

The provision of an effective and well planned roading infrastructure (including roadways, footpaths and cycleways) is an expectation of a modern mobile society.

The ability for people and goods to travel on various modes of road transport is a very important element of contemporary society. Obvious beneficiaries are residents and tourists requiring personal mobility, and farmers and businesses needing to move or provide goods, produce or services.

Not so obvious are pedestrians and mobility scooter operators who require a good footpath network in District townships. Even housebound people benefit from the services that a good roading network can provide, for example in-home medical and social services.

The Community Outcomes to which the roading activity primarily contributes are:-

- A safe and healthy community
- A thriving economy
- Affordable access to goods and services

Performance Measures

As a Road Controlling Authority, the Council is required to conform to a wide range of legislation, regulations and rules. Conformance with requirements of these can be considered a performance measure in itself. Formal auditing of the roading network is carried out by Land Transport New Zealand and the Land Transport Safety Authority.

Land Transport New Zealand has Maintenance (and Safety) Guidelines for Local Roads, which must be adhered to or reasons provided when a different local standard is more appropriate.



Roading cont ...

	Objective	Result
1	To maintain Council's roading network to standards specified by Land Transport New Zealand and the Council's roading Asset Management Plan, within approved budgets	Achieved Unsealed Roads maintained in good conditions by carrying out significant maintenance activities (grading and metalling etc) in accordance with intervention levels stated in the Roding Activity Management Plan. Biennial rating and roughness surveys indicate that Sealed Roads are maintained in good condition. Maintenance was carried out with Council and LTNZ Subsidy.
2	To ensure footpaths are safe and convenient for users	Almost Achieved We are occasionally advised of accidents due to tripping hazards caused by to tree root intrusion etc., these are immediately repaired. Ice gritting of potentially hazardous sections of footpaths is carried out during the winter.
3	To complete scheduled projects with time and budget	Achieved Six large seal extension projects were completed during the year within budgets approved by LTNZ and Council
4	To promote and improve road safety	Achieved Involved in safety initiatives through partnership with South Canterbury Road Safety Trust. Roads maintained in good order by road maintenance contractors \$99,721 spent on Minor Safety Projects Road Safety audit carried out during the year by LTSA
5	To carry out strategic seal extensions when Land Transport New Zealand financial assistance can be obtained	Achieved Five seal extensions carried out totalling 13.07 km and valued at \$737,000. They were financially assisted by Land Transport New Zealand
6	To protect the strategic and arterial routes from adverse effects of development	Achieved No adverse effects from development noted
7	To achieve a downward trend in the road toll in a five year period, particularly involving accident contributing behaviour	Achieved Fatalities on local roads occurring only at very infrequent (several-year) intervals. Programmes run by the South Canterbury Road Safety Trust on drink driving and driver fatigue will assist.

Identified Effects on Community Well-Being

The provision of Roding has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Roding Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
1,162	Land Transport New Zealand Subsidy	1,756	1,342
90	External Revenue	56	200
847	Targeted Rates	828	828
2,099	TOTAL INCOME	2,640	2,370
	OPERATING EXPENDITURE		
34	Operating Costs – Non Subsidised	30	30
738	Operating Costs – Subsidised	739	802
149	Support Costs	175	175
1,054	Depreciation	1,076	1,280
0	Debt Servicing Interest	12	1
1,975	OPERATING COST	2,032	2,288
124	NET SURPLUS (DEFICIT)	608	82
	CAPITAL		
64	Capital Expenditure – Non Subsidised	232	81
1,232	Capital Expenditure – Subsidised	2,094	1,433
1,296	CAPITAL TO BE FUNDED	2,326	1,514
124	Operating Surplus / (Deficit)	608	82
1,172	Reserves/Reduction in Equity	1,718	1,432
1,296	TOTAL SOURCE OF FUNDS	2,326	1,514

Roading cont ...

Commentary on Roding Financial Summary

Surplus/(Deficit)

The surplus for the year was \$82,000; \$526,000 less than the budgeted surplus of \$608,000.

Revenue

Total Revenue for the year was \$2,370,000; \$270,000 less than the budget of \$2,640,000.

The Key Variances were:

- Subsidies were down on budget by \$535,000 due to less Roding Capital expenditure undertaken as a result of the inability to secure the subsidies for the work
- External Revenue was up on budget by \$144,000 due to an increase in Petroleum Tax received and also Upgrade Contributions received from Developers.

Operating Expenditure

Total Operating Expenditure for the year was \$2,288,000; \$256,000 greater than the budget of \$2,032,000.

Key Variances were:

- Operating costs were up on budget by \$63,000 due to the increase in Roding Costs from budget.
- Depreciation was up on budget due to the recalculation performed as a result of the full asset revaluation.

Roding Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Rural	2,257	1,437
Fairlie	32	39
Lake Tekapo	7	7
Twizel	30	31
TOTAL CAPITAL EXPENDITURE	2,326	1,514

The Key Variance was:

- Reduced Roding Capital Expenditure in the Rural Area for the year as a result of the inability to secure subsidies for the work.

Roading Professional Services Business Unit

What the Council does

The Council has a separately identifiable Rooding Professional Services Business Unit. The purpose of the Business Unit is to enable the roading network to be managed in-house by a Council officer while remaining eligible for Land Transport New Zealand financial assistance.

The Business Unit also manages the Council's roading activities that are not eligible for Land Transport New Zealand financial assistance, for example footpath maintenance and upgrades.

Services Provided

- Let and supervise works contracts for the maintenance and improvement of the roading network
- Maintain a District Rooding Programme in accordance with Land Transport New Zealand requirements
- Collect and maintain information on the roading network
- Research and develop innovative methods to improve the level of service provided by the roading network and reduce costs
- Liaise with stakeholders, other road authorities and contractors etc. to maintain a high profile to the Council's road management activities
- Carry out non-subsidisable maintenance and improvement works, for example footpath maintenance and upgrades

Performance Measures

	Objective	Result
1	All road maintenance and improvements shall be completed within time and budget constraints.	Achieved All programmed maintenance and improvements were completed within time and in accordance with LTNZ and Council budgets.
2	All roads are maintained to standards prescribed by Land Transport New Zealand, the Land Transport Safety Authority and the Council's Rooding Asset Management Plan.	Achieved All programmed maintenance and improvements were completed within time and in accordance with LTNZ and Council budgets.

Identified Effects on Community Well-Being

The provision of Rooding Professional Services Business Unit has effects on the Social, Environmental and Economic well-being of the community; however, these have yet to be formally identified by Council.

Rooding Professional Services Business Unit Financial Summary

Section 26 of the Land Transport Management Act requires the following details to be disclosed in relation to the Rooding Professional Services Unit.

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
64	Subsidy	74	86
64	TOTAL INCOME	74	86
	OPERATING EXPENDITURE		
120	Operating Costs	100	131
(19)	Support Costs	(26)	(26)
8	Depreciation	8	14
0	Debt Servicing Interest	1	1
109	OPERATING COST	83	120
(45)	NET SURPLUS (DEFICIT)	(9)	(34)
	CAPITAL		
1	Capital Expenditure	33	20
1	CAPITAL TO BE FUNDED	33	20
(45)	Operating Surplus / (Deficit)	(9)	(34)
46	Reserves/Reduction in Equity	42	54
1	TOTAL SOURCE OF FUNDS	33	20

Roading Professional Services Business Unit cont ...

Commentary on Roding Professional Services Business Unit Financial Summary

Surplus/(Deficit)

The deficit for the year was \$34,000; \$25,000 greater than the budgeted deficit of \$9,000.

Revenue

Total Revenue for the year was \$86,000; \$12,000 greater than the budget of \$74,000.

The Key Variance was:

- Greater subsidy was received than was budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$120,000; \$37,000 greater than the budget of \$83,000.

The Key Variances was:

- Operating costs were up on budget by \$31,000 due to a greater amount of Consultancy required than was budgeted.

Roding Professional Services Business Unit Capital Expenditure

AREA	Budget 2004/05 \$000's	Actual 2004/05 \$000's
Computers	3	2
Plant & Equipment	-	1
Vehicle	30	17
TOTAL CAPITAL EXPENDITURE	33	20

The Key Variance was:

- The cost of the replacement vehicle was considerably lower due to the purchasing arrangement achieved by the Council.

GROUP ACTIVITIES – Environmental Services

Environmental Services (Summary)

Environmental Services contribute to the following Community Outcomes

- An attractive and highly valued natural environment
- A safe and healthy community
- Affordable access to goods and services

Environmental Outcomes

More specifically the activity contributes to the following Environmental Outcomes:

- Unique, welcoming and safe communities that sustain people of diverse income and age.
- A clean, healthy and beautiful natural environment.
- Bio-diversity is maintained and enhanced
- Sustainable land use and economic development that supports and promotes the character of Mackenzie District.
- A built and working environment that enhances the individual character and heritage of the Mackenzie area.
- Affordable access to community resources that include arts, cultural and recreational facilities.
- Monitoring and enforcing hygiene standards in eateries and shops.
- Monitoring and enforcing rules and regulations under the District Plan and conditions associated with resource consents
- Minimising the nuisance caused by stray animals.
- Administering liquor licensing.
- Supporting the Civil Defence organisation and the Rural Fire service.

Planning Services seek to apply strict controls to the maintenance of the built environment in order to maintain the unique physical and heritage qualities of the area whilst allowing sustainable development. The enforcement of building controls helps increase the accessibility of facilities to disabled people and ensures a continuous improvement in safety standards. Building controls also assist in reducing the

consumption of energy and in mitigating the polluting effects of new buildings and their occupants. Monitoring and enforcement of resource consents and rules and policies in the Mackenzie District Plan ensure that appropriate feedback on the effectiveness of rules and regulation is provided to the Council and public.

Environmental Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
289	External Revenue	308	620
361	General Rates	361	361
94	Targeted Rates	93	93
744	TOTAL INCOME	762	1,074
	OPERATING EXPENDITURE		
568	Operating Costs	547	540
110	Support Costs	131	131
53	Depreciation	42	51
0	Debt Servicing Interest	5	8
731	OPERATING COST	725	730
13	NET SURPLUS (DEFICIT)	37	344
	CAPITAL		
28	Capital Expenditure	46	32
28	CAPITAL TO BE FUNDED	46	32
13	Operating Surplus / (Deficit)	37	344
15	Reserves/Reduction in Equity	9	(312)
28	TOTAL SOURCE OF FUNDS	46	32



Environmental Services (Summary) cont ...

Financial Commentary

Surplus/(Deficit)

The Surplus for the year was \$344,000; \$307,000 greater than the budgeted surplus of \$37,000.

Revenue

Total Revenue for the year was \$1,074,000; \$312,000 greater than the budget of \$762,000.

Key Variances were:

- \$293,560 was received in the form of Reserve Contributions, where the budget was only \$116,250.
- \$144,976 was received from Building Consents; \$61,000 greater than the budget.

Income from Resource Consent Applications and Recoveries was \$66,000 greater than budget.

Operating Expenditure

Total Operating Expenditure for the year was \$730,000; \$5,000 greater than the budget of \$725,000.

There were no significant variances from budget.

Environmental Services Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
SIGNIFICANT PROJECTS		
Planning Services Capital Projects	10	7
Building Control Capital Projects	25	16
Civil Defence Capital Projects	6	4
Rural Fire Control Capital Projects	5	5
TOTAL CAPITAL EXPENDITURE	46	32

Reason for Undertaking Capital Expenditure Projects

The Council's reasoning for undertaking the Significant Capital Expenditure Projects were as follows:

- The most significant asset in Building Control Capital Projects was the amount the Council budgeted to purchase a replacement vehicle for the Building Inspector pursuant to the Council's Vehicle Replacement Policy.

Results for the 2004/2005 year

Total Capital Expenditure for the year was \$32,000; \$14,000 less than the budget of \$32,000.

The Key Variance was:

Cost of Building Inspector's vehicle was considerably lower due to the purchasing arrangement achieved by the Council.

Planning Services

Resource Management

What the Council does

The Council's Resource Management services are designed to deliver environmental outcomes that meet the District's expectations and administer compliance with the District Plan. The Council is responsible for the preparation and production of a District Plan in accordance with its obligations under the Resource Management Act 1991.

Copies of the Plan can be purchased or are available to view at local libraries or at the Mackenzie District Council.

Services Provided

- The achievement of environmental outcomes that meet the District's expectations.
- Administration of the District Plan, ensuring compliance with The Resource Management Act 1991 "...to promote the sustainable management of natural and physical resources."
- The establishment of a monitoring strategy that will evaluate the success of the District Plan in achieving anticipated environmental results.
- The processing of variations to the Operative District Plan

Community Outcomes

The Community Outcome that Planning Services primarily contribute to is:

- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	At least 75% of applications for resource consents are processed in accordance with approved procedures and statutory time constraints.	Achieved 92% of all applications were processed within statutory timeframes as shown by Council's computerised records. The compliance rate for subdivision consents was 88% and for land use consents was 93%
2	To establish a programme for the monitoring of resource consents and plan effectiveness by June 2005.	Achieved in part A draft monitoring strategy was prepared in May 2005. During the year 53 resource consents were monitored, as were 12 of the Council's 75 listed heritage items.
3	To release decisions on Variation 2 to the District Plan relating to the Twizel town development study by June 2005.	Not achieved. Council has adopted and endorsed the development plan in July 2004 but has yet to prepare any variations to the District Plan. Feedback was sought from the public on zoning and other issues in December 2004.
4	To release decisions on Variation 3 to the District Plan relating to the Tekapo town development study by June 2005.	Not Achieved Plan changes 2-6 were notified; however hearings did not take place until August 2005 and decisions have yet to be released by the independent Commissioner
5	To release variations to the District Plan as required in a timely and efficient manner.	Achieved Plan Change 1 dealing with reserves contributions was progressed during the year and this was finally resolved by consent order after an appeal to the Environment Court in June 2005. Plan Change 7- Financial Contributions was the subject of pre-consultation with developers in June 2005 and was prepared for release for public submissions.

Planning Services cont ...

Identified Effects on Community Well-Being

The provision of Planning Services has effects on the Environmental well-being of the community; however, these have yet to be formally identified by Council.

