



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

Membership of the Finance Committee:

Cr Graham Smith (Chair)
Claire Barlow (Mayor)
Cr Russell Armstrong
Cr Murray Cox
Cr Noel Jackson
Cr James Leslie
Cr Evan Williams

Notice is given of a meeting of the Finance Committee to be held on Tuesday 30 August 2016, following the Asset and Services Committee Meeting.

VENUE: Mackenzie District Council Chambers, Fairlie

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



FINANCE COMMITTEE

Agenda for Tuesday 30 August 2016

APOLOGIES:

DECLARATIONS OF INTEREST:

CONFIRM MINUTES:

That the minutes of the Finance Committee meeting held on July 19, 2016, including such parts taken with the public excluded, be adopted and confirmed as a correct record of the meeting.

REPORTS:

1. Financial Report	3
2. 2016 Ratepayers Opinion Survey	31
3. Alpine Energy Annual Report 2015-2016	102
4. Funding Request Lake Alexandrina	134
5. Mackenzie Highland Pipe Band Grant Request	143

PUBLIC EXCLUDED RESOLUTION:

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

1. Previous Minutes 19 July 2016	151
2. Alpine Energy Shareholders' Report	157
3. Sale and Purchase Agreement	164

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Alpine Energy Shareholders' Report	Commercial Sensitivity	48 (1)(a)(i)
Sale and Purchase Agreement	Commercial Sensitivity	48 (1)(a)(i)
Previous Minutes 19 July 2016	To protect a person privacy	48 (1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Alpine Energy Shareholders' Report and previous minutes 19 July 2016 and Sale and Purchase Agreement under section 7(2)(b)(ii).*

ADJOURNMENTS: 10:30am - Morning Tea
12:30pm - Lunch

**MACKENZIE DISTRICT COUNCIL
MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD
IN THE MACKENZIE COUNCIL CHAMBERS, FAIRLIE, ON
TUESDAY JULY 19 2016, AT 11:00AM**

PRESENT:

Claire Barlow (Mayor)
Cr Graham Smith (Chair)
Cr Murray Cox
Cr James Leslie
Cr Russell Armstrong
Cr Noel Jackson
Cr Evan Williams

IN ATTENDANCE:

Wayne Barnett, Chief Executive Officer
Paul Morris, Finance Manager
Bernie Haar, Asset Manager
Nathan Hole, Planning and Regulation Manager
Keri-Ann Little, Committee Secretary
Mark Wells, Chief Executive, YHA New Zealand National Office
Jason Beck, Manager Support Services, Hurunui District Council 12:30pm - 12:50pm
Scott Linton, IT Services Manager, Hurunui District Council 12:30pm - 12:50pm

APOLOGIES:

There were no apologies.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved: that the minutes of the meeting of the Finance Committee held on 7 June 2016, be confirmed and adopted as the correct record of the meeting, including such parts as were taken with public excluded.

Cr Armstrong/ Cr Leslie

REPORTS:

YHA CONCEPT PLANS:

The purpose of this report from the Chief Executive Officer was for Council to approve the YHA proposed backpacker development amended concept plans on Lot 4 of the Lakefront Development.

At the invitation of the Chair Mark Wells, Chief Executive, YHA New Zealand National Office addressed the Committee. Mr Wells referred to the YHA Tekapo updated concept design distributed to members.

Mr Wells said the previous concept design considered and supported by Council had been reviewed following Planner feedback on the Resource Consent application. He added out of courtesy, YHA is re-presenting the new concept to Council as well as convening a public meeting in Tekapo to share this change with the Community.

He said there is a clear disconnect to how Council were working and how the District Plan operates. He added when the YHA submitted the previous plans for Resource Consent the Planner, who had been engaged to represent Mackenzie District Council, asked why the YHA had allowed for the number of carparks proposed when the service lane would not cope with that traffic flow and noted that Council were trying to minimise carparks. He said the YHA had now chosen to reduce the carparks on the site and extend the footprint.

Mr Wells said the YHA were asking the Council to give some consideration for discretion around the Council's car parking cash in lieu policy, he added the cash in lieu policy had almost crippled the project. Mr Wells continued; from YHA's situation it is a \$300,000 overhead cost and the YHA do not receive dedicated carparks.

The Mayor asked if the rules were the same at the Market Place area in Twizel.

Mr Hole said they are not, the cash in lieu policy is just for Tekapo VC1.

The Mayor asked if commercial buildings in Twizel were required to supply parking. Mr Hole replied yes.

The Mayor asked Mr Hole if the Meridian Energy building was required to supply car parks as part of the District Plan. She asked were Armstrong Reality.

Mr Hole said Meridian Energy are but Armstrong Reality were not required but that was because of an oversight when the PIM check was completed regarding the building consent.

The Mayor commented since it has been done before do Council have discretion.

Mr Hole said it was missed on the PIM check so therefore it is a non-compliance, it has never been approved it was not picked up with the building consent process.

Mr Wells noted the District Plan does not allow for ground floor accommodation. He said the YHA are an accommodation facility and if accommodation is only located on the upper level then it will not be viable for the YHA, however there is discretion within the Planning process.

He said there had been an indication of publically notifying the resource consent application because of the ground floor accommodation. He noted the YHA does not agree that there is grounds to publicly notify the application. He said this would hold

up the consent process. He said there is a possibility in making the project more affordable over time that the YHA will stage the development, however the concept plans Mr Wells is presenting is almost certainly what will be presented in terms of the Resource Consent application. He said he will not be clear about that until he completes the business case.

Cr Smith asked if the project will be completed in stages, which stage will be completed first.

Mr Wells replied that he had not discussed this with the Architect yet. He said the business case will be built around the whole project being completed and if there is a sense that it is not affordable to complete all at once then the staging the project will be discussed.

Mr Hole said the District Plan states that the Commercial Zone in Tekapo car parking is a cash in lieu policy. He noted this policy is a starting point for Council and standard in the District Plan but is not absolute.

Mr Hole added that the service lane provides the intention of parking being at either end of those areas and therefore Council determining where the parking went, Council would use the cash in lieu car parking funds to develop the carparks.

Cr Smith expressed his concern regarding the carpark being full and no parking available for the YHA. Mr Hole said Council has discretion to supply designated carparks but in a general sense the District Plan is treating the development like any other business zone anywhere else in the Country that cannot provide onsite parking. He said depending on the type of business there may be a need for onsite parking.

Cr Jackson confirmed there are carparks in the service lane. He said Council had to draw the line either it is a service lane not for parking or stopping or used for parking.

Mr Hole said the way the Council manages the service lane and the restrictions on parking will have to be worked through with the Roading Department. He said the Planning Department are just working on the parks that are required by the businesses that are being established on site and the way the District Plan specifies how that parking is to be provided.

Mr Barnett said there were three issues with the service lane one being snow clearance, two speed and three the number of carparks that are provided within the township. The road is quite wide and Council had the choice of two lanes or one lane, if Council made it two way it would increase speed. The carparks on either side address the car parking shortage in the Township to some extent and obviously makes parking a little bit more convenient.

Mr Hole said in terms of the cash in lieu for parking Council does have the discretion to change how that contribution is calculated in value of land, he added Council must be mindful of other applications, he noted that everyone who builds in the new development will be required to pay. Mr Hole stated Mr Wells' remaining concerns will sit independently in terms of the Resource Consent application.

Resolved:

1. That the report be received.
2. That the Finance Committee recommend to Council to grant approval of the amended concept plans for YHA's proposed backpacker development, as per clause 62c of the Sale and Purchase Agreement.

Cr Jackson/ Mayor

Cr Williams/ Cr Jackson

Adjourned 11:31am and reconvened 12:23pm.

IT SERVICES – HURUNUI DISTRICT COUNCIL:

The Chair welcomed Mr Beck and Mr Linton to the meeting.

Provided background information including:

- Kaikoura District Council service
- Scott Linton has been providing support to Mackenzie District Council from November 2015
- Benefits for Mackenzie District Council
- Benefits for Hurunui
- Charging for Services

Scott Linton provided further information on the shared services initiative.

Mr Linton explained the services that will be provided to Mackenzie District Council, current structure, new structure, tiered support structure, key changes. Mr Linton outlined the services which will be provided to the Mackenzie District Council.

Mr Morris said firstly their expertise had helped save a minimum \$6,000 a year photocopy and telecommunications. He said there are other savings Council would be able to make with this alliance. He said the recent server outage would have been a significant cost but was reduced with Hurunui's expertise.

The Chair thanked Mr Beck and Mr Linton for their attendance and presentation.

FINANCIAL ACTIVITY REPORT FOR THE PERIOD ENDING MAY 2016:

Mr Morris provided the financial report for Council for the period ending May 2016.

Resolved that the report be received.

Cr Williams/ Cr Armstrong

The Chair asked for questions and commended the financial department on explanations provided with the report.

The Chair asked for an update on the sale of the Old Medical Centre. Mr Morris said the property went out for tender as per the valuation and no interest was received. Mr Morris said Council will now approach three or four Real Estate agents regarding listing the property and costs involved.