Planning Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
137	External Revenue	171	404
238	General Rates	217	217
375	TOTAL INCOME	388	621
	OPERATING EXPENDITURE		
387	Operating Costs	289	292
42	Support Costs	54	54
2	Depreciation	2	3
0	Debt Servicing Interest	3	3
431	OPERATING COST	348	352
(56)	NET SURPLUS (DEFICIT)	40	269
	CAPITAL		
19	Capital Expenditure	10	7
19	CAPITAL TO BE FUNDED	10	7
(56)	Operating Surplus / (Deficit)	40	269
75	Reserves/Reduction in Equity	(30)	(262)
19	TOTAL SOURCE OF FUNDS	10	7

Commentary on Planning Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$269,000; \$229,000 greater than the budgeted deficit of \$40,000.

Revenue

Total Revenue for the year was \$621,000; \$283,000 greater than the budget of \$338,000.

Key Variances were:

- \$293,560 was received in the form of Reserve Contributions, where the budget was only \$116,250.
- Income from Resource Consent Applications and Recoveries was \$62,000 greater than budget.

Operating Expenditure

Total Operating Expenditure for the year was \$352,000; \$4,000 greater than the budget of \$348,000.

There was no significant variance from budget

Planning Services Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Computers	-	4
Plant & Equipment	-	2
Natural Landscape Study	10	1
TOTAL CAPITAL EXPENDITURE	10	7

Key Variances were:

- Computer and Plant Purchases were made to accommodate the additional staff member employed in the Planning Department.
- The Natural Landscape Study was deferred to the 2005/2006 year.

Building Control

What the Council does

Building Control Services provided by the Council ensure legislative compliance through the study of plans and on site inspection of building projects. Key areas of monitoring include assessing plans associated with building work and assessing compliance with the Building Act 1991 and the building code.

Services Provided

- Ensuring that new buildings and alterations are constructed in a manner which promotes health, safety and well-being in compliance with all relevant statutes and codes and that all necessary consents are efficiently processed, monitored and enforced.
- Enforce the provisions of the Building Regulations.

Community Outcomes

The Community Outcome that Building Control primarily contributes to is:

- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	To process all applications for building consent (approximately 250 per annum) under the Building Act 1991 in accordance with approved procedures and statutory timeframes as set out in the Building Regulations.	Not Measured During the year, 295 building consents were processed. Applications for building consent were checked in accordance with the Building Code and Council's alternative solution requirements. No accurate record of compliance with statutory timeframes was kept.

Identified Effects on Community Well-Being

The provision of Building Control has effects on the Environmental well-being of the community; however, these have yet to be formally identified by Council.

Building Control Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
120	External Revenue	96	155
80	General Rates	78	78
200	TOTAL INCOME	174	233
	OPERATING EXPENDITURE		
81	Operating Costs	106	95
56	Support Costs	62	62
4	Depreciation	6	12
0	Debt Servicing Interest	0	1
141	OPERATING COST	174	170
59	NET SURPLUS (DEFICIT)	0	63
	CAPITAL		
1	Capital Expenditure	25	16
1	CAPITAL TO BE FUNDED	25	16
59	Operating Surplus / (Deficit)	0	63
(58)	Reserves/Reduction in Equity	25	(47)
1	TOTAL SOURCE OF FUNDS	25	16

Building Control cont...

Commentary on Building Control Financial Summary

Surplus/(Deficit)

The surplus for the year was \$63,000; \$63,000 greater than the budgeted break even situation.

Revenue

Total Revenue for the year was \$233,000; \$59,000 greater than the budget of \$174,000.

The Key Variance was:

- \$144,976 was received from Building Consents; \$61,000 greater than the budget.

Operating Expenditure

Total Operating Expenditure for the year was \$170,000; \$4,000 less than the budget of \$174,000.

The Key Variance was:

- Only \$12,000 of the budget of \$22,000 for Consultancy Costs was incurred during the year.

Building Control Capital Expenditure

	Budget 2004/0 5 \$000's	Actual 2004/05 \$000's
AREA		
Building Inspector's Vehicle	25	16
TOTAL CAPITAL EXPENDITURE	25	16

The Key Variance was:

- The Cost of Building Inspector's vehicle was considerably lower than budgeted due to the purchasing arrangement achieved by the Council.

Animal Control

What the Council does

The Council is responsible for the promoting of public safety through the control of stray animals, the registration of all dogs and the administration of the Dog Control (Amendment) Act 2003. Service delivery in this area is provided under contract.

Services Provided

- To provide a point of contact for people affected by nuisance animals.
- To ensure animals are controlled in accordance with the appropriate legislation and bylaws, in order to mitigate nuisance effects on the public.

Community Outcomes

The Community Outcome that Animal Control primarily contributes to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	To ensure all dogs within the district are registered with the Council and placed on the national database.	Substantially Achieved Registration forms were sent out to all known dog owners, late registrations were followed up and penalties imposed. As at 30 June 2005, registrations totalled 630 owners and 1,810 dogs. Only two known dogs were unregistered at that time. Throughout the year Council's dog control contractors, found unregistered dogs as part of their response programme. The owners immediately required to register these dogs and in some instances fines were issued.
2	To ensure that complaints about dog nuisance are responded to in a timely manner.	Achieved in Part All complaints were referred to our Dog Control Contractors, but in some instances there were delays in the contractors' response. Serious complaints were responded to immediately.

Animal Control cont ...

Identified Effects on Community Well-Being

The provision of Animal Control has effects on the Social and Environmental well-being of the community; however, these have yet to be formally identified by Council.

Animal Control Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
25	External Revenue	27	29
3	General Rates	3	3
28	TOTAL INCOME	30	32
	OPERATING EXPENDITURE		
20	Operating Costs	24	24
5	Support Costs	6	6
25	OPERATING COST	30	30
3	NET SURPLUS (DEFICIT)	0	2
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
3	Operating Surplus / (Deficit)	0	2
(3)	Reserves/Reduction in Equity	0	(2)
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Animal Control Financial Summary

Surplus/(Deficit)

The surplus for the year was \$2,000; \$2,000 greater than the budgeted breakeven figure.

Revenue

Total Revenue for the year was \$32,000; \$2,000 greater than the budget of \$30,000.

The Key Variance was:

- Impounding Fees of \$1,500 were charged during the year, which were unbudgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$30,000; equal to budget.

There was no significant variance from budget.

Dog Control Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Civil Defence

What the Council does

The Council has maintained the services of a part time Civil Defence Officer who co-ordinates a network of volunteers and Council staff to provide Civil Defence to the District. The Council is committed to making available the resources to provide a Civil Defence infrastructure and support systems under the Civil Defence Emergency Management Act 2002. This work is carried out as part of our involvement with the Canterbury Civil Defence Emergency Management Group. This group involves local authorities, emergency services and major utility operators and others working together to provide Civil Defence for the region.

Community Outcomes

The Community Outcome that Cemeteries primarily contribute to is:

- A safe and healthy community
- A Supportive Community

Performance Measures

	Objective	Result
1	Provide training for Council staff in Civil Defence procedures.	Achieved in Part One dedicated exercise was undertaken with the Canterbury Group. This was Operation Pandora, a flood event that was declared as a group emergency. No local exercise was carried out.
2	To have in place an approved and operative Civil Defence Emergency Management Plan for the District.	Achieved Council's local arrangements for Civil Defence were approved by the Canterbury Regional Civil Defence group in April 2005 and formed part of the group plan
3	To develop a positive working relationship with the Canterbury Civil Defence Emergency Management Group on Civil Defence matters.	Achieved The Civil Defence Officer attends CDEM staff meeting on a regular basis. The CEO and Manager, Planning & Regulations are also involved with the regional executive group.

Identified Effects on Community Well-Being

The provision of Civil Defence has effects on the Social and Environmental well-being of the community; however, these have yet to be formally identified by Council.

Services Provided

- Provide training for Council staff in Civil Defence procedures.
- To develop a positive working relationship with the Canterbury Civil Defence Emergency Management Group on Civil Defence matters.

Civil Defence Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
40	General Rates	41	41
2	External Income	0	3
42	TOTAL INCOME	41	44
	OPERATING EXPENDITURE		
26	Operating Costs	30	27
5	Support Costs	6	6
7	Depreciation	7	7
0	Debt Servicing Interest	(2)	(1)
38	OPERATING COST	41	39
4	NET SURPLUS (DEFICIT)	0	5
	CAPITAL		
8	Capital Expenditure	6	4
8	CAPITAL TO BE FUNDED	6	4
4	Operating Surplus / (Deficit)	0	5
4	Reserves/Reduction in Equity	6	(1)
8	TOTAL SOURCE OF FUNDS	6	4

Civil Defence cont ...

Commentary on Civil Defence Financial Summary

Surplus/(Deficit)

The surplus for the year was \$5,000; \$5,000 greater than the budgeted break even position.

Revenue

Total Revenue for the year was \$44,000; \$3,000 greater than the budget of \$41,000.

The Key Variance was:

- An unbudgeted Government Grant of \$3,000 was received.

Operating Expenditure

Total Operating Expenditure for the year was \$39,000; \$2,000 greater than the budget of \$41,000.

There was no significant variance from budget.

Civil Defence Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Plant & Equipment	6	4
TOTAL CAPITAL EXPENDITURE	6	4

There was no significant variance from budget.

Rural Fire Protection

What the Council does

The Principal Rural Fire Officer is employed by Council through the South Canterbury Rural Fire Authority. That officer in turn co-ordinates a network of volunteers and contractors who are involved in rural fire protection. The South Canterbury Rural Fire Authority is a combined organisation involving Mackenzie District Council, Waimate District Council, Timaru District Council, New Zealand Fire Service and the Department of Conservation.

Services Provided

- To ensure the provision of premises, equipment and resources for the Rural Fire Service.
- To maintain and operate a rural fire protection plan in conjunction with other fire authorities

Community Outcomes

The Community Outcome that Rural Fire Control primarily contributes to is:

- A safe and healthy community
- An attractive and highly valued natural environment

Performance Measures

	Objective	Result
1	That fire crews are on site anywhere in the District's Rural Fire area within one hour of call out.	Achieved The Principal Rural Fire Officer believes that the network is wide enough to achieve this objective. Council networks at Albury, Fairlie, Burkes Pass, Tekapo, and Twizel. Mt Cook has its own system.
2	Promote and carry out fire control measures in the Mackenzie District Council and comply with the measures of the combined Rural Fire Authorities' Rural Fire Plan.	Achieved The Principal Rural Fire Officer organised regular exercises with volunteers although Burkes Pass was a concern as the number of volunteers in this area was below his expectations. The South Canterbury Rural Fire Authority operated under the one plan and the Principal Rural Fire Officer ensures these measures were complied with. Council was an active member of the combined authority and Alistair Munro (Aries Station) is the current Chair of the Authority.

Identified Effects on Community Well-Being

The provision of Rural Fire Control has effects on the Economic, Social and Environmental well-being of the community; however, these have yet to be formally identified by Council.

Rural Fire Protection cont ...

Rural Fire Control Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
94	Targeted Rates	93	93
4	External Income	0	0
98	TOTAL INCOME	93	93
	OPERATING EXPENDITURE		
53	Operating Costs	63	62
2	Support Costs	3	3
40	Depreciation	28	28
0	Debt Servicing Interest	5	5
95	OPERATING COST	99	98
3	NET SURPLUS (DEFICIT)	(6)	(5)
	CAPITAL		
0	Capital Expenditure	5	5
0	CAPITAL TO BE FUNDED	5	5
3	Operating Surplus / (Deficit)	(6)	(5)
(3)	Reserves/Reduction in Equity	11	10
0	TOTAL SOURCE OF FUNDS	5	5

Commentary on Rural Fire Control Financial Summary

Surplus/(Deficit)

The deficit for the year was \$5,000; \$1,000 less than the budgeted deficit of \$6,000.

Revenue

Total Revenue for the year was \$93,000; equal to the budget.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$98,000; \$1,000 less than the budget of \$99,000.

There was no significant variance from budget.

Rural Fire Control Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Vehicles	5	5
TOTAL CAPITAL EXPENDITURE	5	5

There was no significant variance from budget.

Liquor Licensing

What the Council does

The Council has contracted liquor licensing to Timaru District Council. Timaru District Council staff undertakes a statutory role in this respect, principally in terms of the Sale of Liquor Act 1989. It includes the monitoring, inspection and enforcement of standards in regard to all licensed premises.

Services Provided

- To ensure compliance with Liquor Licensing legislation and bylaws

Community Outcomes

The Community Outcome that Liquor Licensing primarily contributes to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	To ensure all premises selling liquor are licensed.	Achieved This function is carried out under contract to Timaru District Council. Monthly reporting to Council revealed no instances of unlicensed premises.
2	To ensure that a high level of service is maintained to the Mackenzie businesses as a result of contracting the liquor licensing.	Achieved No complaints received during the year from Mackenzie business owners. Contract provisions discussed with Timaru District Council on two occasions and regular liaison was maintained with the officer responsible.
3	To ensure that budget levels are maintained and met.	Achieved A fixed price contract for \$35,000 is in place to cover the services provided by Timaru District Council for both liquor licensing and environmental health services. (A further \$5,000 has been provided for mileage).

Identified Effects on Community Well-Being

The provision of Liquor Licensing has effects on the Social well-being of the community; however, these have yet to be formally identified by Council.

Environmental Health Services

What the Council does

The Council has a statutory and educational role in this respect, principally in terms of the Resource Management Act and the Health Act. It includes the monitoring, inspection and enforcement of standards in regard to all food premises, air and noise pollution, hazardous substances, offensive trades, water quality, communicable diseases, and litter. Environmental Health services delivered in this area are provided under contract by Timaru District Council.

Services Provided

- To ensure that complaints regarding air and noise pollution are responded to in a timely manner.
- To provide a first point of contact for hygiene complaints or matters of public concern relating to environmental health.
- To ensure that budget levels are maintained and met.
- To ensure compliance with public health and safety legislation and bylaws.
- To ensure that a high level of service is maintained to businesses where the Environmental Health and food premises regulatory functions have been contracted out to Timaru District Council.

Community Outcomes

The Community Outcome that Environmental Health Services primarily contribute to is:

- A safe and healthy community

Performance Measures

	Objective	Result
1	That all food and other registered premises have been inspected at least once per year	Achieved Timaru District Council carries out the monitoring as part of the contract. It supplies on a monthly basis a summary sheet of premises inspected and outcomes.

Identified Effects on Community Well-Being

The provision of Environmental Health Services has effects on the Social well-being of the community; however, these have yet to be formally identified by Council.

Liquor Licensing and Environmental Health Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
0	External Revenue	15	29
0	General Rates	20	20
0	TOTAL INCOME	35	49
	OPERATING EXPENDITURE		
0	Operating Costs	35	40
0	OPERATING COST	35	40
0	NET SURPLUS (DEFICIT)	0	9
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
0	Operating Surplus / (Deficit)	0	9
0	Reserves/Reduction in Equity	0	(9)
0	TOTAL SOURCE OF FUNDS	0	0



Environmental Health Services cont...

Commentary on Liquor Licensing and Environmental Health Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$9,000; \$9,000 greater than the budgeted breakeven point.

Revenue

Total Revenue for the year was \$49,000; \$14,000 greater than the budget of \$35,000.

The Key Variance was:

- Fees charged to Food Premises and Publicans were \$14,000 greater than budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$40,000; \$5,000 greater than the budget of \$35,000.

The Key Variance was:

- Vehicle expenses, which had not been budgeted, had been charged by Timaru District Council.

Liquor Licensing and Environmental Health Services Capital Expenditure

There was no significant capital expenditure items acquired or budgeted for the year under review.

GROUP ACTIVITIES – Tourism & Economic Development

Tourism & Economic Development (Summary)

Tourism & Economic Development contributes to the following Community Outcomes:

- A thriving economy
- Affordable access to goods and services

Council's goal in being involved in Tourism and Economic Development is to promote sustainable development for tourism and businesses in the district. The Mackenzie District is recognised as a leading tourist destination and as a result, tourism is recognised as one of the major factors in ensuring the outcomes are met. With tourism increasing, so too does the infrastructure needed to support it, i.e. accommodation, food, retail and service activities. This growth brings employment and population, which in turn, ensures the retention of core services within the district.

Financial Commentary

Surplus/(Deficit)

The Surplus for the year was \$42,000; \$34,000 less than the budgeted surplus of \$8,000.

Revenue

Total Revenue for the year was \$244,000; \$47,000 greater than the budget of \$197,000.

The Key Variance was:

- Income from the Pukaki Visitor Information Centre was \$47,000 greater than budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$202,000; \$13,000 greater than the budget of \$189,000.

Key Variances were:

- Labour Costs associated with the Pukaki Visitor Information Centre were \$5,000 greater than budgeted.

- The Mackenzie Tourism and Economic Development Board resolved to spend \$6,000 more on advertising than was originally budgeted.

Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Tourism & Economic Development Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
113	External Revenue	78	125
114	General Rates	119	119
227	TOTAL INCOME	197	244
	OPERATING EXPENDITURE		
172	Operating Costs	172	186
18	Support Costs	9	9
8	Depreciation	8	7
198	OPERATING COST	189	202
29	NET SURPLUS (DEFICIT)	8	42
	CAPITAL		
4	Capital Expenditure	0	0
4	CAPITAL TO BE FUNDED	0	0
29	Operating Surplus / (Deficit)	8	42
(25)	Reserves/Reduction in Equity	(8)	(42)
4	TOTAL SOURCE OF FUNDS	0	0



Tourism & Economic Development Board

What the Council does

Council's role is to promote sustainable development for tourism and business in the Mackenzie area.

Economic growth creates employment and assists business prosperity. This in turn allows a wider range of social, cultural and recreational facilities, and spreads the rating requirement across a wider base.

The Council supports growth by providing the necessary infrastructure and other services.

The Mackenzie Tourism and Development Board was established in 1994 to encourage tourism and economic development within the District. While the Board is a Standing Committee of Council, the majority of its members are drawn from outside Council and it also has been delegated power from Council to progress economic and business development initiatives within the District and to promote the Mackenzie as a centre for tourism.

In recent years the tourism and marketing responsibilities of the Board have been discharged through a contract between the Board and Christchurch and Canterbury Marketing Limited. Council's commitment in this area is reflected in a three year contract with Christchurch and Canterbury Marketing Limited which expires in 2006. Karen Mullaly is the Mackenzie Marketing Manager.

Brian Tierney continues to act under contract with the Board to progress the business development part of the Board's role.

In March 2003, management of and supervision of the Lake Pukaki Lookout and Visitor Centre moved back to the Board which believe it could operate the facilities successfully at no cost to the ratepayer. The centre was previously managed by Christchurch and Canterbury Marketing Limited.

The Council provides resources as appropriate and monitors the performance of the Board in carrying out its delegated functions. A review of the Board operations is planned for 2005 including opportunity for public consultation.

Services Provided

- Assisting in promoting growth of new and existing businesses in the District.
- Assisting in developing a learning culture and environment for business.
- Supporting the development of the agricultural base of the Mackenzie.
- Promoting the Mackenzie as a highly desirable place to visit.
- Providing opportunities for tourism development

Community Outcomes

The Community Outcomes that the Mackenzie Tourism and Economic Development Board primarily contributes to are:

- A thriving economy
- Affordable access to goods and services

Performance Measures

	Objective	Result
1	Regularly review the objectives for the contract with Christchurch and Canterbury Marketing	Not Achieved The objectives for the contract were not reviewed during the period. However, the Mackenzie Tourism and Economic Development Board held meetings on a quarterly basis, to which the Mackenzie Marketing Manager, Karen Mullaly, attended and updated the board her activities.
2	Report to Council on regular basis on the Board's activities	Achieved The Mackenzie Tourism and Economic Development Board formally reported to Council on its activities on 1 October 2004. The minutes of each Board meeting were also reported to Council.
3	Issue regular bulletins and newsletter on tourism and economic development.	Achieved The regular newsletter was been upgraded and released on the following dates: November 2004; February 2005; May 2005.

Identified Effects on Community Well-Being

The provision of Mackenzie Tourism and Economic Development Board has effects on the Economic and Social well-being of the community; however, these have yet to be formally identified by Council.



Tourism & Economic Development Board cont ...

Mackenzie Tourism and Economic Development Board Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
114	General Rates	119	119
114	TOTAL INCOME	119	119
	OPERATING EXPENDITURE		
102	Operating Costs	110	113
14	Support Costs	9	9
4	Depreciation	2	2
120	OPERATING COST	121	124
(6)	NET SURPLUS (DEFICIT)	(2)	(5)
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(6)	Operating Surplus / (Deficit)	(2)	(5)
6	Reserves/Reduction in Equity	2	5
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Mackenzie Tourism and Economic Development Board Financial Summary

Surplus/(Deficit)

The deficit for the year was \$5,000; \$3,000 greater than the budgeted deficit of \$2,000.

Revenue

Total Revenue for the year was \$119,000; equal to the budget.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$124,000; \$3,000 greater than the budget of \$121,000.

The Key Variance was:

- The Mackenzie Tourism and Economic Development Board resolved to spend \$6,000 more on advertising than was budgeted.

Mackenzie Tourism and Economic Development Board Capital Expenditure

There were no significant capital expenditure item acquired or budgeted for the year under review.

Information Centre (Lake Pukaki)

What the Council does

The Mackenzie Tourism and Development Board is also responsible for the operation of the Lake Pukaki Visitor Information Centre.

In addition, the Council provides funding assistance to the provision of the Information Centres throughout the district. In Twizel, it funds a portion of the operating cost of the Twizel Information Centre; in Fairlie, it provides funding to the Resource Centre; and in Tekapo, it provides funding to the Lake Tekapo Promotions Association. The funds provided form part of the costs of Community Facilities.

Services Provided

- The provision of information services that promote the District and its attraction to visitors.
- Operation of the Lake Pukaki Visitor Information Centre.

Community Outcomes

The Community Outcome that Lake Pukaki Information Centre primarily contributes to is:

- A thriving economy

Performance Measures

	Objective	Result
1	Operation of the Lake Pukaki Visitor Centre with no rating input from Council (other than building maintenance)	Achieved The operation of the Lake Pukaki Information Centre recorded a surplus of \$43,223 for the year ended 30 June 2005, therefore no rating input from the Council was required.

Identified Effects on Community Well-Being

The provision of Lake Pukaki Information Centre has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Lake Pukaki Information Centre Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
113	External Revenue	78	125
113	TOTAL INCOME	78	125
	OPERATING EXPENDITURE		
69	Operating Costs	63	73
5	Support Costs	0	0
4	Depreciation	5	5
78	OPERATING COST	68	78
35	NET SURPLUS (DEFICIT)	10	47
	CAPITAL		
4	Capital Expenditure	0	0
4	CAPITAL TO BE FUNDED	0	0
35	Operating Surplus / (Deficit)	10	47
(31)	Reserves/Reduction in Equity	(10)	(47)
4	TOTAL SOURCE OF FUNDS	0	0

Information Centre (Lake Pukaki) cont ...

Commentary on Lake Pukaki Information Centre Financial Summary

Surplus/(Deficit)

The surplus for the year was \$47,000; \$37,000 greater than the budgeted surplus of \$10,000.

Revenue

Total Revenue for the year was \$125,000; \$47,000 greater than the budget of \$78,000.

The Key Variance was:

- Income from the Pukaki Visitor Information Centre Activities was \$47,000 greater than budgeted.

Operating Expenditure

Total Operating Expenditure for the year was \$78,000; \$10,000 greater than the budget of \$68,000.

Key Variances were:

- Labour Costs associated with the Pukaki Visitor Information Centre were \$5,000 greater than budgeted.
- Total Bank Charges and Credit Card Commissions were \$4,000 greater than budgeted.

Lake Pukaki Information Centre Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

GROUP ACTIVITIES – Commercial Activities

Commercial Activities (Summary)

Commercial Activities contribute to the following Community Outcome

- A thriving economy

The goal of the Commercial Activities of the Council is to manage the commercial investments wisely. The prime responsibility in this area is to get the best possible return. Having said that, the Council is committed to investing in the District and wherever possible, acting as a catalyst for the development of the District.

As a result, the Council, by being involved with Commercial Activities is attempting to meet the Community outcome in two ways:

- Ensuring the best possible return for Council itself, and
- Investing in the District to help promote development.

The Commercial Activities that the Council is involved with are:

- Forestry.
- Real Estate.
- Rental Properties.
- Pukaki Airfield.

The Council also classifies the management of its investment portfolio as a commercial activity. However, all of the income derived from the Council's Equity and Cash Investments, as well as its Treasury function, is used to offset the Works and Services Rates in each of the Rating Areas.

Commercial Activities Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
1,245	External Revenue	2,855	730
0	Debt Interest Revenue	286	255
0	Other Internal Income	0	60
(245)	General Rates	(19)	(19)
(678)	Targeted Rates	(877)	(877)
322	TOTAL INCOME	2,245	149
	OPERATING EXPENDITURE		
315	Operating Costs	265	312
79	Support Costs	104	104
3	Depreciation	3	7
397	OPERATING COST	372	423
(75)	NET SURPLUS (DEFICIT)	1,873	(274)
	CAPITAL		
480	Capital Expenditure	920	0
480	CAPITAL TO BE FUNDED	920	0
(75)	Operating Surplus / (Deficit)	1,873	(274)
555	Reserves/Reduction in Equity	(953)	274
480	TOTAL SOURCE OF FUNDS	920	0

Commercial Activities (Summary) cont ...

Commentary on Commercial Activities Financial Summary

Surplus/(Deficit)

The deficit for the year was \$274,000; \$2,147,000 less than the budgeted surplus of \$1,873,000.

Revenue

Total Revenue for the year was \$149,000; \$2,096,000 less than the budget of \$1,873,000.

Key Variances were:

- Only \$4,000 was recognised in Real Estate Sales, whereas the budget was set at \$2,000,000. The identified areas of land in Lake Tekapo were subject to a Plan Change before they could be sold.
- Due to the low level of log prices, the budgeted timber sales of \$208,000 did not eventuate.
- \$60,000 in internal rental was paid by the Mackenzie Forestry Board as a result of a change to the financial structure of the Board.

Operating Expenditure

Total Operating Expenditure for the year was \$423,000; \$51,000 greater than the budget of \$372,000.

The Key Variances was:

- Rental on the freehold land used for Forestry Purposes was charged at \$60,000 for the year, due to a change in the financial structure of the Mackenzie Forestry Board.

Commercial Activities Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
SIGNIFICANT PROJECTS		
Tekapo Domain Leases Project	920	0
TOTAL CAPITAL EXPENDITURE	920	0

Reason for Undertaking Capital Expenditure Projects

The Council's reasoning for undertaking the Significant Capital Expenditure Projects were as follows:

- The Council set a budget of \$920,000 to complete the work in obtaining surrenders of leases from the organisations which lease land in the Tekapo Domain. The Council has adopted this project to provide land for the future expansion of the Lake Tekapo Village Centre. During the financial year only \$115,000 of this budget was spent and this is reflected in a current asset named Properties Intended for Sale, rather than being recorded as Capital Expenditure.

Results for the 2004/2005 year

Total Capital Expenditure for the year was zero; \$920,000 less than the budget of \$920,000.

The Key Variance was:

- A budget of \$920,000 was set to complete the buy-out of the Tekapo Domain Leases. This cost is now classified as a current asset named Properties Intended for Sale

Forestry

What the Council does

The Council has set up the Mackenzie Forestry Board to manage its forestry estate and achieve the goals as set out in the Board's Statement of Intent.

The Business Goals of the Board are as follows:

- ✓ To maintain the current estate in a healthy, productive and profitable state in perpetuity for the economic and social benefit of the community at large.
- ✓ To grow the Council's forestry estate to 900 planted hectares.
- ✓ To ensure that 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 lower the proportion of the Councils planted resource earning less than 7% from 39% to 35% by 2010.
- ✓ To maximise the Council's wealth.

Services Provided

- Implementation & review of the long term forestry strategy.
- Providing recommendations for the sale/purchase of land to meet the strategy.
- Approval of planting & harvesting programmes.
- Approval of annual financial budgets and physical targets.
- Approval of wood sale contracts.
- Approval of the annual operating programme.