Mr Morris confirmed Meridian Energy Building in Twizel will be rated when the title is issued. He said the building will be valued separately to the Power Scheme.

Mr Morris noted the recent NZTA funding approval will be credited to Council in June 2016.

BANCORP QUARTERLY REPORT – MARCH 2016:

The purpose of this report from Mr Morris was to inform the Committee of the performance of the Council's investment portfolio, which is managed by Bancorp Treasury Services Limited (Bancorp), accompanied by the quarterly report from Bancorp to 30 June 2016.

Resolved: that the report be received.

Cr Cox/ Cr Williams

GRANT FOR FIREFIGHTING EQUIPMENT LAKE ALEXANDRINA OUTLET:

The purpose of this report from Mr Morris was for Council to decide whether to make a grant to the Lake Alexandrina Outlet Hutholders Society Inc, for firefighting equipment at Lake Alexandrina.

Resolved: that the report be received.

Cr Armstrong/Cr Williams

Mr Morris spoke to the report.

Cr Cox asked if a Fire Chief could be engaged to determine the equipment required and correct installation.

Resolved: That the Finance Committee signal their approval in principle for Firefighting equipment at Lake Alexandrina and instruct Council staff to confirm appropriate design parameters with the fire service.

Cr Armstrong/ Cr Williams

VEHICLE REPLACEMENT POLICY REVIEW:

The purpose of this report from the Asset Manager was to request the Finance Committee confirm the suggested review of the current Vehicle Policy particularly in relation to reducing the kilometres travelled before replacement.

It is recommended that the Vehicle Policy be amended as replacement of all Council vehicles is reduced to 100,000kms or five years. Vehicles shall be purchased new using the "All of Government" procurement process. Provided there is budget available planned purchases be approved by the Chief Executive Officer.

Mr Haar spoke to the report.

Mr Barnett said the policy is used around the Country. He said Council has the ability to review the vehicle after 3 years, test the market, Council could keep the vehicle for another 2 years if desired.

Cr Jackson asked if Council have a process in place to keep mileage down.

Mr Haar said he would give the authority for the Roding vehicle to be taken home overnight if the Roding Manager would leave from home and assess the Albury area, he said he is always reviewing procedures to find new efficient ways of delivering the service.

Resolved:

1. That the report be received

Cr Williams/ Cr Leslie

2. That Council confirms the change to the Vehicle Policy by using the "All of Government" procurement process as recommended.

Mayor/ Cr Leslie

PUBLIC EXCLUDED RESOLUTION:

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

Previous Public Excluded Minutes Finance Committee 7 June 2016

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Previous minutes Finance Committee 26 April 2016	Commercial Sensitivity	48(1)(a)(i)

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

Cr Armstrong/ Cr Leslie

THE CHAIR DECLARED THE MEETING CLOSED AT 2:55PM

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FINANCIAL REPORT
MEETING DATE: 30 AUGUST 2016
REF: FIN 1/2/1
FROM: CHIEF FINANCIAL OFFICER
ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Attached is the financial report for Council for the period ended June 2016.

STAFF RECOMMENDATIONS:

1. That the report be received.

WAYNE BARNET
CHIEF EXECUTIVE OFFICER

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	GOVERNANCE	YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income				
358,344	General Rates	395,947	395,947	-	395,947
25,488	Targeted Rates	25,200	25,200	-	25,200
29,715	Other Income	34,183	36,750	(2,567)	36,750
413,547	Total Income	455,330	457,897	(2,567)	457,897
	Expenses				
62,523	Employment Expenses	60,371	59,034	(1,337)	59,034
299,054	Members Expenses	309,451	321,450	11,999	321,450
16,920	Consultancy Expenses	18,430	26,500	8,070	26,500
45,482	Administration Expenses	48,551	46,200	(2,351)	46,200
-	Operational and Maintenance	16	-	(16)	-
-	Internal Interest Expense	-	239	239	239
825	Depreciation	-	-	-	-
5,141	Internal Charges	10,270	4,474	(5,796)	4,474
429,945	Total Expenses	447,089	457,897	10,808	457,897
(16,398)	Operating Surplus/(Deficit)	8,241	-	8,241	-

Variance Analysis:

- Members expenses for conferences, training and election expenses less than budgeted year to date. Election costs are expected to increase over the next three months. The budget for election costs is spread over the prior three years.
- Consultancy expenses are \$8,070 less than budgeted. The \$5,000 budget for legal fees was unspent, and the consultancy budget was underspent by \$3,070.
- Internal charges for mileage higher than forecast due to increased vehicle use. This is however a rate less than the costs of reimbursement under the remuneration authority guidelines.

Operating and Capital Reserves

825	Add back Non Cash Items								
(825)	Transfer Funded Depreciation to Capital Reserve	-	-						-
16,398	Transfers between Reserves	-	-						-
(16,398)	Operating Surplus/(Deficit)	8,241	-						-
-	Total Operating Reserves	8,241	-						-
(4,771)	Opening Balance	(3,945)	(4,771)						(4,771)
825	Transfer Funded Depreciation from Operating Reserve	-	-						-
(3,945)	Total Capital Reserves	(3,945)	(4,771)						(4,771)

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015		CORPORATE SERVICES		YTD Actual June 2016		YTD Budget June 2016		Variance		Full year Budget 30/06/16	
		Income									
1,862,028		General Rates		2,187,340		2,187,340		-		2,187,340	
127,178		Other Income		185,365		129,350		56,015		1	
110,884		Internal Income		122,406		123,751		(1,345)		X	
(773)		Internal Interest Income		3,187		247		2,940		247	
43		Gain on Sale - Assets		-		-		-		X	
2,099,361		Total Income		2,498,298		2,440,688		57,610		2,440,688	
		Expenses									
1,245,828		Employment Expenses		1,367,332		1,387,381		20,049		X	
255,081		Consultancy Expenses		255,426		149,605		(105,821)		X	
450,974		Administration Expenses		366,471		377,270		10,799		X	
230,254		Operational and Maintenance		312,201		299,261		(12,940)		X	
9,144		Internal interest Expense		6,955		9,974		3,019		X	
150,820		Depreciation		153,372		153,378		6		X	
61,071		Internal Charges		59,177		62,153		2,976		X	
(14,948)		Loss On Sale and Assets Written Off		-		-		-		X	
2,388,225		Total Expenses		2,520,934		2,439,022		(81,912)		2,439,022	
(288,863)		Operating Surplus/(Deficit)		(22,636)		1,666		(24,302)		1,666	

Variance Analysis:

1. Other Income is higher than budgeted as rates penalties received are higher this year. This is due in part to the slower payment of rates this year, and the amount of penalties is higher as the rates increase. Income from recoverable services and commissions (on collection of rates) is also higher than budgeted this year.
2. Employment expenses overall are under budget. In the administration area employment expenses are over budget due to additional staff employed and the final pay for an employee. Staff training costs were also higher than budgeted. This is offset by savings made in the Asset Management team due to the reallocation of a portion of their team to the Rooding Business Unit. Savings were also made in the IT department due to the IT Manager position being disestablished. Consultancy expenses will increase due to the collaboration with Hurunui for IT services. \$10,000 has been paid to Hurunui in June for IT services. Savings have also been made in the finance department with the Management Accountant being paid most of the year through consultancy expenses.
3. Consultancy expenses are ahead of budget due to additional legal fees incurred for the Fairlie Camping Ground, and the Twizel WWTP. Extra costs were also associated with the High Country Medical Trust, the monthly management reporting and the Deloitte Business Review process.
4. Administration expenses are just under budget this year, as the LTP audit fees are budgeted for over the three years while photocopier charges were \$10,000 more than expected.
5. Operational and Maintenance expenses are over budget for the year, with vehicle repairs \$28,000 less than budgeted. This is offset by higher spends in the IT area for NCS support, IT support provided by Hurunui and a new contract to help with the servers.