Community Outcomes

The Community Outcome that Forestry primarily contributes to is:

- A thriving economy

Performance Measures

	Objective	Result
1	To plant 85 hectares of new planting at the Cabuie and Fox Peak Plantations by September 2004.	Achieved in Part A total of 17.8 hectares were planted at Cabuie and 43.4 hectares at Fox Peak before September 2004. The total area planted of 61.2 hectares was down on the due to the rationalisation by the Mackenzie Forestry Board of the area to be planted at Fox Peak.
2	Council will approve the Forestry Board's Statement of Intent on an annual basis.	Achieved Council approved the Forestry Board's Statement of Intent for the three years ended 30 June 2008 on 28 June 2005

Identified Effects on Community Well-Being

The provision of Forestry has effects on the Economic well-being of the community; however, these have yet to be formally identified by Council.

Forestry cont ...

Forestry Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
25	External Revenue	228	27
0	Debt Servicing Interest Received	0	25
(2)	Targeted Rates	(23)	0
23	TOTAL INCOME	205	52
	OPERATING EXPENDITURE		
251	Operating Costs	184	151
0	Internal Rental	0	60
12	Support Costs	14	14
263	OPERATING COST	198	225
(240)	NET SURPLUS (DEFICIT)	7	(173)
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(240)	Operating Surplus / (Deficit)	7	(173)
240	Reserves/Reduction in Equity	(7)	173
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Forestry Financial Summary

Surplus/(Deficit)

The deficit for the year was \$173,000; \$180,000 less than the budgeted surplus of \$7,000.

Revenue

Total Revenue for the year was \$52,000; \$153,000 less than the budget of \$205,000.

The Key Variances were:

- Due to the low level of log prices, the budgeted timber sales of \$208,000 did not eventuate

- Due to the change in the financial structure of the Mackenzie Forestry Board, the \$23,000 set as a dividend to offset targeted rates in the four Works and Services Rating Areas did not occur.

Operating Expenditure

Total Operating Expenditure for the year was \$225,000; \$27,000 greater than the budget of \$198,000.

The Key Variances was:

- Rental on the freehold land that is used for Forestry Purposes was charged at \$60,000 for the year, due to a change in the financial structure of the Mackenzie Forestry Board.

Forestry Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Real Estate

What the Council does

The Mackenzie District Council owns significant areas of land in the District. Much of this land has potential for development for Commercial, Residential and Agricultural purposes.

The Council holds this land in its Real Estate Portfolio to develop, sell or lease as it sees fit to ensure the best possible return for the District as a whole.

Being a major land owner in an area experiencing substantial growth, the Council can play a major part in the development of the District.

Principal Objectives

The Council Real Estate Portfolio is to be reviewed on an on-going basis to assess possibilities for development, sale or lease.

Properties within the Portfolio may be realised whenever it is considered appropriate by the Council.

Community Outcomes

The Community Outcome that Real Estate contributes to is:

- A thriving economy

Performance Measures

	Objective	Result
1	Continue Council's programme of property rationalisation.	Achieved in Part Work has continued at a staff level towards the programme of property rationalisation, however, a full database of Council Land Holdings has yet to be formally presented to Council
2	Actively market for sale land that has been identified as surplus to Council's requirements.	Achieved in Part Council has continued to market various areas of surplus land for sale, however, for the year ended 30 June 2005, there were no significant sales recognised in Revenue.
3	Progress the issues identified in the Planning Exercises for Lake Tekapo and Twizel for the Council owned land.	Achieved in Part Lake Tekapo Continued to negotiate surrenders to the leases in the Village Centre. A formal agreement was secured with C.C.S. South Canterbury during the year. The Real Estate Arm of Council had actively submitted and presented evidence on the Notified Plan Changes for Lake Tekapo. Further negotiations took place for the provision of a Supermarket in the Twizel Village Centre

Real Estate cont ...

Identified Effects on Community Well-Being

The provision of Real Estate has effects on the Economic and Environmental well-being of the community; however, these have yet to be formally identified by Council.

Real Estate Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
471	External Revenue	2,000	27
471	TOTAL INCOME	2,000	27
	OPERATING EXPENDITURE		
49	Operating Costs	66	84
45	Support Costs	65	65
94	OPERATING COST	131	149
377	NET SURPLUS (DEFICIT)	1,869	(122)
	CAPITAL		
480	Capital Expenditure	920	0
480	CAPITAL TO BE FUNDED	920	0
377	Operating Surplus / (Deficit)	1,869	(122)
103	Reserves/Reduction in Equity	(949)	122
480	TOTAL SOURCE OF FUNDS	920	0

Commentary on Real Estate Financial Summary

Surplus/(Deficit)

The deficit for the year was \$22,000; \$1,891,000 less than the budgeted surplus of \$1,869,000.

Revenue

Total Revenue for the year was \$127,000; \$1,873,000 less than the budget of \$2,000,000.

The Key Variance was:

- Only \$104,000 was recognised in Real Estate Sales, whereas the budget was set at \$2,000,000. The reason being the identified areas of land in Lake Tekapo were subject to a Plan Change before they could be sold.

Operating Expenditure

Total Operating Expenditure for the year was \$149,000; \$18,000 greater than the budget of \$131,000.

The Key Variance was:

- \$17,000 was spent on an unbudgeted project to relocate the Machinery Display in Twizel, which was a condition of the sale of a section sold in 2002.

Real Estate Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
AREA		
Tekapo Domain Leases Project	920	-
TOTAL CAPITAL EXPENDITURE	920	-

The Key Variance was:

- A budget of \$920,000 was set to complete the buy-out of the Tekapo Domain Leases. This cost is now classified as a current asset.

Rental Properties

What the Council does

The Council also owns various areas of land which it leases on a commercial basis. The three key areas are:

- Twizel Depot leased to Whitestone Ltd
- Tekapo Depot leased to Whitestone Ltd
- The Old Library Café leased to Library Cafes Limited.

The Council also owns other sections of land which it leases. These rentals received are not recognised as part of the rental properties but are used to offset the Works and Services Rates of the area in which the property is situated.

Services Provided

- The Council acts as lessor on these properties and the responsibilities as lessor are set out in each formal lease.

Community Outcomes

The Community Outcome that Rental Properties contribute to is:

- A thriving economy

Performance Measures

	Objective	Result
1	Council regularly reviews all leases to ensure that it is receiving the best possible return.	Achieved Council formally reviewed all Council leases on 22 February 2005, with a working party to meet later in the year to consider each lease in depth.

Identified Effects on Community Well-Being

The provision of Rental Properties has effects on the Economic well-being of the community; however, these have yet to be formally identified by Council.

Rental Properties Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
21	External Revenue	19	18
(20)	General Rates	(19)	(18)
1	TOTAL INCOME	0	0
	OPERATING EXPENDITURE		
0	Operating Costs	0	2
1	Support Costs	1	1
3	Depreciation	2	7
4	OPERATING COST	3	10
(3)	NET SURPLUS (DEFICIT)	(3)	(10)
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(3)	Operating Surplus / (Deficit)	(3)	(10)
3	Reserves/Reduction in Equity	3	10
0	TOTAL SOURCE OF FUNDS	0	0

Rental Properties cont ...

Commentary on Rental Properties Financial Summary

Surplus/(Deficit)

The deficit for the year was \$10,000; \$7,000 greater than the budgeted deficit of \$3,000.

Revenue

The net total revenue for the year was zero, equal to the budget of \$18,000.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$10,000; \$7,000 greater than the budget of \$3,000.

The Key Variance was:

- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation.

Rental Properties Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Pukaki Airfield

What the Council does

Some time ago, the Council deemed that the public airfield at Pukaki was a strategic asset that it wanted to retain. To do so, the Council purchased the freehold land surrounding the operational airfield, which had an airport designation over it. The task of developing a business plan for the Pukaki Airfield was later assigned to the Mackenzie Tourism and Development Board. As well as recommending a course of action for the operation of the airfield, the consultant working for the Board recommended that a Council Controlled Organisation be set up under a company structure. This was established as Mackenzie Holdings Ltd on 1st October 2004.

Services Provided

- The rationale for the Council purchasing the airfield was to ensure that there was a public airfield in the District.
- The task of making the airfield operational was transferred to Mackenzie Holdings Ltd during the period.

Community Outcomes

The Community Outcome that Pukaki Airfield primarily contributes to is:

- A thriving economy

Performance Measures

	Objective	Result
1	The Council will regularly review the performance of the organisation charged with overseeing the operation of the airfield.	Achieved Council formally established Mackenzie Holdings Limited to operate the airfield on 1 October 2004. The Company's Statement of Intent was approved by Council that date also. The financial statements of Mackenzie Holdings Limited were consolidated in the Council's Annual Report for the year ended 30 June 2005.

Identified Effects on Community Well-Being

The provision of Pukaki Airfield has effects on the Economic well-being of the community; however, these have yet to be formally identified by Council.

Investments

What the Council does

The Council has a range of financial investments.

The Council operates an investment portfolio for its cash investments. This portfolio is managed on behalf of Council by Bancorp Treasury Services Limited.

As at 30 June 2005, the structure of the investment portfolio was as follows:

- Local Government Stock \$500,000
- Trading Banks \$500,000
- Strongly Rated Corporates \$2,000,000
- Loans \$65,120

The Council also hold equity investments in companies. As at 30 June 2005, the value of these equity investments was:

- Alpine Energy \$4,455,966
- Opihi River Development Co Ltd \$675,000
- Downlands Water Scheme \$570,392

The Council's rationale for holding these equity investments is discussed further in the Council's Treasury Policy.

The Council also owns Forestry Assets, which are discussed above in the Forestry Commercial Activity, and a significant land holding, which forms the Council's Real Estate Portfolio and is discussed above in the Real Estate Commercial Activity.

The Council aims to obtain the best possible return from all its financial investments. The Income derived from such assets is used directly to offset the Works and Services Rate requirement in each of the Rating Areas. The way in which the investment income is distributed is in proportion to the respective Capital Value of each Rating Area.

The capital value split for the 2004/2005 financial year was as follows:

- Fairlie 5.63%
- Tekapo 12.60%
- Twizel 18.15%
- Rural 63.62%

Community Outcomes

The Community Outcome that Investments primarily contribute to is:

- A thriving economy

Performance Measures

	Objective	Result
1	Council will review the performance of the Council's Investment Portfolio on a quarterly basis.	Achieved in Part Council formally reviewed the report provided by the Council's Investment Advisers, Bancorp Treasury Services Limited, on 20 August 2004 and 23 March 2005
2	Council will review and approve the Statement of Corporate Intent of Alpine Energy Limited on an annual basis.	Achieved Council formally reviewed the Statement of Corporate Intent for Alpine Energy Limited on 23 March 2005
3	Council will review the Annual Report and attend the Annual General Meeting of Alpine Energy Limited.	Achieved Council formally reviewed the Annual Report for Alpine Energy Limited on 2 August 2005. Mayor O'Neill attended the Company's AGM on 28 July 2005.
4	Council will review the Annual Report of Opihi River Development Company Limited on an annual basis.	Not Achieved Council did not review the Annual Report for Opihi River Development Company Limited in the year ended 30 th June 2005.

Identified Effects on Community Well-Being

The provision of Investments has effects on the Economic well-being of the community; however, these have yet to be formally identified by Council.



Investments cont...

Investments Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
729	External Revenue	608	658
0	Debt Servicing Interest Revenue	286	230
0	Internal Rental Received	0	60
(901)	Targeted Rates	(854)	(877)
(172)	TOTAL INCOME	40	71
	OPERATING EXPENDITURE		
16	Operating Costs	15	15
22	Support Costs	24	24
38	OPERATING COST	39	39
(210)	NET SURPLUS (DEFICIT)	1	32
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(210)	Operating Surplus / (Deficit)	1	32
210	Reserves/Reduction in Equity	(1)	(32)
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Investments Financial Summary

Surplus/(Deficit)

The surplus for the year was \$32,000; \$31,000 greater than the budgeted surplus of \$1,000.

Revenue

Total Revenue for the year was \$71,000; \$15,000 greater than the budget of \$40,000.

The Key Variances were:

- Investment Income was \$97,000 greater than was budgeted for the year due to the timing and level of Capital Expenditure. This meant cash reserves were not drawn upon to the degree budgeted.
- Dividend Income from Alpine Energy Limited was \$47,000 less than was budgeted.
- Internal Rental of \$60,000 was received from the Mackenzie Forestry Board, which was not previously budgeted for.
- The increase in overall income meant the amount used to offset Targeted Rates increased by \$23,000

Operating Expenditure

Total Operating Expenditure for the year was \$39,000; equal to the budget.

There was no significant variance from budget.

Investments Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

GROUP ACTIVITIES – Democracy & Corporate Services

Democracy & Corporate Services (Summary)

Democracy contributes to the following Community Outcomes

- A supportive community.
- A participative, well informed and culturally aware community.

The Goal of Democracy is to ensure that the community is encouraged to participate in the Council activities. This is carried out by informing communities of the work that Council is involved in and ensuring that the community is involved in the decision making process.

Democracy & Corporate Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
47	External Revenue	49	76
937	Support Services Revenue	919	933
738	General Rates	618	618
0	Targeted Rates	75	75
1,722	TOTAL INCOME	1,661	1,702
	OPERATING EXPENDITURE		
1,317	Operating Costs	1,216	1,260
484	Support Costs	408	375
61	Depreciation	67	94
0	Debt Servicing Interest	3	6
1,862	OPERATING COST	1,694	1,735
(140)	NET SURPLUS (DEFICIT)	(33)	(33)
	CAPITAL		
115	Capital Expenditure	150	181
115	CAPITAL TO BE FUNDED	150	181
(140)	Operating Surplus / (Deficit)	(33)	(33)
255	Reserves/Reduction in Equity	183	214
115	TOTAL SOURCE OF FUNDS	150	181

Commentary on Democracy and Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$33,000; equal to the budget.

Revenue

Total Revenue for the year was \$1,702,000; \$41,000 greater than the budget of \$1,661,000.

The Key Variance was:

- External Income was up on budget by \$27,000 due to the receipt of Recoverable Services under Administration.

Operating Expenditure

Total Operating Expenditure for the year was \$1,735,000; \$41,000 greater than the budget of \$1,694,000.

The Key Variances were:

- Operating Costs were up on budget by \$44,000 due to an increase in Employment Costs of \$32,000 and Meeting Allowances for Councillors of \$11,000
- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation.



Democracy & Corporate Services (Summary) cont...

Democracy & Corporate Services Capital Expenditure

	Budget 2004/05 \$000's	Actual 2004/05 \$000's
SIGNIFICANT PROJECTS		
Electronic Equipment	62	59
Plant & Equipment	3	8
Building Alterations	60	84
Vehicle Replacement	25	30
TOTAL CAPITAL EXPENDITURE	150	181

Reason for Undertaking Capital Expenditure Projects

The Council's reasoning for undertaking the Significant Capital Expenditure Projects were as follows:

- Budgets were set for the purchase of Electronic Equipment to ensure the Council's Information Technology is kept up to date.
- The Council set a budget to fund the alterations of the Council Building to provide additional office space and a dedicated interview room.
- The Council budgeted to replacement the Chief Executive Officer's vehicle pursuant to the Council's Vehicle Replacement Policy

Results for the 2004/2005 year

Total Capital Expenditure for the year was \$181,000; \$31,000 less than the budget of \$150,000.

The Key Variances were:

- The Council Office Upgrade cost was \$25,000 greater than budgeted.
- The purchase of the Chief Executive Officer's vehicle was \$23,000, \$2,000 less than the budget set. The Council also purchased a further administration vehicle at a cost of \$7,000. This item was unbudgeted but deemed necessary for staff to carry out their responsibilities.

District Council

What the Council does

Since October 2004, the Council consists of the Mayor and six Councillors. The Mayor has been elected at large by the electors in the district and the Councillors are elected by way of Wards as follows:

- Pukaki Ward (3 Councillors)
- Opuha Ward (3 Councillors)

The Pukaki Ward is the previous Twizel and Tekapo Wards combined and the Opuha Ward is the previous Fairlie and Albury Wards combined.

Objectives

- To ensure communication of Council activities to residents through meetings, speeches and published information.
- To provide opportunities for community feedback through consultative processes

Community Outcomes

The Community Outcomes that District Council primarily contributes to are:

- A supportive community.
- A participative, well informed and culturally aware community.

Performance Measures

	Objective	Result
1	The Council to convene, publicly advertise and hold in accordance with standing orders: 10 full meetings of Council and 30 Committee meetings.	Achieved in Part As a result of Local Government Commission determination to reduce the number of Councillors from ten to six, the decision was made after the election to eliminate standing committees. As a result only eight Committee meetings were held during the year under review. During the year, the Council held 29 full Council meetings. All meetings convened were publicly advertised and held in accordance with standing orders.
2	Provide opportunity for community feedback through the consultative process required under the Local Government Act 2002.	Achieved A full consultative process under the Local Government Act 2002 was carried out for submissions to the Annual Plan for the 2005/2006 year.

Identified Effects on Community Well-Being

The provision of a District Council has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.



District Council cont ...

District Council Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
600	General Rates	618	618
600	TOTAL INCOME	618	618
	OPERATING EXPENDITURE		
309	Operating Costs	254	281
396	Support Costs	363	330
1	Depreciation	1	1
706	OPERATING COST	618	612
(106)	NET SURPLUS (DEFICIT)	0	6
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
(106)	Operating Surplus / (Deficit)	0	6
106	Reserves/Reduction in Equity	0	(6)
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on District Council Financial Summary

Surplus/(Deficit)

The surplus for the year was \$6,000; \$6,000 greater than the budgeted breakeven position.

Revenue

Total Revenue for the year was \$618,000; equal to the budget.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$612,000; \$6,000 less than the budget of \$618,000.

Key Variances were:

- Elected Member Remuneration was \$22,000 greater than budget.
- The Cost of running the triennial election was \$9,000 greater than the budget.
- Support Costs were down on budget by \$33,000 due to the surplus recorded by the Asset Management Department being transferred to the District Council cost centre.

District Council Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Community Boards

What the Council does

The Community Boards comprise the second tier of the Council's Elected Representative structure. Currently, there are three Community Boards and their makeup since October 2004 is as follows:

- Twizel Community Board (4 members plus 1 appointed Councillor)
- Tekapo Community Board (4 members plus 1 appointed Councillor)
- Fairlie Community Board (4 members and 1 appointed Councillor)

Objectives

- To provide focused debate and feedback to Council on issues surrounding the three urban areas of the Mackenzie District.
- To fulfil the statutory requirements of a Community Board:
 - to represent and act as an advocate for the interests of the community
 - to consider and report on all matters referred to it by the Council, or on any other matter of interest or concern to the Community Board
 - to maintain an overview of services provided by the Council within the community
 - to prepare an annual submission to the Council on expenditure within the community
 - to communicate with community organisations and special interest groups within the community
 - to undertake any of the responsibilities that are delegated to it by the Council.

Community Outcomes

The Community Outcomes that Community Boards primarily contributes to are:

- A supportive community.
- A participative, well informed and culturally aware community

Performance Measures

	Objective	Result
1	To convene, publicly advertise and hold eight meetings for each Community Board.	Achieved Each meeting convened for the Community Boards was publicly advertised and held in accordance with standing orders. During the year under review, the Fairlie Community Board convened 12 meetings; the Tekapo Community Board convened 10 meetings; and the Twizel Community Board convened 11 meetings.
2	To hold regular liaison meetings between the Community Boards and Council	Achieved The Council and all Community Boards held a combined workshop on 18 August 2004 to determine and clarify the roles of the Community Boards. A further joint meeting was held on 22 October 2004

Identified Effects on Community Well-Being

The provision of Community Boards has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Community Boards cont ...

Community Boards Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
139	General Rates	0	0
0	Targeted Rates	75	75
139	TOTAL INCOME	75	75
	OPERATING EXPENDITURE		
31	Operating Costs	30	25
88	Support Costs	45	45
119	OPERATING COST	75	70
20	NET SURPLUS (DEFICIT)	0	5
	CAPITAL		
0	Capital Expenditure	0	0
0	CAPITAL TO BE FUNDED	0	0
20	Operating Surplus / (Deficit)	0	5
(20)	Reserves/Reduction in Equity	0	(5)
0	TOTAL SOURCE OF FUNDS	0	0

Commentary on Community Boards Financial Summary

Surplus/(Deficit)

The surplus for the year was \$5,000; \$5,000 greater than the budgeted break even position.

Revenue

Total Revenue for the year was \$75,000; equal to the budget.

There was no significant variance from budget.

Operating Expenditure

Total Operating Expenditure for the year was \$70,000; \$5,000 less than the budget of \$75,000.

The Key Variance was:

- Payments made to Community Board members were \$5,000 less than budget.

Community Boards Capital Expenditure

There was no significant capital expenditure item acquired or budgeted for the year under review.

Elections

What the Council does

The Council is required every three years to conduct an election in accordance with the relevant legislation. The 2004 Local Elections were held on 9 October 2004.

Objectives

- To carry the triennial election in accordance with the Local Electoral Act 2001, the Local Electoral Regulations and the SOLGM Code of Good Practice.

Community Outcomes

The Community Outcomes that Elections primarily contributes to are:

- A supportive community.
- A participative, well informed and culturally aware community

Performance Measures

	Objective	Result
1	After the election is completed, to swear in one Mayor, six Councillors and 12 Community Board Members.	Achieved On 22 October 2004, one Mayor, five Councillors and 12 Community Board Members were sworn in. The remaining Councillor was sworn in on 2 November 2004

Identified Effects on Community Well-Being

The provision of Elections has effects on the Social and Cultural well-being of the community; however, these have yet to be formally identified by Council.

Commentary on Elections Financial Summary

The net cost budgeted to run the election was October was \$18,000. This amount was to be funded directly from the General Rate to cover the cost of the preparation of the Electoral Roll and preparation, posting and processing of the Voting Documents. The actual cost of the election was \$27,000.

Corporate Services

What the Council does

The Corporate Services Department of the Council provides the support to all areas of the organisation. The Department includes both Chief Executive's Department and the Finance and Administration Department.

Community Outcomes

Corporate Services contributes to all six Community Outcomes.

Services Provided

- Overall leadership of the council staff through the Chief Executive Officer.
- Preparation of and leading the budgetary process.
- Providing key documents to the community as required under legislation. These include the Annual Plan, the Long-term Council Community Plan and the Annual Report.
- Provision of reception functions.
- Payment of invoices.
- Setting and collection of rates.
- Preparation and collection of other Council revenue.
- Wage and salary payments to staff and elected representatives.
- Provision of computer support for all departments.
- Reporting on financial position and performance to Council, Community Boards and management.
- Minute taking during meetings and recording all Council decisions.
- Provision of typing support for the Council.
- Provision and maintenance of the Council office and the Council Chambers.
- Filing and archiving of all documentation that passes through the Council.
- Leading the Commercial arm of the Council with regards to Real Estate and Forestry

Corporate Services Financial Summary

Actual 2003/04 \$000's		Budget 2004/05 \$000's	Actual 2004/05 \$000's
	INCOME		
47	External Revenue	49	77
937	Support Services Revenue	919	933
984	TOTAL INCOME	968	1,010
	OPERATING EXPENDITURE		
977	Operating Costs	932	954
61	Depreciation	66	94
0	Debt Servicing Interest	3	5
1,038	OPERATING COST	1,001	1,053
(54)	NET SURPLUS (DEFICIT)	(33)	(43)
	CAPITAL		
114	Capital Expenditure	150	181
114	CAPITAL TO BE FUNDED	150	181
(54)	Operating Surplus / (Deficit)	(33)	(43)
168	Reserves/Reduction in Equity	183	224
114	TOTAL SOURCE OF FUNDS	150	181

Commentary on Corporate Services Financial Summary

Surplus/(Deficit)

There was no surplus for the year, which was \$33,000 greater than the budgeted deficit of \$33,000.

Revenue

Total Revenue for the year was \$1,010,000; \$42,000 greater than the budget of \$968,000.

The Key Variance was:

- External Income was up on budget by \$27,000 due to the receipt of Recoverable Services under Administration.



Corporate Services cont ...

Operating Expenditure

Total Operating Expenditure for the year was \$1,053,000; \$52,000 greater than the budget of \$1,001,000.

Key Variances were:

- Operating Costs were up on budget by \$44,000 due to an increase in Employment Costs of \$32,000 and Meeting Allowances for Councillors of \$11,000
- Depreciation was up on budget due to the recalculation performed as a result of the asset revaluation

Corporate Services Capital Expenditure

AREA	Budget 2004/05 \$000's	Actual 2004/05 \$000's
Electronic Equipment	62	59
Plant & Equipment	3	8
Building Alterations	60	84
Vehicle Replacement	25	30
TOTAL CAPITAL EXPENDITURE	150	181

Key Variances were:

- Building Alterations to the Fairlie Council Office were \$24,000 greater than budget for the year. However, these were funded by funds carried forward from the 2003/2004 year.
- Vehicle Replacement Cost was higher than budgeted due to the purchase of an additional vehicle.

Council Controlled Organisations

Mackenzie Holdings Limited

Council Policy

As part of the Long Term Council Community Plan, the Council deemed the public airfield at Pukaki to be a strategic asset that it wanted to retain. To achieve this goal, in September 2003 the Council purchased the surrounding freehold land that was under an airfield designation. It was identified in the Long Term Council Community Plan that a company would be created to assist in the airfield becoming operational.

In October 2004, the Council formally resolved to create Mackenzie Holdings Limited and Appointed four directors.

Council Objectives and Scope of Activities

The Long Term Council Community Plan identified the following services to be provided:

- Ensuring there was a public airfield in the Mackenzie District
- The airfield to become operational.

Results

Through Mackenzie Holdings Limited, the Council's objectives have been achieved as:

- The Pukaki Airfield is open for public use.
- The Pukaki Airfield has become operational.

Key Performance Measures

The Council did not prescribe any key performance targets for Mackenzie Holdings Limited in the Long Term Council Community Plan as the company was yet to be established. It did, however, state the following performance measure for the Pukaki Airfield:

- The Council will regularly review the performance of the organisation charged with overseeing the operation of the airfield.

This has been achieved by the Council during the year as the Council has reviewed the six-monthly report provided by the directors on 22 February 2005. The Council will also review the Annual Report of Mackenzie Holdings Limited when it has been provided.

Opportunities for Māori to Contribute

Opportunities for Māori to Contribute to Decision-Making Processes

Legislative Requirements

Pursuant to Section 21 of the 10th Schedule of the Local Government Act 2002, the Mackenzie District Council is required to report on the activities that it has undertaken in the 2004/2005 year to establish and maintain processes to provide Opportunities for Māori to contribute to the decision-making processes of the Council.

Council Policy

The Council has no formal policy on specific consultation with Māori, however, copies of all plans, including the Long Term Council Community Plan and Annual Plan, are provided to the local Iwi, Te Runaka O Arowhenua, with opportunities for the Runaka to make submissions on any issues it deems appropriate.

Aoraki Environmental Consultants Limited

The Mackenzie District Council was fully supportive of the establishment of Aoraki Environmental Consultants Limited, a company formed by Te Runaka O Arowhenua to improve the response to existing and growing demands placed on the Runaka by the Local Government Act 2002 and the Resource Management Act 1991.

The Mackenzie District Council viewed the establishment of such an entity as an important step to ensure that Māori are involved in the decision-making process of Council.

Statement of Accounting Policies

Statement of Accounting Policies

Accounting Entity

The Mackenzie District Council is a local authority under the Local Government Act 2002. The Mackenzie District Financial Statements, have been prepared in accordance with the Local Government Act 2002, Financial Reporting Standards issued by the Institute of Chartered Accountants of New Zealand and generally accepted accounting standards.

Measurement Base

The financial statements have been prepared in accordance with the requirements of Section 111 of the Local Government Act 2002, and the pronouncements of the Institute of Chartered Accountants of New Zealand. The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Accounting Policies

Basis of Preparation of the Financial Statements

The financial statements presented in this Annual Report include a Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity with supporting notes, encompassing all activities of Council. In order to meet its obligations of public accountability, the Council has also included for each significant activity, a separate Statement of Financial Performance.

Basis of consolidation of the Financial Statements

The consolidated financial statements include Council and its subsidiary, Mackenzie Holdings Limited. The subsidiary is accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-entity transactions are eliminated on consolidation.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practices and are consistent with accounting policies adopted by the Council for the preparation of the financial statements.

Revenue Recognition

Rates are recognised as income when the rates for the year are struck, and Government Grants are recognised when the entitlement is established.

Allocation of Overheads

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.

Investments

Council owns shares in Alpine Energy Ltd and Ophi River Development Company Ltd. Ordinary shares are valued at the net asset backing of each company. Preference shares are valued at cost.