Operating and Capital Reserves

(288,863)		(22,636)	1,666			1,666
(288,863)	Total Operating Reserves	(22,636)	1,666			1,666
(108,934)	Opening Balance	(91,619)	(167,936)			(167,936)
135,809	Transfer Funded Depreciation from Operating Reserve	152,256	152,261			152,261
32,015	Transfer from Operating Reserve	-	-			-
(128,429)	Transfer Capital Expenditure from Operating Reserve	(99,123)	(112,000)			(112,000)
(22)	Transfer from Operating reserves	-	-			-
(22,079)	Transfers between Reserves	1,716	1,866			1,866
(91,641)	Total Capital Reserves	(36,769)	(125,809)			(125,809)

Capital Expenditure									
Administration - District									
535	0018925. Plant and Equipment	-	-	-	-	-	-	-	-
535	Total Administration - District	-	-	-	-	-	-	-	-
Council Building - Fairlie									
1,768	0088935. Furniture & Fittings - Admin	9,841	-	(9,841)	×	-	-	-	-
1,681	0088940. Furniture & Fittings - Other	3,878	3,000	(878)	×	-	-	-	3,000
3,449	Total Council Building - Fairlie	13,718	3,000	(10,718)	×	1	-	-	3,000
Council Building - Twizel									
13,112	0098916. Building Renovations	-	-	-	✓	-	-	-	-
2,731	0098940. Furniture & Fittings - Other	1,054	2,000	946	✓	-	-	-	2,000
15,843	Total Council Building - Twizel	1,054	2,000	946	✓	-	-	-	2,000
Information Technology Support									
2,399	0788001. Records Mngt Program	375	8,000	7,625	✓	-	-	-	8,000
-	0788002. PC Server	-	-	-	✓	-	-	-	-
-	0788004. Virtual Server	20,994	20,000	(994)	×	-	-	-	20,000
-	0788006. GIS Aerials	13,775	-	(13,775)	×	2	-	-	-
174	0788010. Network Infrastructure	-	2,000	2,000	✓	-	-	-	2,000
482	0788011. Communications Equipment	-	-	-	✓	-	-	-	-
19,600	0788012. Software	31,119	18,000	(13,119)	×	3	-	-	18,000
5,125	0788014. Web site development	-	28,000	28,000	✓	4	-	-	28,000
-	0788925. Plant and Equipment	-	3,000	3,000	✓	-	-	-	3,000
27,781	Total Information Technology Support	66,263	79,000	12,737	✓	-	-	-	79,000
Plant Operations									
80,821	2658930. Vehicles	38,407	28,000	(10,407)	×	5	-	-	28,000
80,821	Total Plant Operations	38,407	28,000	(10,407)	×	-	-	-	28,000
128,429	Total Capital Expenditure	119,443	112,000	(7,443)					112,000

Variance Analysis:

- Higher than anticipated costs associated with office furniture from additional staff employed.
- A payment for GIS aerials was required this year due to being part of the consortium. This had been budgeted for in subsequent years. Software spending is over budget with purchases of E-plan, One Place Docs and Info Council software. The cost of the Info Council software is being offset by an underspend in website development.
- Website development costs budgeted for but not required due to the website being reskinned in the previous year. Some of this available budget will be used to cover the cost of the Info Council software above.
- Purchase of Roading vehicle made in advance of budget timing. The appropriate vehicle was \$6,000 over the budget allowance.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	WATER	YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income				
979,179	Targeted Rates	911,962	912,119	(157)	912,119
6,757	Investment Income	-	4,568	(4,568)	4,568
151,043	Other Income	118,195	155,388	(37,193)	155,388
11,649	Financial Contributions	149,377	-	149,377	-
3,000	Internal Income	3,000	3,000	-	3,000
47,005	Internal Interest Income	5,679	3,128	2,551	3,128
120,115	Vested Assets	39,942	-	39,942	-
1,318,749	Total Income	1,228,155	1,078,203	149,952	1,078,203
	Expenses				
17,124	Employment Expenses	-	11,000	11,000	11,000
5,632	Consultancy Expenses	-	2,000	2,000	2,000
35,273	Administration Expenses	55,621	36,354	(19,267)	36,354
454,957	Operational and Maintenance	659,694	459,751	(199,943)	459,751
-	Finance Expense	-	3,412	3,412	3,412
58,851	Internal Interest Expense	48,020	55,194	7,174	55,194
(2,366)	Asset Impairment	-	-	-	-
484,142	Depreciation	495,816	495,827	11	495,827
3,000	Internal Charges	3,000	3,000	-	3,000
1,056,612	Total Expenses	1,262,152	1,066,538	(195,614)	1,066,538
262,137	Operating Surplus/(Deficit)	(33,997)	11,665	(45,662)	11,665

Variance Analysis:

- Other income is behind budget overall, due to the Albury Water Supply information yet to be included of which \$62,500 of income had been budgeted. Income from Water meters is higher by \$27,000 this year.
- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Vested Assets are not budgeted for as they are dependent upon completion of the subdivision. This is a non-cash entry only to bring these assets into the Council books, there is a corresponding entry in Capital Expenditure.
- Administration expenses are ahead of budget due to rates expenses (\$42,952) being charged to the activity that incurs them. These are paid in full for the year and have not been budgeted for. Insurance is also higher than budget this year by \$5,902.
- Operational and maintenance costs are ahead of budget due to seasonal increase in contractor spend associated with the Twizel tobies felling, breaks in the Kimbell line and Whitestone collecting more data for consent compliance. Electricity costs were higher than budgeted due to costs for The Drive booster. Maintenance costs on the Allandale Water Supply are over budget by \$34,000 due to didymo blocking the intake filter and restrictors of tanks, autumn leaf litter blocking the intake screen and a number of leaks within the reticulation.

262,137	Operating Surplus/(Deficit)	(33,997)	11,665		11,665
262,137	Total Operating Reserves	(33,997)	11,665		11,665

Equity								
1,014,566	Opening Balance	236,321	(1,819,897)					(1,819,897)
11,649	Transfer - Financial Contributions	149,377	-					-
127,717	Transfer - from Operating Reserve	-	800					800
436,413	Transfer Funded Depreciation from Operating Reserve	452,535	452,543					452,543
7,619	Transfer - Op Surplus from Op Reserve	-	-					-
120,115	Transfer - Vested Assets	-	-					-
(1,491,903)	Transfer Capital Expenditure from Operating Reserve	(2,399,839)	(1,451,400)					(1,451,400)
10,144	Transfer from Operating reserves	-	-					-
-	Transfer Vested Assets to Capital	39,942	-					-
-	Transfers between Reserves	13,112	14,305					14,305
236,321	Total Capital Reserves	(1,508,553)	(2,803,649)					(2,803,649)

[illegible]

Twizel Community Water Supply									
25,876	0138206. Service Connections - Renewal	-	-	-	✓	-	-	-	-
70,288	0138210. HeadWorks - New	-	-	-	✓	-	-	-	-
1,106,085	0138211. Treatment - New	-	-	-	✓	-	-	-	-
536	0138212. Service Connections - New	-	-	-	✓	-	-	-	-
303	0138251. Fire Hydrant Markers	-	-	-	✓	-	-	-	-
3,578	0138807. Resource Consent Costs	-	-	-	✓	-	-	-	-
3,390	0138980. Community Assets- Water Supply	-	-	-	✓	-	-	-	-
444	0138984. Water Meters	-	-	-	✓	-	-	-	-
1,210,499	Total Twizel Community Water Supply	-	-	-	✓	-	-	-	-
Urban Water Supply									
-	0248193. Vested Assets	39,942	-	(39,942)	✗	-	-	-	-
-	0248201. Town Reticulation - Renewal	503,382	511,000	7,618	✓	1	511,000	-	-
-	0248204. Head Works - Renewal	36,933	-	(36,933)	✗	2	-	-	-
-	0248205. Treatment - renewal	527,601	930,000	402,399	✓	3	930,000	-	-
-	0248206. Service Connections - Renewal	56,557	-	(56,557)	✗	4	-	-	-
-	0248211. Treatment - New	886,096	-	(886,096)	✗	5	-	-	-
-	0248251. Fire Hydrant Markers	2,160	-	(2,160)	✗	-	-	-	-
-	0248281. Reticulation - Renewal	347,169	-	(347,169)	✗	6	-	-	-
-	0248980. Community Assets- Water Supply	-	10,400	10,400	✓	-	10,400	-	-
-	Total Urban Water Supply	2,399,839	1,451,400	(948,439)	✗	-	1,451,400	-	-
1,491,903	Total Capital Expenditure	2,399,839	1,451,400	(948,439)			1,451,400	-	-

Variance Analysis:

1. Budget in this area was originally for the renewal of the Twizel line, however the actual spend to date was on replacement of the Kimbell line.

2. These costs are for the sealing of the Tekapo Reservoir.

3. There is further expenditure to come in this area with a power cable to be laid in Glen Lyon Road (through Grant Hocking's property). This will now occur in September.

4. This is replacement of the Twizel tobies. These costs will be ongoing and were not budgeted for.

5. These costs are for the replacement of the internals of the pumpsheds in Twizel which was part of the budget in point 3 above.

6. These costs are for the renewal of the Twizel line.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	SEWER	YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income				
464,053	Targeted Rates	443,303	443,309	(6)	443,309
6,901	Other Income	5,601	6,000	(399)	6,000
9,536	Financial Contributions	184,910	-	184,910	1
39,074	Internal Interest Income	85,759	46,211	39,548	2
136,681	Vested Assets	32,713	-	32,713	3
656,244	Total Income	752,286	495,520	256,766	495,520
	Expenses				
-	Consultancy Expenses	11,407	-	(11,407)	4
7,390	Administration Expenses	37,716	10,521	(27,195)	5
149,183	Operational and Maintenance	177,687	146,944	(30,743)	6
9,419	Internal Interest Expense	-	5,905	5,905	5,905
319,422	Depreciation	323,376	323,369	(7)	323,369
485,414	Total Expenses	550,186	486,739	(63,447)	486,739
170,830	Operating Surplus/(Deficit)	202,100	8,781	193,319	8,781

Variance Analysis:

1. Financial Contributions are not budgeted for as they are dependent upon developer activity.
2. Internal interest income is ahead of budget year to date, due to the capital expenditure being behind schedule.
3. Vested Assets are not budgeted for as they are dependent upon completion of the subdivision. This is a non-cash entry to bring the assets into the Council books. The corresponding entry is shown below in Capital Expenditure.
4. Unbudgeted consultancy expenses have arisen due to late invoices for valuation fees relating to the prior year and legal expenses for the Twizel Waste Water Treatment plant.
5. Administration expenses are ahead of budget due to rates expenses paid in full for the year and not budgeted.
6. Operational and maintenance expenses are ahead of budget year to date due to higher than forecast contractor expenses resulting from the sewer spill in December, unbudgeted sewer blockages and other work correcting the low dissolved oxygen level in Tekapo and Twizel.

Operating and Capital Reserves

170,830	Operating Surplus/(Deficit)	202,100	8,781			8,781
170,830	Total Operating Reserves	202,100	8,781			8,781
	Equity					
1,399,313	Opening Balance	1,622,816	1,320,313			1,320,313
9,536	Transfer - Financial Contributions	184,910	-			-
16,488	Transfer - from Operating Reserve	-	-			-
319,422	Transfer Funded Depreciation from Operating Reserve	323,376	323,369			323,369
136,681	Transfer - Vested Assets	-	-			-
(258,624)	Transfer Capital Expenditure from Operating Reserve	(354,379)	(902,000)			(902,000)
-	Transfer Vested Assets to Capital	32,713	-			-
1,622,816	Total Capital Reserves	1,809,436	741,682			741,682

Capital Expenditure

	Fairlie Community Sewerage					
7,648	0278401. Sewer Reticulation Renewal	-	-		✓	-
13,366	0278403. Sewer Pump Station Renewal	-	-		✓	-
862	0278410. New Reticulation - Eversley	-	-		✓	-
21,875	Total Fairlie Community Sewerage	-	-		✓	-
	Tekapo Community Sewerage					
136,681	0288193. Vested Assets	-	-		✓	-
5,837	0288265. Pump Station - new work	-	-		✓	-
5,762	0288401. Sewer Reticulation - Renewal	-	-		✓	-
148,279	Total Tekapo Community Sewerage	-	-		✓	-
	Twizel Community Sewerage					
1,073	0298410. Sewer Reticulation - New	-	-		✓	-
87,396	0298411. Sewer Treatment - New	-	-		✓	-
88,469	Total Twizel Community Sewerage	-	-		✓	-
	Urban Sewerage					
-	0258193. Vested Assets	32,713	-	(32,713)	✗	-
-	0258401. Sewer Reticulation Renewal	9,767	902,000	892,233	✓	902,000
-	0258411. Sewer Treatment - New	311,899	-	(311,899)	✗	-
-	Total Urban Sewerage	354,379	902,000	547,621	✓	902,000
258,624	Total Capital Expenditure	354,379	902,000	547,621		902,000

Variance Analysis:

1. Project has now commenced. Behind schedule year to date.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

STORMWATER		LYTD Actual June 2015	YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
Income						
	Targeted Rates		79,275	79,288	(13)	79,288
81,552	Financial Contributions		3,125	-	3,125	1
1,062	Internal Interest Income		21,225	8,443	12,782	2
9,492	Vested Assets		31,532	-	31,532	3
128,214						
220,320	Total Income		135,157	87,731	47,426	87,731
Expenses						
	Administration Expenses		9,587	650	(8,937)	4
291	Operational and Maintenance		17,814	25,300	7,486	25,300
28,648	Depreciation		61,788	61,781	(7)	61,781
60,791						
89,730	Total Expenses		89,188	87,731	(1,457)	87,731
130,590	Operating Surplus/(Deficit)		45,969	-	45,969	-

Variance Analysis:

- Financial Contributions are not budgeted for as they are dependent upon developer activity.
- Internal interest income received on capital reserves is ahead of budget year to date due to higher levels of reserves held than forecast.
- Vested Assets are not budgeted for as these are dependent on the completion of the subdivision. This is a non-cash entry only to bring these assets into the Council books. The corresponding entry is shown below in Capital Expenditure.
- Administration expenses are higher than budgeted as the rates have been paid in full this year, and were not budgeted for.

Operating and Capital Reserves

130,590	Operating Surplus/(Deficit)	45,969	-						-
130,590	Total Operating Reserves	45,969	-						-
	Equity								
397,208	Opening Balance	402,334	241,229						241,229
1,062	Transfer - Financial Contributions	3,125	-						-
1,684	Transfer - from File W&S Operat Rsv	-	-						-
551	Transfer - from Tkp W&S Operat Rsv	-	-						-
(920)	Transfer - from Twl W&S Operat Rsv	-	-						-
60,791	Transfer Funded Depreciation from Operating Reserve	61,788	61,781						61,781
128,214	Transfer - Vested Assets	-	-						-
(186,256)	Transfer Capital Expenditure from Operating Reserve	(33,508)	-						-
0	Transfer Vested Assets to Capital	31,532	-						-
402,334	Total Capital Reserves	465,270	303,010						303,010

Capital Expenditure

	Tekapo Stormwater								
128,214	0578193. Vested Assets	-	-						-
58,042	0578456. S/Water Structure - New	-	-						-
186,256	Total Tekapo Stormwater	-	-						-
	Urban Stormwater								
-	0598193. Vested Assets	31,532	-	(31,532)					-
-	0598807. Resource Consent Costs	1,976	-	(1,976)					-
-	Total Urban Stormwater	33,508	-	(33,508)					-
186,256	Total Capital Expenditure	33,508	-	(33,508)					-

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	ROADING		YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income					
1,330,092	Targeted Rates	951,824	951,968	(144)	X	951,968
2,223,136	Subsidies and Grants	1,871,373	1,584,000	287,373	✓	1,584,000
33,509	Other Income	37,595	25,500	12,095	✓	25,500
5,540	Internal Interest Income	-	6,484	(6,484)	X	6,484
299,343	Vested Assets	127,212	-	127,212	✓	-
3,891,620	Total Income	2,988,005	2,567,952	420,053		2,567,952
	Expenses					
112,066	Employment Expenses	177,250	151,958	(25,292)	X	151,958
97,539	Consultancy Expenses	118,277	95,000	(23,277)	X	95,000
3,258	Administration Expenses	12,548	-	(12,548)	X	-
2,803	Internal interest Expense	16,247	1,764	(14,483)	X	1,764
1,268,543	Roadings	1,184,530	1,172,640	(11,890)	X	1,172,640
1,901,963	Depreciation	1,881,012	1,881,006	(6)	X	1,881,006
10,099	Internal Charges	11,939	13,690	1,751	✓	13,690
3,396,271	Total Expenses	3,401,803	3,316,058	(85,745)		3,316,058
495,349	Operating Surplus/(Deficit)	(413,798)	(748,106)	334,308		(748,106)

Variance Analysis:

- Subsidies and grants income is higher than forecast due to significantly more LTNZ funding claimed than forecast year to date. This is the result of the roading teams hard work in securing the extra funding. \$70,830 of petrol tax has been received year to date, this was not budgeted for in 2016.
- Vested assets are not budgeted for, this relates to the Lake Tekapo subdivision that has now been completed and taken over by the Council. This is not an actual cash payment made by Council rather a book entry to bring these assets into the Council books. A corresponding entry is shown below in Capital Expenditure.
- Employment expenses are higher than forecast due to a higher proportion of the infrastructure staff's salaries approved by NZTA for subsidy.
- Consultancy expenses are over budget \$23,000 due to the collaboration costs associated with roading tenders.
- No budget had been allowed for administration fees however costs have been incurred for advertising, insurance, subscriptions and telephone.
- Internal interest expense is over budget due to higher capital reserve balances than forecast.
- Roadings expenses - more detailed variance explanation is provided with the detailed roading expenses report.

Operating and Capital Reserves

495,349	Operating Surplus/(Deficit)	(413,798)	(748,106)			(748,106)
495,349	Total Operating Reserves	(413,798)	(748,106)			(748,106)
	Equity					
580,439	Opening Balance	141,469	149,973			149,973
895,850	Transfer Funded Depreciation from Operating Reserves	1,550,468	915,553			915,553
(204,944)	Transfer - to/from Op Rsv	-	-			-
1,492,772	Transfer NZTA Capital Subsidy	505,424	857,128			857,128
299,343	Transfer Vested Asset from Op reserve	127,212	-			-
(2,921,989)	Transfer Capital Expenditure from Operating Reserve	(2,026,082)	(1,871,140)			(1,871,140)
-	Transfers between Reserves	-	527,331			527,331
141,469	Total Capital Reserves	298,491	578,845			578,845

Capital Expenditure

District Roading						
299,343	2548193. Vested Assets	127,212	-	(127,212)	✗	-
456,995	2548211. Unsealed Road Metalling	596,000	596,000	-	✓	596,000
482,545	2548212. Sealed Road Resurfacing	671,312	671,540	228	✓	671,540
77,613	2548213. Drainage Renewal	110,098	60,000	(50,098)	✗	60,000
155,283	2548214. Sealed Road Pavement Rehabilitation	210,139	173,000	(37,139)	✗	173,000
40,267	2548215. Structures Component replacements bridges	-	20,000	20,000	✓	20,000
-	25482151. Structures Component replacements cattlestops	-	6,400	6,400	✓	6,400
40,791	2548222. Traffic Services Renewals	41,378	69,200	27,822	✓	69,200
3,928	2548231. Associated Improvements	-	-	-	✓	-
76,278	2548310. Footpaths - Surfacing	17,889	20,000	2,111	✓	20,000
494,392	2548341. Minor Improvements	249,962	250,000	38	✓	250,000
80,000	2548396. Manuka Terrace	-	-	-	✓	-
696,816	2548451. Walking and Cycling Projects	-	-	-	✓	-
2,904,252	Total District Roading	2,023,989	1,866,140	(157,849)	✗	1,866,140
Roading Professional Services						
17,206	0868001. Computers	1,592	-	(1,592)	✗	-
532	0868925. Plant and Equipment	-	5,000	5,000	✓	5,000
17,738	Total Roading Professional Services	1,592	5,000	3,408	✓	5,000
2,921,989	Total Capital Expenditure	2,025,582	1,871,140	(154,442)		1,871,140

Variance Analysis:

1. Within the District Roading split there are budget alignment issues, but actual total expenditure is approximately \$27,000 higher than forecast (disregarding the Vested Assets which are not budgeted for). This will be covered by the increase in NZTA funding received.