Company:	No.	Value
Alpine Energy Ltd	2,049,870	\$2.17
Ophi River Development Company Ordinary	1,200,000	\$0.00
Preference	675,000	\$1.00

Council also holds investments in stock issued by local authorities, registered banks, strongly rated SOEs and corporates. These investments are valued at net realisable value. Other investments are stated at cost.

Assets:

i) Valuation

Forestry

The Council's forestry assets have been revalued by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council. The valuation was undertaken as at 30 June 2005 using the following basis:

- ✓ Mature Stands – Market Value
- ✓ Immature Stands – Net Present Value

Forestry Assets are revalued on an annual basis.

Statement of Accounting Policies cont...

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 sewage, stormwater, water supply, bridges and roading systems. Council's Infrastructural Assets have been included in this Annual Report at their 1 July 2004 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, Maunsell, and has been valued at depreciated replacement cost as at 1 July 2004. Landfills and village projects are stated at cost. Subsequent additions have been valued at cost and depreciated.

Land Under Roads

The land under the roading network has been valued as part of the roading network. The value of the land is based on the average rateable value of the land in the associated ward as deemed by Quotable Value.

Land & Buildings

All land has been revalued to Government Valuation as at 1 October 1991, determined by Valuation New Zealand. Buildings have been revalued as at 1 July 2004 by Quotable Value. 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 depreciated replacement cost. These valuations have been adopted as a deemed cost. Each building has also been componentised into: Structure; Services and Internal Fitout. The Vertical Composting Unit has also been revalued as at 1 July 2004. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

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 and net realisable value.

Properties Intended For Sale

Property that is being developed for sale is valued at Government Valuation as at 1 October 1991 as determined by Quotable Value. These Valuations were adopted as deemed cost. Direct costs incurred in the process of developing the land have been added to the value of the land. When the land is disposed of, the cost of the land will be recognised as an expense.

ii) Depreciation

Land

Land is not depreciated.

Forestry

Forestry assets are not depreciated.

Motor Vehicles

Motor vehicles are depreciated at 20% per annum on the basis of diminishing value.

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 useful lives. The 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



Statement of Accounting Policies cont...

Sewerage Network

✓	Mains	60 - 80 years
✓	Pumps	15 years
✓	Oxidation Ponds	60 – 100 years
✓	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 lives of major classes of assets are as follows:

✓	Light 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

Operational vs Restricted Assets

Fixed assets have been separated into operational and restricted assets, which 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 and provide a benefit or service to the community. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Debtors

Debtors are stated at estimated realisable value.

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.

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.

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.



Statement of Accounting Policies cont...

The Capital Income includes Depreciation funded from Rates, Financial and 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 the original cost. Any devaluations that result in the relevant asset being valued at less than the original cost have been recognised as an expense.

Goods & Services Tax (GST)

All items in the financial statements are exclusive of GST with the exception of receivables and payables, which are stated as GST inclusive. When GST is not recovered as an input tax then it is recognised as part of the related asset or expenses.

Taxation

The income tax expenses charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences. The Council uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Income derived from the Council's Subsidiary, Mackenzie Holdings Limited, is taxable and is disclosed separately, where applicable.

Inventories & Work in Progress

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

Employee Entitlements

Provision is made in respect of the Council's annual leave. This provision has been calculated on an actual entitlement basis at current rates of pay.

Financial Instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments are contracts that give rise to the Financial Assets and Liabilities or Equity in another entity. These include bank accounts, investments, debtors and creditors. All of these are recognised in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments 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 (for example, the collection of regional council rates) are recognized 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.

Comparative Figures

The Comparative Figures for 2003/2004 are only shown for the Council. The Council's Subsidiary, Mackenzie Holdings Limited, did not begin trading until October 2004, therefore the Parent & Group Comparative Figures are identical.



Statement of Accounting Policies cont...

Changes in Accounting Policies

Revaluation of Buildings and Vertical Composting Unit:

The only change in accounting policies has been to revalue buildings and the Vertical Composting Unit. Previously, the buildings and the Vertical Composting Unit were valued at cost or the value assigned as per the Government Valuation dated 1 October 1991.

Reason for change:

The change to the accounting policy has been made to accurately reflect the current value of the buildings and Vertical Composting Unit and the respective components. This also assists in accurately calculating depreciation of these assets.

Effect of change:

The effect of the change in the accounting policy is that the value of buildings has increased by \$3,776,000 and the value of the Vertical Composting Unit has increased by \$96,000. Both increases have been reflected in an increase to the Revaluation Reserve as disclosed in Note 6.

Other than the change to the accounting policy for revaluation of buildings and the Vertical Composting Unit, there have been no changes in accounting policies. All other policies have been applied on a basis consistent with those in the previous year.

Financial Statements

- *Statement of Financial Performance*
- *Statement of Financial Position*
- *Statement of Movements in Equity*
- *Statement of Cashflows*
- *Statement of Commitments and Contingencies*
- *Notes to the Accounts*

Statement of Financial Performance

Council Actual 2003/2004 \$000's	Note	Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
REVENUE				
1,785		1,739	1,739	1,739
1,652	1	1,835	1,829	1,829
1,305		2,067	1,695	1,695
727	2	608	660	659
898	3	926	1,049	1,057
523		2,000	4	4
22		291	631	631
3		116	294	294
-----		-----	-----	-----
6,915		9,582	7,901	7,908
OPERATING EXPENSES				
1,039		998	1,053	1,053
318		268	319	378
3,389		3,393	3,788	3,788
1,232		1,279	1,278	1,278
339		286	301	301
180		180	193	193
621		580	591	591
-----		-----	-----	-----
7,118	4	6,984	7,523	7,582
OPERATING SURPLUS (DEFICIT)				
(203)		2,598	378	326
0	13	0	0	0
-----		-----	-----	-----
(203)		2,598	378	326
=====		=====	=====	=====

Statement of Financial Position

Council Actual 2003/2004 \$000's		Note	Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
78,874	Accumulated General Funds		85,298	83,569	83,517
0	Capital Reserves	9	(5,259)	(3,769)	(3,769)
615	Operational Reserves	10	2,667	526	526
6,664	Special Funds	7	6,664	6,207	6,207
9	Other Reserves	8	9	9	9
8,566	Asset Revaluation Reserve	6	9,414	17,480	17,480
-----			-----	-----	-----
94,728	PUBLIC EQUITY		98,793	104,022	103,970
201	Non Current Liabilities	20	160	64	64
1,041	Current Liabilities		812	1,447	1,477
-----			-----	-----	-----
95,970	TOTAL PUBLIC EQUITY & LIABILITIES		99,765	105,533	105,511
=====			=====	=====	=====
	NON CURRENT ASSETS				
83,410	Fixed Assets	15	92,150	93,979	93,986
8,808	Investments	14	6,832	8,789	8,789
-----			-----	-----	-----
92,218	Total Non Current Assets		98,982	102,768	102,775
	CURRENT ASSETS				
1,777	Debtors & Stock	12	559	2,123	2,079
1,975	Cash and Short Term Funds	11	224	642	657
-----			-----	-----	-----
3,752	Total Current Assets		783	2,765	2,736
-----			-----	-----	-----
95,970	TOTAL ASSETS		99,765	105,533	105,511
=====			=====	=====	=====

Statement of Movements in Equity

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
95,544	Equity at the Start of the Period	96,195	94,728	94,728
(203)	Net Surplus/(Deficit)	2,598	378	326
(613)	Increase/(Decrease) in Revaluation Reserves (Note 6)	-	8,916	8,916
-----		-----	-----	-----
(816)	Total Recognised Revenues & Expenses For the Period	2,598	9,294	9,242
-----		-----	-----	-----
94,728	Equity at the End of the Period	98,793	104,022	103,970
=====		=====	=====	=====

Statement of Cashflows

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
OPERATING ACTIVITIES				
Cash was Provided From:				
3,437	Rates	3,575	3,568	3,568
2,335	Other Income	5,400	3,339	3,342
727	Investments	608	660	659
-----		-----	-----	-----
6,499		9,583	7,567	7,569
Cash was Applied To:				
5,348	Payment to Suppliers and Employees	5,149	5,172	5,152
-----		-----	-----	-----
1,151	Net Cashflow from Operating Activities	4,434	2,395	2,417
INVESTING ACTIVITIES				
2,411	Provided from: Sale of Assets/Investments	1,700	291	290
3,914	Applied to: Purchase assets/investments	5,908	3,882	3,888
-----		-----	-----	-----
(1,503)	Net Cashflow from Investing Activities	(4,208)	(3,591)	(3,598)
FINANCING ACTIVITIES:				
0	Provided from: Debt borrowed	-	23	23
0	Applied to: Debt repayment	160	160	160
-----		-----	-----	-----
0	Net cashflow from Financing Activities	(160)	(137)	(137)
SUMMARY OF NET CASHFLOWS				
1,151	Net cashflow from Operating Account	4,434	2,395	2,417
(1,503)	Net cashflow from Investing Account	(4,208)	(3,591)	(3,598)
0	Net cashflow from Financing Account	(160)	(137)	(137)
-----		-----	-----	-----
(352)	Net increase/(decrease) in cash	66	(1,333)	(1,318)
-----		-----	-----	-----
2,327	Cash at beginning of period (1 July, 2004)	158	1,975	1,975
-----		-----	-----	-----
1,975	Cash at end of period (30 June 2005)	224	642	657
=====		=====	=====	=====

Statement of Cashflows

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES				
(203)	Net Surplus/(Deficit)	2,598	378	326
	Add (subtract) non cash items			
1,830	Depreciation	1,836	2,142	2,142
3	Loss on Sale of Fixed Assets	-	20	20
132	Writedown of Forestry Revaluation Reserve	-	-	-
-----		-----	-----	-----
1,762		4,434	2,540	2,488
	Add (Subtract) Movements in Working Capital Items			
252	(Increase) Decrease in Debtors and Prepayments	-	(317)	(278)
(369)	Increase (Decrease) in Creditors & Provisions	-	(44)	(9)
(24)	(Increase) Decrease in Inventories	-	12	12
-----		-----	-----	-----
1,621		4,434	2,191	2,213
	Less Items Classified as Investing Activities			
(470)	Net Gain On Sale of Properties	-	-	-
-	Net Gain on Sale of Fixed Assets	-	-	-
-	Movements in Fixed Asset related payables	-	(204)	(204)
-----		-----	-----	-----
1,151	Net Cashflow from Operating Activities	4,434	2,395	2,417
=====		=====	=====	=====

Statement of Commitments and Contingencies

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

This statement indicates the total funds that the Council is committed to spending in the future on projects in excess of \$10,000. The items listed cover all activities of the Council including its social and trading activities.

Council 2003/2004 \$000's		Council 2004/2005 \$000's	Group 2004/2005 \$000's
	Community Services		
44	Contribution to Twizel Library	47	47
46	Contribution to Mackenzie Community Library	47	47
10	Heritage Museum	5	5
-----		-----	-----
100		99	99
===		===	===

Other 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 2003/2004 \$000's		Council 2004/2005 \$000's	Group 2004/2005 \$000's
1,623	Not later than one year	1,845	1,845
1,117	Later than one year & not later than two years	1,199	1,199
825	Later than two years & not later than five years	773	773
195	Capital Projects approved and contracted not later than one year	-	-
-----		-----	-----
3,760		3,817	3,817
=====		=====	=====

Notes to the Accounts

Note 1 – Targeted Rates Income

Each significant activities 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 Statement of Financial Performance, these transactions are eliminated.

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

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's	Group Actual 2004/2005 \$000's
	Targeted Rates Required			
1,796	- Essential Services	1,804	1,798	1,798
663	- Community Facilities	740	740	740
94	- Environmental Management	93	93	93
-	- Democracy	75	75	75
-----		-----	-----	-----
2,553	Total Targeted Rates Required	2,712	2,706	2,706
	Less Distribution of Investment Income			
(886)	- Budgeted Contribution to Rates from Investments	(854)	(816)	(816)
(15)	- Budgeted Contribution to Works & Services Rates Per Commercial	(23)	(61)	(61)
-----		-----	-----	-----
1,652	Targeted Rates Struck	1,835	1,829	1,829
=====		=====	=====	=====

Note 2–Investment Income

The total investment income consists of:

393	External Interest	233	326	325
159	Internal Interest	246	156	157
334	Dividends	375	334	334
-----		-----	-----	-----
886		854	816	816
(159)	Less Internal Interest	(246)	(156)	(157)
-----		-----	-----	-----
727	Total Investment Income	608	660	659
=====		=====	=====	=====

Note 3 –Other Income

Included under Other Income are the following revenue items:

11	Contributions towards projects	12	(12)	(12)
131	Rental Income	118	126	130
3	Gain on Sale of Assets	-	-	-
468	User Fees & Donations	425	622	626
285	Other Sales	371	313	313
-----		-----	-----	-----
898	Total Other Income	926	1,049	1,057
=====		=====	=====	=====

Notes to the Accounts cont...

Note 4–Expenditure

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
	Included in the Statement of Financial Performance for Council are the following items of expenditure:		
1,288	Salaries and Wages	1,269	1,385
	Audit Fees		
53	- Fees paid to principal auditor	50	56
-	- Other services provided by the principal auditor	-	-
	Depreciation		
164	- Buildings	151	210
63	- Light Plant & Machinery	54	62
54	- Motor Vehicles	49	53
13	- Office Equipment	9	12
13	- Furniture & Fittings	11	13
38	- Computer Equipment	43	46
6	- Resource Recovery Parks	6	6
-	- Heritage Assets	-	1
-	- Resource Consents	-	1
145	- Sewerage Schemes	148	151
39	- Stormwater Schemes	40	35
50	- Rural Water Supplies	49	46
154	- Urban Water Supplies	152	183
3	- Landfills	4	4
33	- Village Projects	42	39
<u>1,054</u>	- Roading	<u>1,076</u>	<u>1,280</u>
<u>1,829</u>	Total Depreciation for the year	<u>1,834</u>	<u>2,142</u>
	Elected Member Fees		
48	- Stan Scoringe	9	17
7	- Bronwen Murray	1	2
12	- Barry Stringer	9	11
10	- Francie Edge	1	3
13	- John Gallagher	9	11
10	- John Miller	1	2
13	- Ron Walter	1	3
5	- Frank Hocken	1	2
13	- Simon McDermott	13	14
12	- Dave Pullen	9	11
	- Evan Williams	9	8
	- Graeme Page	9	8
21	- John O'Neill	34	35
12	Fairlie Community Board Members	10	8
11	Tekapo Community Board Members	10	8
<u>7</u>	Twizel Community Board Members	<u>10</u>	<u>7</u>
<u>194</u>	Total Councillors Fees for the year	<u>136</u>	<u>150</u>

Notes to the Accounts cont...