Mackenzie District Council
Detailed Roading Activity
For The Year Ended June 2016

LYTD Actual June 2015		YTD Actual June 2016	YTD Budget June 2016	Variance	Notes	Full Year Budget 30/06/16
187,023	2546111. Sealed Pavement Mtce	190,506	193,000	2,494	✓	193,000
316,141	2546112. Unsealed Pavement Mtce	302,062	335,200	33,138	✓	335,200
98,313	2546113. Routine Drainage Mtce	83,448	95,000	11,552	✓	95,000
24,189	25461131. Drainage Mtce - St Cleaning	14,415	25,000	10,585	✓	25,000
54,944	2546114. Structures Maintenance Bridges	106,111	103,500	(2,611)	✗	103,500
11,146	25461141. Structures Maintenance Cattlestops	1,795	8,000	6,206	✓	8,000
166,327	2546121. Environmental Mtce	157,048	129,200	(27,848)	✗	129,200
70,266	2546122. Traffic Services Mtce	26,521	44,740	18,219	✓	44,740
33,023	25461221. Street Lighting - Maintenance	66,857	40,000	(26,857)	✗	40,000
50,291	25461222. Street Lighting - Electricity	50,869	50,000	(869)	✗	50,000
-	2546140. Minor Events	-	50,000	50,000	✓	50,000
114,270	2546288. Emergency Reinstatement	116,621	-	(116,621)	✗	-
10,052	2546301. Street Lights - Mtce - Transit	7,489	6,000	(1,489)	✗	6,000
11,807	2546302. Street Lights-Elect - Transit	10,001	12,000	1,999	✓	12,000
23,076	2546303. Drainage Mtce - St Cleaning Transit	14,324	7,500	(6,824)	✗	7,500
80,141	2546304. Footpaths	30,269	35,000	4,731	✓	35,000
-	2546305. New Year Road Sweep	6,196	38,500	32,304	✓	38,500
17,535	2546306. Alps2ocean	-	-	0	✓	-
1,268,543		1,184,530	1,172,640	(11,890)		1,172,640

Variance Analysis:

- Costs for environmental maintenance include snow clearance/ice gritting costs from July/August last year. With the ongoing vegetation control, spending will be reduced in other areas to reduce the impact on this budget.
- Street lighting maintenance expenses are ahead of budget for the full year due to an unbudgeted full street light audit required by the Electricity Authority costing \$8,463. Maintenance is also tracking higher than usual due to the replacement of 153 lights in Twizel changed to LED fittings. Lights removed will be used for spares elsewhere.
- Emergency reinstatement costs relate to the snow event in the prior financial year. These costs were not budgeted however they have been approved for NZTA subsidy.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	SOLID WASTE		YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income					
132,060	General Rates		167,090		-	167,090
538,132	Targeted Rates		591,599		4,537	587,062
51	Investment Income		-		-	-
138,212	Other Income		241,602		96,502	145,100
-	Internal Interest Income		771		12	12
500	Gain on Sale - Assets		-		-	-
808,955	Total Income		1,001,062	899,264	101,798	899,264
	Expenses					
34,627	Employment Expenses		37,912	33,677	(4,235)	33,677
24,470	Consultancy Expenses		21,386	27,400	6,014	27,400
8,927	Administration Expenses		9,786	10,390	604	10,390
637,765	Operational and Maintenance		896,090	749,700	(146,390)	749,700
11,983	Internal Interest Expense		37,273	36,133	(1,140)	36,133
20,092	Depreciation		19,452	19,455	3	19,455
3,533	Internal Charges		5,862	6,068	206	6,068
741,397	Total Expenses		1,027,762	882,823	(144,939)	882,823
67,558	Operating Surplus/(Deficit)		(26,700)	16,441	(43,141)	16,441

Variance Analysis:

- Other income is ahead of budget due to increased income from RRP gate sales, and \$46,311 in funding was received for a glass stockpile utilisation project, this amount is countered under operational expenses, as noted under point 4. below.
- Consultancy expenses are less than budgeted as only a portion of the contributions have been incurred this financial year and \$3,000 was allowed for non-specified consultancy fees which has not been used.
- Operational and maintenance costs are ahead of budget due to an increase in waste being received that exceed forecasted volumes, an increase in disposal costs associated with metal and reduced return on recyclable materials. \$46,311 was also paid out for the glass utilisation project mentioned in 1. above.

Operating and Capital Reserves

67,558			(26,700)		16,441				16,441
67,558	Total Operating Reserves		(26,700)		16,441				16,441
	Equity								
(448,033)	Opening Balance	(431,927)		(792,054)					(792,054)
16,106	Transfer Funded Depreciation from Operating Reserve	15,468		15,469					15,469
-	Transfers between Reserves	(329,242)		16,227					16,227
(431,927)	Total Capital Reserves	(745,702)		(760,358)					(760,358)

**Mackenzie District Council
Finance Report
For The Period Ended June 2016**

LYTD Actual June 2015	PLANNING	YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income				
235,908	General Rates	393,716	393,716	-	393,716
100,324	Other Income	150,535	123,300	27,235	123,300
16,440	Reserve Contributions	238,628	120,000	118,628	120,000
12	Internal Interest Income	1	25	(24)	25
352,683	Total income	782,880	637,041	145,839	637,041
	Expenses				
254,557	Employment Expenses	323,935	424,277	100,342	424,277
262,256	Consultancy Expenses	447,607	395,000	(52,607)	395,000
11,424	Administration Expenses	5,120	16,500	11,380	16,500
753	Operational and Maintenance	2,475	7,500	5,025	7,500
-	Internal Interest Expense	67,017	56,366	(10,651)	56,366
73	Depreciation	36	30	(6)	30
5,189	Internal Charges	6,419	7,039	620	7,039
534,251	Total Expenses	852,610	906,712	54,102	906,712
(181,568)	Operating Surplus/(Deficit)	(69,730)	(269,671)	199,941	(269,671)

Variance Analysis:

1. Other income is ahead of budget due to higher than forecast levels of LIM Reports.
2. Reserve contributions are higher than budget as more subdivisions were completed than anticipated.
3. Employment Expenses are under budget due to delays in employing planning staff. There is currently a vacancy for a policy planner and a consents planner.
4. Consultancy expenses are currently over budget as this now includes all costs to be oncharged to clients, with the corresponding income showing in the Other Income line above, to date this amounts to \$25,650. \$25,000 was spent on a consultant planner to help in the period July to November when there were no planning staff. There were also larger spends associated with the District Plan review and Plan Change 13.
5. Administration expenses are less than forecast as costs for publications/legislation and telephone were over budgeted.
6. Operational and maintenance costs are less than forecast due to only \$464 of the Heritage Fund being spent out of the \$5,000 budget.
7. Internal Interest Expense is over budget due to higher capital reserve balances than forecast. This has resulted in the planning activity incurring higher interest expense.

Operating and Capital Reserves

		Operating and Depreciation Reserves			
(181,568)	Operating Surplus/(Deficit)	(69,730)	(269,671)		(269,671)
(181,568)	Total Operating Reserves	(69,730)	(269,671)		(269,671)
Equity					
631	Opening Balance	-	(1,235,398)		(1,235,398)
-	Transfer Funded Depreciation from Operating Reserves	36	30		30
(631)	Transfer From Operating Reserves	-	-		-
-	Transfers between Reserves	(1,388,085)	49,444		49,444
-	Total Capital Reserves	(1,388,049)	(1,185,924)		(1,185,924)

Mackenzie District Council
Finance Report
For The Period Ended June 2016

REGULATORY		YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
LYTD Actual June 2015					
	Income				
39,876	General Rates	26,916	26,916	-	26,916
154,872	Targeted Rates	165,110	165,110	-	165,110
459,168	Other Income	585,884	501,280	84,604	501,280
533	Internal Interest Income	708	1,007	(299)	1,007
654,449	Total Income	778,618	694,313	84,305	694,313
	Expenses				
296,638	Employment Expenses	293,921	315,652	21,731	315,652
30,537	Consultancy Expenses	86,629	37,000	(49,629)	37,000
54,355	Administration Expenses	44,127	61,900	17,773	61,900
179,911	Operational and Maintenance	122,923	205,000	82,077	205,000
4,832	Internal interest Expense	5,213	4,525	(688)	4,525
50,784	Depreciation	41,532	41,530	(2)	41,530
25,987	Internal Charges	29,093	28,828	(265)	28,828
643,043	Total Expenses	623,439	694,435	70,996	694,435
11,406	Operating Surplus/(Deficit)	155,180	(122)	155,302	(122)

Variance Analysis:

- Other income is ahead of budget with Building consents and LIMS up approximately \$158,000 year to date. This is offset by the Liquor licencing revenue yet to be received for the 2016 year.
Employment expenses are under budget as there were vacant positions in the building department at times during the year where these savings were made.
-
- Consultancy expenses are higher than forecast year to date as this now includes all costs to be oncharged to clients, with the corresponding income showing in the Other Income line above. To date this amounts to \$45,000. The BCA Fee of \$16,202 was incurred earlier than anticipated due to the staffing changes that have occurred this year. This had been budgeted for in a subsequent year.
- Operational and maintenance expenditure is currently less than forecast due to the Health and Liquor Licencing contract yet to be received.

Operating and Capital Reserves

11,406	Operating Surplus/(Deficit)	(122)				(122)
11,406	Total Operating Reserves	(122)				(122)

	Equity					
(86,294)	Opening Balance	(51,967)	(64,751)			(64,751)
50,784	Transfer Funded Depreciation from Operating Reserves	41,172	40,035			40,035
(9,246)	Transfer Capital Expenditure from Operating Reserve	(52,500)	(86,000)			(86,000)
(7,210)	Transfers between Reserves	1,254	1,373			1,373
(51,967)	Total Capital Reserves	(62,041)	(109,343)			(109,343)

Capital Expenditure

	Civil Defence					
9,246	0108925. Plant and Equipment	-	25,000	✓	1	25,000
9,246	Total Civil Defence	-	25,000	✓		25,000
	Rural Fires					
-	0838925. Plant and Equipment	7,500	6,000	✗	2	6,000
-	0838930. Vehicles	45,000	55,000	✓	3	55,000
-	Total Rural Fires	52,500	61,000	✓		61,000
9,246	Total Capital Expenditure	52,500	86,000			86,000

Variance Analysis:

1. There was provision in the budget for a generator to be installed at the Tekapo Community Centre. This will now not go ahead.
2. The Rural fire spend is over budget due to the purchase of a GPS unit for \$1,500. This level of spending was approved by Council.
3. The vehicle spend for Rural fire is showing as under budget due to the sale of the Fairlie Tanker for \$10,000.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

COMMUNITY FACILITIES		YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
LYTD Actual June 2015					
	Income				
328,200	General Rates	312,701	312,701	-	312,701
757	Subsidies and Grants	757	660	97	660
125,566	Other Income	126,182	130,750	(4,568)	130,750
2,840	Internal Interest Income	5,177	4,658	519	4,658
457,363	Total Income	444,817	448,769	(3,952)	448,769
	Expenses				
29,403	Administration Expenses	31,141	28,764	(2,377)	28,764
364,828	Operational and Maintenance	360,738	361,110	372	361,110
14,604	Internal interest Expense	20,614	20,523	(91)	20,523
69,472	Depreciation	61,054	60,823	(231)	60,823
478,306	Total Expenses	473,546	471,220	(2,326)	471,220
(20,943) Operating Surplus/(Deficit)		(28,730)	(22,451)	(6,279)	(22,451)

Variance Analysis:

1. Other income is less than forecast as burial fees are less than budget by \$8,142, while the rental from the Fairlie Pensioner Housing is greater than budget by \$5,044.
2. Administration expenses are over budget as the rates and insurance for the Twizel Medical Centre of \$3,400 were unbudgeted, the insurance for the Fairlie Pensioner Housing was up \$3,455 this year, and the insurance for the Twizel Pensioner Housing was up by \$3,000. This is offset by a reduction in public toilet spend with rates and insurance overbudgeted by \$3,600 and Fairlie Medical Centre insurance over budgeted by \$1,500.

Operating and Capital Reserves

(20,943)	Operating Surplus/(Deficit)	(28,730)	(22,451)		(22,451)
(20,943)	Total Operating Reserves	(28,730)	(22,451)		(22,451)
8,745	Equity				
37,383	Opening Balance	(303,939)	(277,370)		(277,370)
(363,927)	Transfer Funded Depreciation from Operating Reserve	40,986	38,373		38,373
13,859	Transfer Capital Expenditure from Operating Reserve	(35,844)	(465,000)		(465,000)
	Transfers between Reserves	-	-		-
(303,939)	Total Capital Reserves	(298,797)	(703,997)		(703,997)

Capital Expenditure

363,927	Public Toilets				
	1518916. Buildings	34,105	465,000	430,895	1 465,000
363,927	Total Public Toilets	34,105	465,000	430,895	465,000
	Pensioner Housing - Twizel				
-	1918925. Plant and Equipment	1,739	-	(1,739)	2 -
-	Total Pensioner Housing - Twizel	1,739	-	(1,739)	-
363,927	Total Capital Expenditure	35,844	465,000	429,156	465,000

Variance Analysis:

- Public Toilet spending this year was \$25,105 for the upgrade of the Fairlie toilets and \$9,000 to demolish the Twizel toilet block. The budgeted spend on the Lake Tekapo Toilets was unspent as this project did not proceed this year.
- New stoves were purchased for the Pensioner Flats in Twizel.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	RECREATIONAL FACILITIES				Variance	Full year Budget 30/06/16
	Income	YTD Actual June 2016	YTD Budget June 2016			
105,636	General Rates	147,860	147,953	(93)	✗	147,953
1,401,872	Targeted Rates	1,286,747	1,287,178	(431)	✗	1,287,178
18,411	Subsidies and Grants	18,411	17,048	1,363	✓	17,048
196,376	Other Income	253,167	207,260	45,907	✓	207,260
7,181	Internal Interest Income	6,723	7,535	(812)	✗	7,535
1,729,476	Total Income	1,712,908	1,666,974	45,934		1,666,974
	Expenses					
88,010	Employment Expenses	87,138	95,763	8,625	✓	95,763
208,134	Administration Expenses	220,898	252,826	31,928	✓	252,826
971,605	Operational and Maintenance	1,041,084	1,078,084	37,000	✓	1,078,084
25,469	Internal Interest Expense	33,497	31,149	(2,348)	✗	31,149
258,916	Depreciation	250,020	249,921	(99)	✗	249,921
42	Internal Charges	-	1,499	1,499	✓	1,499
(137)	Loss On Sale and Assets Written Off	-	-	-	✓	-
1,552,038	Total Expenses	1,632,637	1,709,242	76,605		1,709,242
177,438	Operating Surplus/(Deficit)	80,271	(42,268)	122,539		(42,268)

Variance Analysis:

- Other income is ahead of budget due to extra income received from Freedom camping infringements (\$14,583), Fairlie Motor Camp rentals (\$17,540), Lake Alexandrina hut rentals (\$14,000) and rental of the Twizel Community Centre (\$11,160). This extra income was offset by reduced income from the Fairlie Swimming pool (\$9,324 under budget, however offset by reduced labour costs). Twizel Township had budgeted for lease rentals of \$8,000 with only \$1,676 received to date.
- Employment expenses have come in under budget this year. Costs for the Fairlie Swimming Pool were down \$12,351 due to the Learn to Swim programme being run by an external organisation this year. This was slightly offset by wages incurred for the Twizel Community Centre where money had been budgeted for a contractor instead.
- Administration expenses have also come in under budget. A grant of \$45,000 was made to the Lake Tekapo Footbridge Committee, however this extra expenditure was offset by District rates being charged to the specific areas which was a change from how the budget was set.
- The maintenance spend has been lower than budget to date with District- General underspent by \$35,500 (\$30,000 of the budget related to the Alps to Ocean cycle trail maintenance which has been spent, however expenditure was recorded in the Tourism cost centre), Twizel Townships down \$59,500 (carpark works and sealing of greenways is unable to proceed until weather permits and will need to be carried through to next year). Twizel Reserves down \$16,000 and the Twizel Community Centre down \$38,000. This has been offset by overspends in the Tekapo township projects (\$69,500 - most of this will be covered by the Tekapo Township reserve), \$13,000 overspend in the Reserves due to the Autumn planting project at Lake Alexandrina and the litterbin collections (up \$20,000) due to an extra set of bins installed, the Twizel Swimming Pool overspend of \$5,000 related to the pool painting, and the Fairlie Domain with repairs and contractor costs up \$11,500.