Note 4—Expenditure (cont)

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
102	Insurance	102	114
23	Subscriptions	23	22
-	Robes and Insignia	-	-
1	Ceremonies for the Public	-	-
-	Unauthorised Expenditure	-	-
139	Donations & Grants	95	115
-	Bad Debts Written Off	-	-
-	Changes in Provision for Doubtful Debts	-	-
3	Loss on Sale of Assets	-	19
-	Assets Written Off	-	-
-	Entertainment	-	-

Note 5 – 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 Statement of Financial Performance, 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 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
	Internal Income		
388	Essential Services	473	428
139	Community Facilities	121	121
32	Environmental Management	32	32
1,052	Corporate Services	1,056	1,070
52	Roading Business Unit Services	66	66
-----		-----	-----
1,663	Total Internal Income	1,748	1,717
=====		=====	=====
	Internal Expenses		
546	Essential Services	647	647
245	Community Facilities	242	242
142	Environmental Management	163	163
485	Democracy	406	375
18	Tourism & Economic Development	9	9
57	Commercial Activities	80	80
115	Corporate Services	138	138
22	Investments	24	24
33	Roading Business Unit Services	39	39
-----		-----	-----
1,663	Total Internal Expenses	1,748	1,717
=====		=====	=====

Notes to the Accounts cont...

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
Note 6 – Revaluation Reserve			
-	Forestry Revaluation Reserve	194	194
2,227	Share Revaluation Reserve	2,881	2,231
	Infrastructural Assets Revaluation Reserves:		
1,027	- Water Supplies	1,027	1,845
790	- Wastewater Schemes	790	1,355
737	- Stormwater Schemes	737	493
3,785	- Roading	3,785	7,490
-	- Plant	-	96
-	- Buildings	-	3,776
-----		-----	-----
8,566	Total Revaluation Reserves	9,414	17,480
=====		=====	=====
Note 7 – Special Fund Reserve			
-	Albury Water Fund	-	40
13	Ashwick/Opuha Water Fund	13	(40)
(1)	Building Maintenance	(1)	20
7	Housing Replacement	7	7
200	Insurance Reserve	200	200
141	Land Subdivision	141	408
2	Pensioner Housing Amenities	2	2
6,301	Real Estate Investment	6,301	5,569
1	Strathconan Pool Capital	1	1
-----		-----	-----
6,664	Total Special Fund Reserves	6,664	6,207
=====		=====	=====
Note 8 – Other Reserves			
4	Albury War Memorial	4	4
2	Ashwick/Allandale War Memorial	2	2
1	Davidson Bequest	1	1
1	Gillingham Bequest	1	1
1	Gould Bequest	1	1
-----		-----	-----
9	Total Other Reserves	9	9
===		===	===

Notes to the Accounts cont...

Council Actual 200/2004 \$000's	Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
Note 9 –Capital Reserve		
- Administration	(60)	(31)
- Allandale Water	(839)	(305)
- Ashwick/Opuha Water	-	21
- Asset Management	(13)	(17)
- Burkes Pass Sewer	-	(8)
- Burkes Pass Water	-	(2)
- CEO Department	(8)	(11)
- Civil Defence	31	34
- Community Facilities	(2)	(2)
- District Council	(1)	(1)
- District General	(34)	(35)
- Fairlie Roding	-	(8)
- Fairlie RRP	(98)	(97)
- Fairlie Sewer	(189)	(187)
- Fairlie Stormwater	(58)	31
- Fairlie Township	-	(33)
- Fairlie Water	(294)	(220)
- Forestry	-	342
- Inspectorate	(13)	(3)
- IT Department	(3)	(31)
- Kimbell Water	-	4
- Lake Tekapo Roding	-	1
- Lake Tekapo RRP	(133)	(139)
- Lake Tekapo Sewer	(2,028)	(2,170)
- Lake Tekapo Stormwater	29	22
- Lake Tekapo Township	(37)	(68)
- Lake Tekapo Water	(604)	(567)
- Planning	(43)	(46)
- Roding Professional Business Unit	(23)	(8)
- Rural Fire Control	(59)	(58)
- Rural Roding	(397)	125
- School Road Water	(10)	(1)
- Sherwood Downs Hall	28	7
- Sherwood Downs Recreation Reserve	-	27
- Spur Road Water	-	(3)
- Treatment of Organic Waste	(396)	(405)
- Twizel Events Centre	(219)	(234)
- Twizel Roding	-	(10)
- Twizel RRP	(127)	(137)
- Twizel Sewer	61	83
- Twizel Stormwater	116	131
- Twizel Water	182	255
- Waste Management	(18)	(15)
-----	-----	-----
- Total Capital Reserves	(5,259)	(3,769)
=====	=====	=====

Notes to the Accounts cont...

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
Note 10 –Operating Reserve			
6	Albury Hall	5	5
-	Albury Water Supply	(2)	21
151	Allandale Water Supply	-	-
6	Ashwick/Opuha Water Supply	-	-
(6)	Burkes Pass Sewerage	-	-
-	Burkes Pass Water Supply	-	-
(475)	District – General	(301)	(499)
-	Downlands Water Supply	7	7
-	Eversley/Puneroa Water Supply	(5)	-
(3)	Fairlie Community Refuse Collection	(2)	(3)
2	Fairlie Community Sewerage	-	-
(1)	Fairlie Community Water supply	-	-
(32)	Fairlie Works & Services	-	3
(92)	Forestry	30	-
4	Kimbell Water Supply	-	-
9	Lake Tekapo Community Refuse Collection	6	5
7	Lake Tekapo Community Sewerage	-	-
-	Lake Tekapo Community Water Supply	-	-
(3)	Lake Tekapo Domain	-	-
(67)	Lake Tekapo Works & Services	-	7
31	Pukaki Unsubsidised Rooding	19	-
(14)	Rooding Professional Services Business Unit	(5)	(48)
1,007	Real Estate	2,868	886
150	Rural Works & Services	-	28
1	School Road Water Supply	-	-
8	Sherwood Downs Community Hall	6	-
26	Sherwood Downs Recreation Reserve	-	-
(5)	Spur Road Water Supply	-	-
44	Tourism & Development	45	92
(5)	Twizel Community Refuse Collection	(4)	(6)
19	Twizel Community Sewerage	-	-
44	Twizel Community Water Supply	-	-
(197)	Twizel Works & Services	-	28
-----		-----	-----
615	Total Operating Reserves	2,667	526
=====		=====	=====

Notes to the Accounts cont...

Council Actual 2003/2004 \$000's		Council Budget 2003/2004 \$000's	Council Actual 2004/2005 \$000's
Note 11 – Cash Resources			
75	National Bank Current Account	-	50
130	Westpac Banking Corporation	124	(108)
700	Funds on Call	100	700
1,070	Current Portion of Investments	-	-
-----		-----	-----
1,975	Total Cash Resources	224	642
=====		=====	=====
Note 12 – Debtors & Stock			
28	Rates	-	42
314	Accrued Interest	314	392
497	Sundry Receivables	157	778
1	GST Receivable	-	-
0	Less Provision for Doubtful Debts	-	-
41	Stock on Hand	41	31
47	Prepayments	47	31
849	Properties intended for sale	-	849
-----		-----	-----
1,777	Total Accounts Receivable	559	2,123
=====		=====	=====
Note 13 – Taxation			
(203)	Surplus (Deficit) From Operations	2,598	378
(67)	Prima Facie Taxation @33%	857	124
253	Taxation Effect of Permanent Differences	(733)	32
(191)	Imputation Credit Adjustment	(124)	(156)
0	Prior Period Adjustments	0	0
5	Tax Loss Not Recognised	0	0
-----		-----	-----
0		0	0
=====		=====	=====
	The Taxation Charge Is Represented By:		
0	Prior Years over Provision	0	0
0	Current Taxation	0	0
0	Deferred Taxation	0	0
-----		-----	-----
0		0	0
=====		=====	=====

The Council has unrecognised tax losses \$140,993 (2004: \$117,621), with the tax effect \$46,527 (2004: \$38,815) available for carry forward in offsetting assessable income in future years.

Notes to the Accounts cont

Council Actual 2003/2004 \$000's	Council Budget 2003/2004 \$000's	Council Actual 2004/2005 \$000's
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Note 14 –Investments

554	Westpac Trust Term Deposits	-	-
503	Other Registered Banks	-	503
2,035	Strongly Rated Corporates	606	2,025
1,016	Local Government Stock	500	494
571	Downlands Water Scheme	571	571
73	Mortgages	65	65
36	Shares – Opihi River Dev. Co. – Ordinary Shares	-	-
675	Shares – Opihi River Dev. Co. – Preference Shares	675	675
4,415	Shares – Alpine Energy Limited	4,415	4,456
-----		-----	-----
9,878		6,832	8,789
		-----	-----
(1,070)	Less Current Portion of Investments	-	-
-----		-----	-----
8,808		6,832	8,789
=====		=====	=====

Interest Rates

The weighted average effective interest rates on investments were

5.65%	Call Accounts	6.75%
6.31%	Local Authority Stock	6.31%
7.45%	State Owned Enterprises and Strongly Rated Corporates	7.45%
7.37%	Trading Bank Stock	7.37%

Equity Investments

Ordinary shares are valued at the net asset backing of each company. Preference shares are valued at cost.

Company:

		No.	Value
Alpine Energy Ltd		2,049,870	\$2.17
Opihi River Development Company	Ordinary	1,200,000	\$0.00
	Preference	675,000	\$1.00

Investment in the Opuha Dam Entities

Council has investments in the Opuha Dam Project, through one of the Dam Company's subsidiaries, Opihi River Development Company Ltd.

The Council holds Redeemable Preference Shares to the value of \$675,000. These shares, along with the accrued dividend earned from them have been guaranteed by South Canterbury Finance Limited.

The Council also holds 1.2million Ordinary Shares which have been valued have been written off. Last year's value was \$36,000.

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.

Council's investment in the scheme is stated at deemed cost, amounting to \$570,391

Notes to the Accounts cont...

Note 15 –Fixed Assets – Council Only

	Net Book Value 30 June 2004 \$000's	Assets Valued At Cost \$000's	Assets Valued On Valuation \$000's	Total Assets Valued at Cost of Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2005 \$000's
Operational Assets						
Land	2,065	2,065	-	2,065	-	2,065
Buildings	5,145	-	9,039	9,039	210	8,829
Light Plant & Machinery	537	376	516	892	299	593
Motor Vehicles	219	428	-	428	215	213
Office Equipment	41	161	-	161	118	43
Furniture & Fittings	79	398	-	398	325	73
Computer Equipment	88	429	-	429	322	107
Forestry	1,403	-	1,596	1,596	-	1,596
Resource Recovery Parks	214	233	-	233	29	204
Heritage Assets	22	30	-	30	9	21
	-----	-----	-----	-----	-----	-----
	9,813	4,120	11,151	15,271	1,527	13,744
Restricted Assets						
Land	1,044	1,044	-	1,044	-	1,044
	-----	-----	-----	-----	-----	-----
Total Operational & Restricted Assets	10,857	5,164	11,151	16,315	1,527	14,788
Infrastructural Assets						
Sewerage Schemes	5,483	-	7,920	7,920	154	7,766
Stormwater Schemes	2,411	-	2,168	2,168	34	2,134
Rural Water Supplies	1,732	-	1,576	1,576	108	1,468
Rural Water Races	83	-	94	94	13	81
Urban Water Supplies	5,118	-	6,260	6,260	183	6,077
Landfills	116	136	-	136	21	115
Village Projects	602	736	-	736	119	617
Land Under Roads	5,863	5,863	-	5,863	-	5,863
Roading	50,895	-	56,113	56,113	1,281	54,832
Resource Consents	-	65	-	65	1	64
	-----	-----	-----	-----	-----	-----
Total Infrastructural Assets	72,303	6,800	74,131	80,931	1,914	79,017
Capital Work In Progress	250	174	-	174	-	174
	-----	-----	-----	-----	-----	-----
Total Fixed Assets	83,410	12,138	85,282	97,420	3,441	93,979
	=====	=====	=====	=====	=====	=====

Notes to the Accounts cont...

Note 15 –Fixed Assets – Council Only (cont)

Fair Values

The Council considers the latest rating valuation for land (excluding land under roads) as an indication of fair value.

The latest rating valuations of land, as at 1 August 2003, show the following amounts:

Council Actual 2003/2004 \$000's		Council Actual 2004/2005 \$000's
22,154	Land	22,157
-----		-----
22,154		22,157
=====		=====

Note 16 –Financial Instruments

Credit Risk

Financial instruments, that potentially subject Mackenzie District Council to credit risk principally, consist of bank balances, short-term deposits, account receivable and investments. The maximum exposure to credit risk at balance date is the fair value of the financial instrument as stated in the Statement of Financial Position. Significant concentrations of credit risk apply principally in respect of investments and accounts receivable. Mackenzie District Council reduces this risk by investing with high credit rating institutions and by purchasing Local Government stock.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the return from an investment.

The interest rates on the Council's investments are disclosed in note 14.

Fair Values

The fair value of financial instruments is equivalent to the carrying amount as stated in the Statement of Financial Position.

Currency Risk

Mackenzie District Council has minimal currency risk given that financial instruments are transacted exclusively in New Zealand dollars.

Notes to the Accounts cont...

Note 17 – Components of Equity – Council Only

	Total \$000	Ratepayers \$000	Revaluation \$000	Operating \$000	Special \$000	Other \$000	Capital \$000
Equity at the Start of the Period	94,728	78,874	8,564	615	6,664	9	0
Net Surplus (Deficit)	378	378		-	-	-	
Increase/(Decrease) In Revaluation Reserves	8,916	-	8,916	-	-	-	
Recognised Revenue & Expenditure	9,294	378	8,916	-	-	-	-
Reserve Transfers							
Appropriation of Net Surplus	-	(378)	-	84	294	-	-
Transfers between Reserves	-	4,695	-	(173)	(751)	-	(3,769)
Equity at the End of the Period	104,022	83,569	17,480	526	6,207	9	(3,769)

Note 18 –Related Party Transactions

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 these minor transactions, no Councillors or senior management have entered into related party transactions with the Council.