Operating and Capital Reserves					
177,438	Operating Surplus/(Deficit)	80,271	(42,268)		(42,268)
177,438	Total Operating Reserves	80,271	(42,268)		(42,268)
Equity					
(589,269)	Opening Balance	(470,451)	(529,034)		(529,034)
(7,233)	Transfer - from Fie W&S Operat Rsv	-	-		-
2,441	Transfer - from Hall Operating Rsv	-	-		-
(3,174)	Transfer - from Operating Reserve	-	-		-
73,500	Transfer Funded Depreciation from Operating Reserve	74,088	74,075		74,075
92,182	Transfer - to/from Op Rsv	-	-		-
(360)	Transfer from Operating Reserve	-	-		-
(13,569)	Transfer Capital Expenditure from Operating Reserve	(3,269)	-		-
(24,968)	Transfers between Reserves	83,501	91,087		91,087
(470,451)	Total Capital Reserves	(316,131)	(363,872)		(363,872)

Capital Expenditure					
Fairlie Domain					
-	0958940. Furniture & Fittings - Other	6,392	-	(6,392)	1
-	Total Fairlie Domain	6,392	-	(6,392)	
Fairlie Township					
80	0528965. Comm Asset - Public Amenities	-	-	-	
80	Total Fairlie Township	-	-	-	
Mackenzie Community Centre					
499	1228925. Plant and Equipment	-	-	-	
2,783	1228940. Furniture & Fittings - Other	-	-	-	
3,282	total Mackenzie Community Centre	-	-	-	
Tekapo Community Hall					
10,207	1248940. Furniture & Fittings - Other	-	-	-	
10,207	Total Tekapo Community Hall	-	-	-	
Twizel Community Centre					
-	1268925. Plant and Equipment	3,269	-	(3,269)	2
-	Total Twizel Community Centre	3,269	-	(3,269)	
Twizel Reserves					
18,418	1068192. Other Projects	-	-	-	
22,462	1068925. Plant and Equipment	-	-	-	
40,880	Total Twizel Reserves	-	-	-	
54,448	Total Capital Expenditure	9,661	-	(9,661)	

Variance Analysis:

1. Washing machines were purchased for the Holiday Park to get this operational again. Rental income will be received to offset this spend due to no budget allocation.
2. A replacement fridge was purchased for the Twizel Community Centre. As there is no budget allocation for this area, this will be covered by an underspend in the repairs and maintenance budget.

Mackenzie District Council
Finance Report
For The Period Ended June 2016

LYTD Actual June 2015	COMMERCIAL ACTIVITIES				YTD Actual June 2016	YTD Budget June 2016	Variance	Full year Budget 30/06/16
	Income				(830,548)	(830,633)		
(1,069,896)	General Rates				427,078	431,633	85	(830,633)
243,899	Targeted Rates				672,031	629,792	(4,555)	431,633
904,369	Investment Income				440,074	171,700	42,239	629,792
373,729	Other Income				3,202,127	687,722	268,374	171,700
563,260	Other Gains and Losses				287,134	204,482	2,514,405	687,722
144,567	Internal interest Income				1,130,716	72,000	82,652	4
(171,449)	Asset Impairment						1,058,716	5
								72,000
988,480	Total Income				5,328,611	1,366,696	3,961,915	1,366,696
	Expenses							
(41,386)	Other Gains and Losses							
84,073	Employment Expenses				50,673	36,273	(14,400)	6
20,077	Members Expenses				20,000	20,000	0	20,000
215,690	Consultancy Expenses				174,062	111,000	(63,062)	7
94,102	Administration Expenses				135,701	87,060	(48,641)	8
370,342	Operational and Maintenance				517,788	674,475	156,687	9
118,366	Internal Interest Expense				181,528	95,040	(86,488)	10
71,615	Depreciation				81,720	81,707	(13)	81,707
932,879	Total Expenses				1,161,471	1,105,555	(55,916)	1,105,555
55,601	Operating Surplus/(Deficit)				4,167,140	261,141	3,905,999	261,141

Variance Analysis:

- Investment income is higher than forecast with an increase in dividend income from Alpine Energy than budgeted of \$29,273. Even with the lower than average interest rates we are currently receiving, interest income has come in \$11,112 higher than budgeted.
- Other income is ahead of budget due to an increase of 14,587 in carbon units held, insurance proceeds of \$8,319 received from the snow damaged Pukaki Airport hanger, and real estate income from the Post Office units and income associated with section sales.
- Other gains and losses income of \$2,475,893 relates to proceeds from the sale of land at the Tekapo Lakefront Development, \$564,000 from the land sale to Meridian and \$162,233 from sundry land sales in Twizel. Yet to be bought to account is the share of the subdivision costs that relate to this land as well as the land itself. This will occur for the year end accounts.
- Internal interest income received on capital reserves is ahead of budget year to date due to higher levels of forestry reserves held than forecast.
- Asset impairment relates to the revaluation of Carbon credits held at 30 June 2015. The prices of carbon credits have increased significantly from \$6.65 in June 2015 to \$17.75 at the end of June.
- Employment expenses are over budget due to higher costs in the Tourism area than budgeted, this is from the increase in hours from taking on the NZ Post operation in Twizel. There has been income generated to offset these additional costs.

7. Consultancy fees are over budget due to legal fees arising from the Tekapo development, additional unbudgeted property sales and engineering costs related to the High Country Medical Trust. This is offset by reduced fees in forestry services.
8. Administration expenses are showing as ahead of budget year to date as the rates expense was higher than budgeted due to rates now being charged to the specific areas. There were also unbudgeted payments of \$25,846 for rental for the minigolf site until this land was purchased. This occurred at the end of May.
9. Operational and maintenance expenditure is below budget due to the timing of contribution payments for tourism and economic development that have not been made. This is offset by a payment of \$23,675 to Cone Peak Farms for work done in North West Arch in Twizel. This expenditure was approved by Council.
10. Internal Interest Expense is over budget due to higher capital expenditure spent at the beginning of the year which has resulted in capital reserve balances costing the commercial activity higher interest expense.

Operating and Capital Reserves					
55,601	Operating Surplus/(Deficit)	4,167,140	261,141		261,141
55,601	Total Operating Reserves	4,167,140	261,141		261,141
Equity					
(431,543)	Opening Balance	(1,327,145)	(4,625,533)		(4,625,533)
859,106	Transfer - from Operating Reserve	-	-		-
(1,517,043)	Transfer Capital Expenditure from Operating Reserve	-	-		-
2,765	Transfer from Operating reserves	609,360	-		-
(240,430)	Transfers between Reserves	-	3,880,400		3,880,400
(1,327,145)	Total Capital Reserves	(717,785)	(745,133)		(745,133)

Capital Expenditure					
Rental					
670,043	0668920. Building - Renewal	-	-	✓	-
670,043	Total Rental	-	-	✓	-
Real Estate					
895,747	0818905. Land - Administrative	2,153,954	-	(2,153,954)	-
621,296	0818906. Twizel Industrial Subdivision	429,862	-	(429,862)	-
-	0818907. Fairlie Industrial Subdivision	864	-	(864)	-
1,517,043	Total Real Estate	2,584,680	-	(2,584,680)	1
2,187,086	Total Capital Expenditure	2,584,680	-	(2,584,680)	-

Variance Analysis:

1. Tekapo lake front development budgeted for in the prior year. Delayed due to resource consent issues around stormwater. Also includes costs for the Glen Lyon Road subdivision.

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL

SUBJECT: 2016 RATEPAYERS OPINION SURVEY

MEETING DATE: 30 AUGUST 2016

REF:

FROM: CHIEF FINANCIAL OFFICER

PURPOSE OF REPORT:

To present to elected members the 2016 Mackenzie District Council Ratepayers Opinion Survey.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
CHIEF FINANCIAL OFFICER

ATTACHMENTS:

- 2016 Mackenzie District Council Ratepayers Opinion Survey

BACKGROUND:

Since 2012 the Council has engaged CINTA Research to undertake an annual Ratepayers Opinion Survey.

This is carried out via a telephone interview with 275 residents, ratepayers and absentee ratepayers, with a cross section of urban and rural communities being targeted.

The results have been charted in easy to understand bar and pie graphs, with summary pages providing information and comparisons with other years.



**Mackenzie District Council
Ratepayers Opinion Survey 2016**



**Prepared for Mackenzie District Council
July 2016**

Sample & Methodology

- 275 telephone interviews with Mackenzie District residents, ratepayers and absentee property owners. A cross-section of urban and rural communities were targeted:
 - Fairlie
 - Lake Tekapo
 - Twizel and wider rural areas
- Ratios for geographic area and 'ratepayer' status were used to ensure broad representation
- Permanent ratepayer and resident respondent telephone lists were sourced from telephone directories using a random sampling technique. Absentee ratepayers contact details were supplied from Mackenzie District Council sources
- Fieldwork was carried out between 30 May and 22 June 2016
 - 2015 fieldwork was carried out between 13 June and 1 July 2015
 - 2014 fieldwork was carried out between 1 August and 27 August 2014
 - 2013 fieldwork was carried out between 14 August and 11 September 2013
 - 2012 fieldwork was carried out between 10 September and 28 September 2012
- Questions have been cross analysed by demographics and statistically significant differences have been reported to a confidence level of 95%.