Note 19 –Chief Executive Officer’s Remuneration

As at 30 June 2005, the Chief Executive Officer of the Mackenzie District Council, appointed under Section 119C(1)(a) of the Local Government Act 1974 receives a salary of \$115,250 (2004 \$107,000).

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

Additional Benefits	Cost During the Financial Year	
	2004/2005	2003/2004
	\$	\$
Glen Innes:		
Vehicle	13,989	13,989
Telephone	500	500
Professional Subscriptions	210	542

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$129,949 (2004 \$122,031).

Notes to the Accounts cont...

Note 20 –Term Liabilities

Council Actual 2003/2004 \$000's		Council Budget 2004/2005 \$000's	Council Actual 2004/2005 \$000's
0	Current Portion of Term Debt Ben Ohau Station Limited	0	160
-----		-----	-----
0		0	160
===		====	====
160	Non-Current Portion of Term Debt Ben Ohau Station Limited	160	0
41	Accrued Landfill Closure Costs	0	64
-----		-----	-----
201		160	64
====		====	====

Security

The Council loan is secured over the land purchased, being Section 25, SO 320101.

Repayment Terms

The repayment terms for the debt are:

- September 2005 \$160,000

Interest Rates

The agreement for purchase of the land specified that debt would be interest-free.

Note 22 –Events Subsequent to Balance Date

Financial Contributions Agreement

Prior to the 30 June 2005, the Council formally entered into a Financial Contributions Agreement with Lake Tekapo Enterprises Limited. The Agreement allows Lake Tekapo Enterprises Limited to connect sections to the Water and Sewerage Systems in Lake Tekapo, in exchange for a lump sum paid in two tranches for financial contributions. The first tranche of \$1,125,000 was paid on 1 August 2005. The financial contributions will be recognized as income when the titles for the further sections have been raised.

Sale and Purchase Agreement

In November 2004, the Council entered into a sale and purchase agreement Classic Properties Limited for the sale of Reserve 2925 for \$380,000. The settlement of the agreement did not take place until 1 September 2005. Transfer of Land to Mackenzie Holdings Limited

On 28 June 2005, the Council resolved to transfer approximately 199 hectares of the Land comprising the Pukaki Airfield to Mackenzie Holdings Limited at a value to be determined by an independent valuer. The remaining land owned by the Council will be subject to an option agreement, where Mackenzie Holdings Limited will purchase the land on a staged basis, subject to agreement of the Council.

Note 23 –Remission of Rates

Revenue is shown net of rates remissions and non-ratable 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 organizations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$4,562, and during the year decided to allow further remissions of \$8,730.

Council Structure

- *Governance, Management and Employees*
- *Council Structure*
- *Community Board Structure*
- *Organisational Chart*
- *Senior Management*

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 principal 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

The Council structure has changed since the Community Plan was prepared in 2004. Following a review of its representation and subsequent determinations by the Local Government Commission the Council is now made up of a Mayor and six Councillors elected from two wards.

With a smaller number of elected members around the Council table it was decided to disband the Finance, Operations and Planning Committees that operated previously.

Council has set up a fortnightly schedule which incorporates formal meetings, workshops and hearings for resource consents.

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.

Council Committees

Responsibility for both Tourism and Economic Development and Forestry has been delegated to Committees of Council.

The Forestry Board is made up of the Mayor and two Councillors.

The Tourism and Economic Development Board is a mix of Council representatives and independent business people.

The Forestry Board and the Tourism and Economic Development Board both meet as required.

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

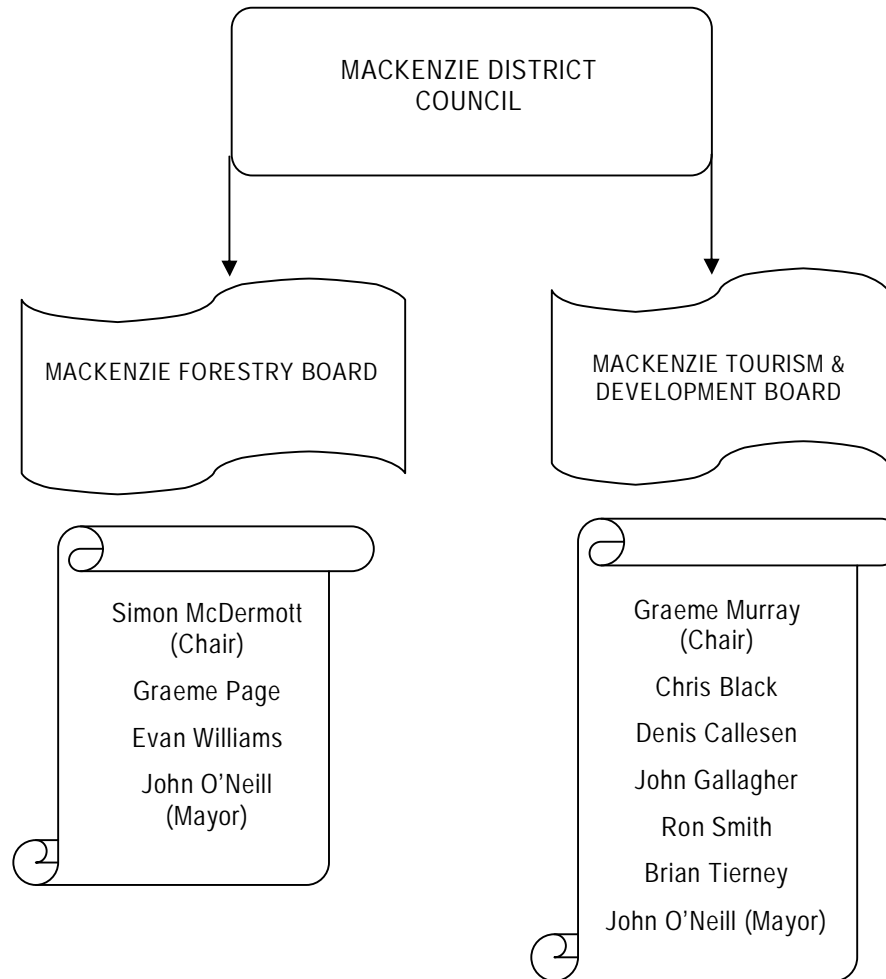
Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of “good citizenship” and high standards 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.

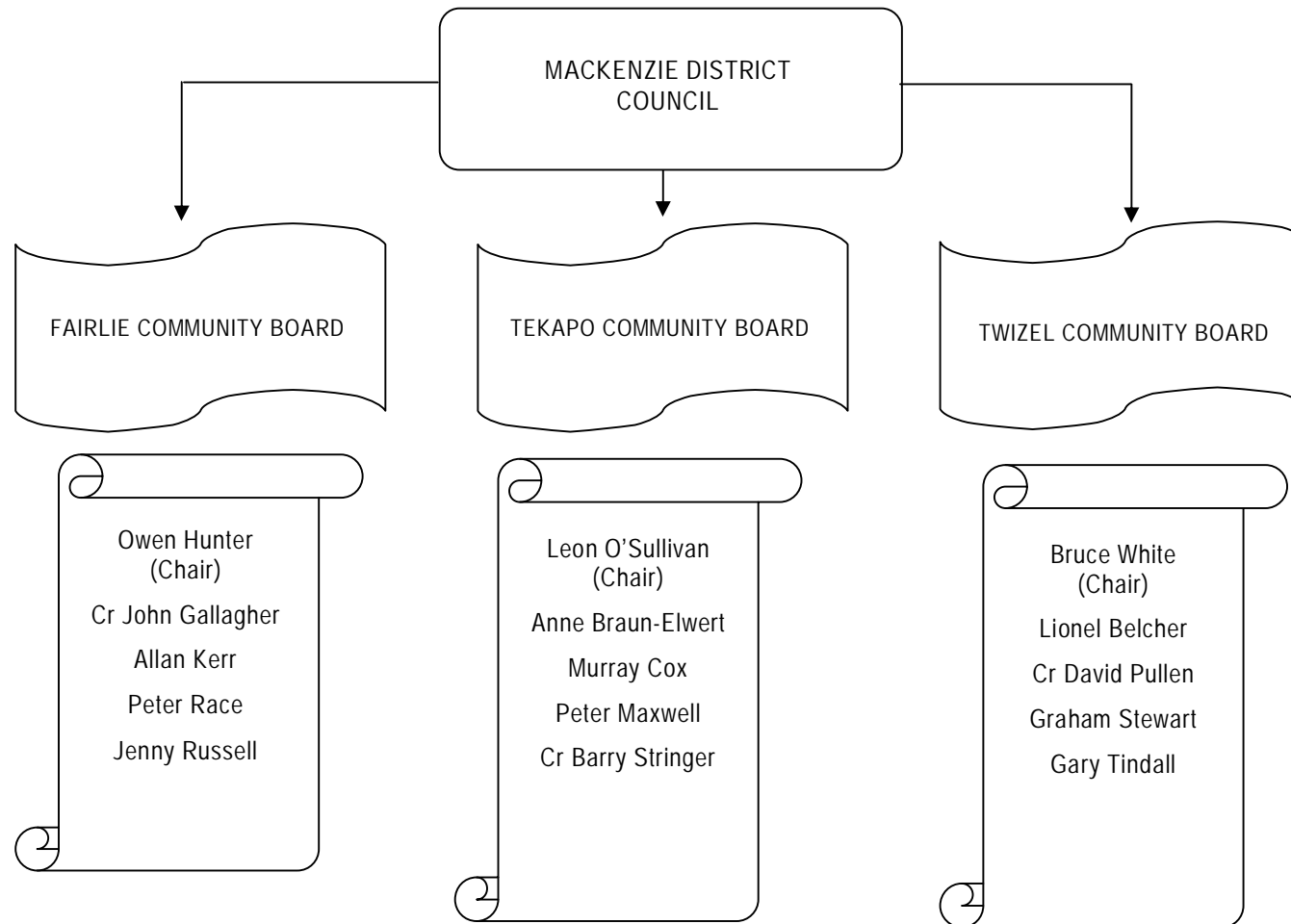
Legislative Compliance

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.

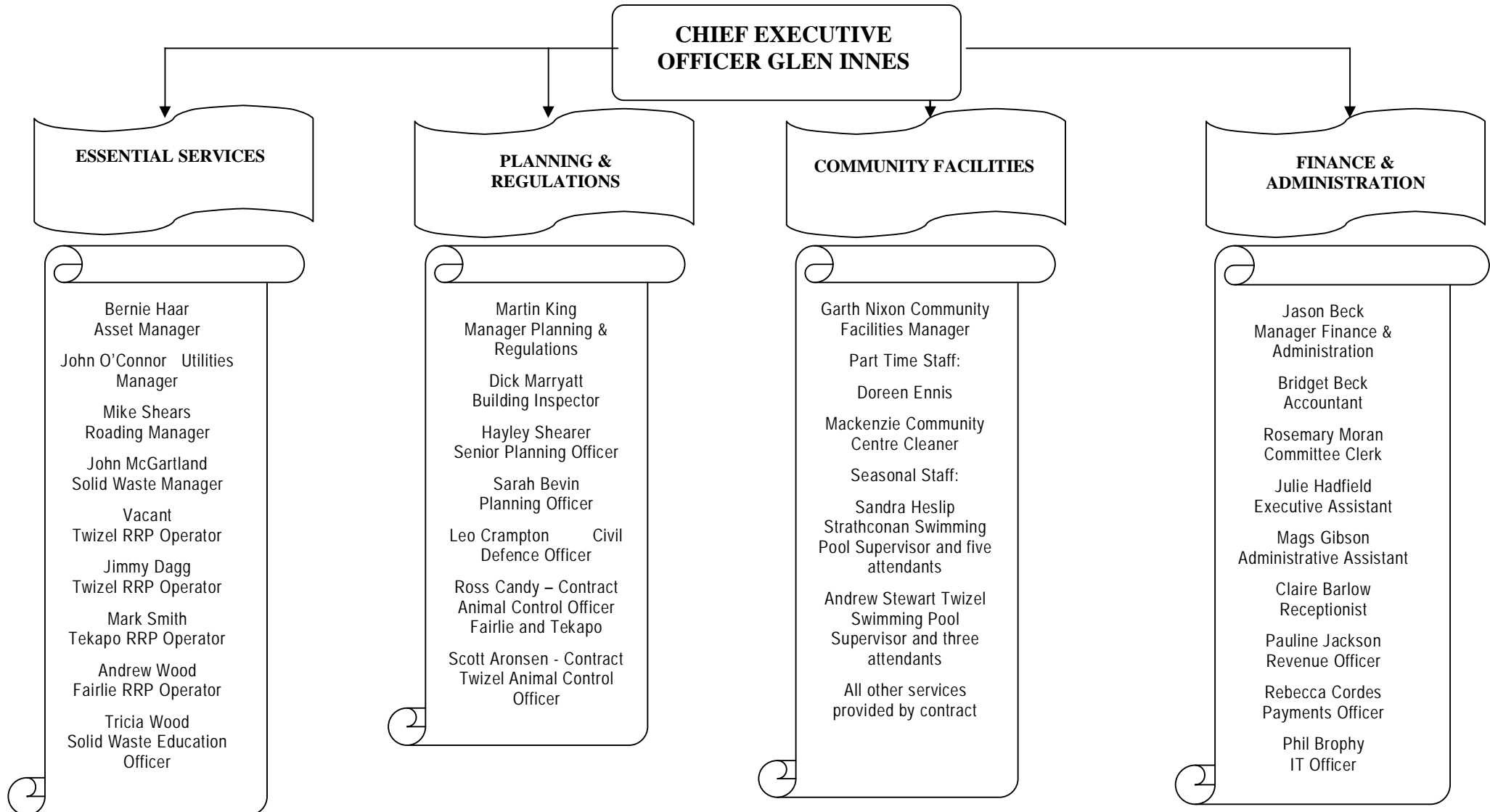
Council Committee Structure (as at 30 June 2005)



Community Board Structure



Organisational Chart



Senior Management