Structure

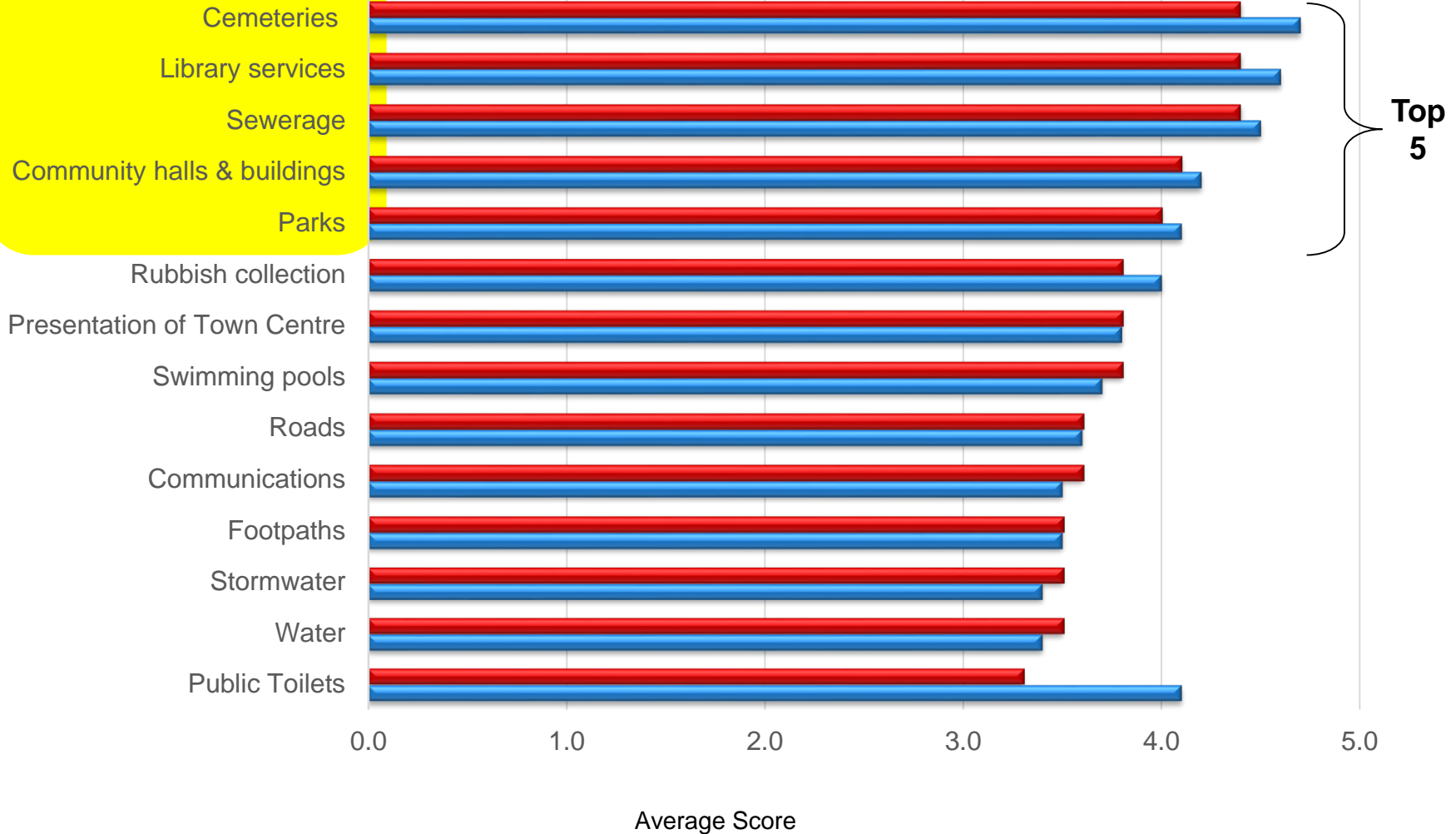
- Overview of satisfaction with Council services & facilities
- Detailed analysis of satisfaction with Council services & facilities
- Demographic analysis of satisfaction with Council services & facilities
- Conclusions
- Recommendations
- Who took part in the survey

Satisfaction with Council Services & Facilities

Overview

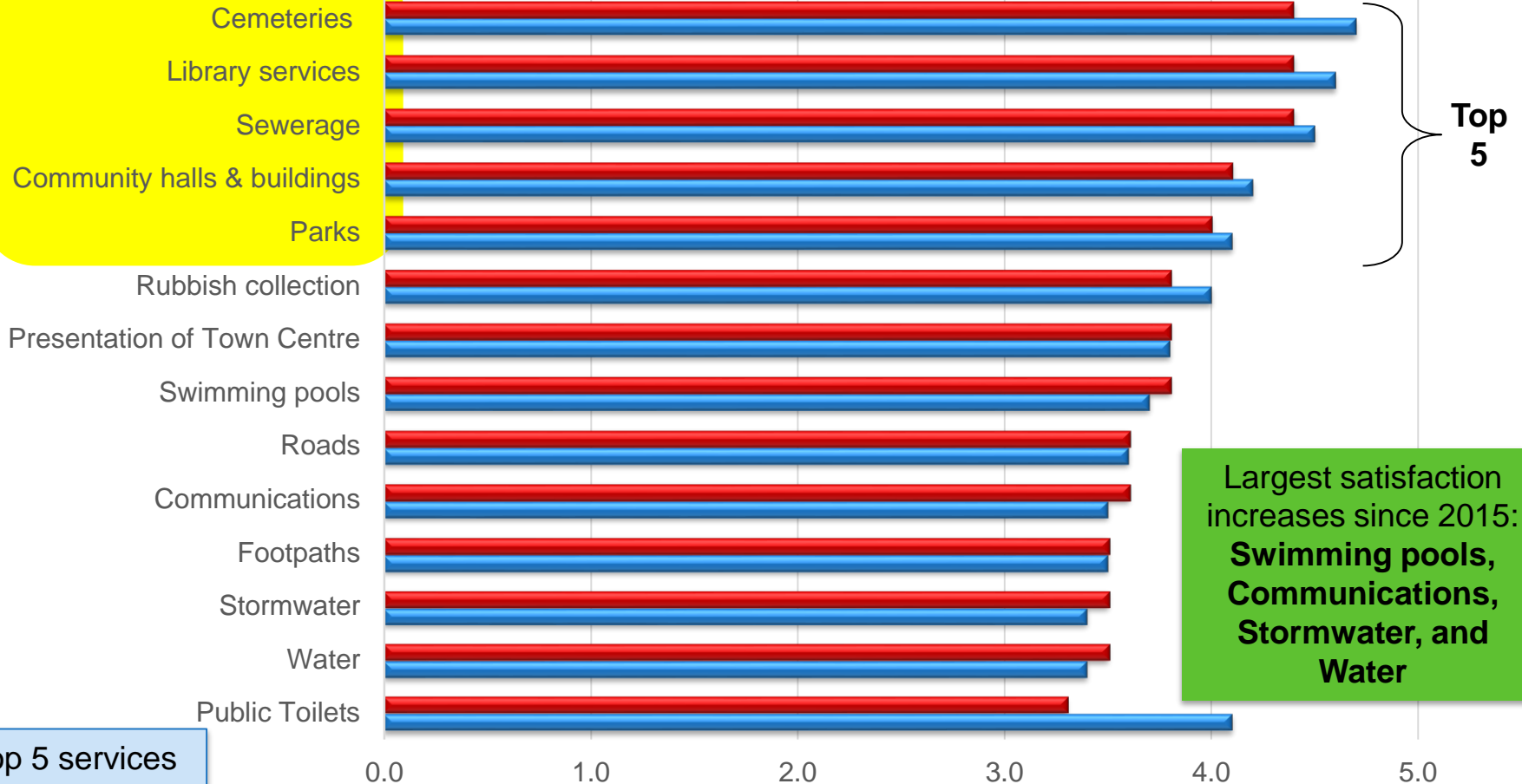
Overview of satisfaction with Council services & facilities

■ 2016 ■ 2015



Overview of satisfaction with Council services & facilities

■ 2016 ■ 2015



Top 5 services and facilities remain the same as in 2016

Largest satisfaction increases since 2015:
Swimming pools, Communications, Stormwater, and Water

Largest satisfaction decrease since 2015:
Public toilets

Average Score



Overview of satisfaction with Council services & facilities

Services/Facilities	2016 average rating	2015 average rating
Cemeteries	4.4	4.7
Library services	4.4	4.6
Sewerage	4.4	4.5
Community halls & buildings	4.1	4.2
Parks	4.0	4.1
Rubbish collection	3.8	4.0
Presentation of Town Centre	3.8	3.8
Swimming pools	3.8	3.7
Roads	3.6	3.6
Communications	3.6	3.5
Footpaths	3.5	3.5
Stormwater	3.5	3.4
Water	3.5	3.4
Public toilets	3.3	4.1

* Areas of improvement in green; areas of weakening in red compared with the previous year

Base = All respondents – 275 - excludes Don't Know responses



Satisfaction with Council Services & Facilities

Detailed Analysis

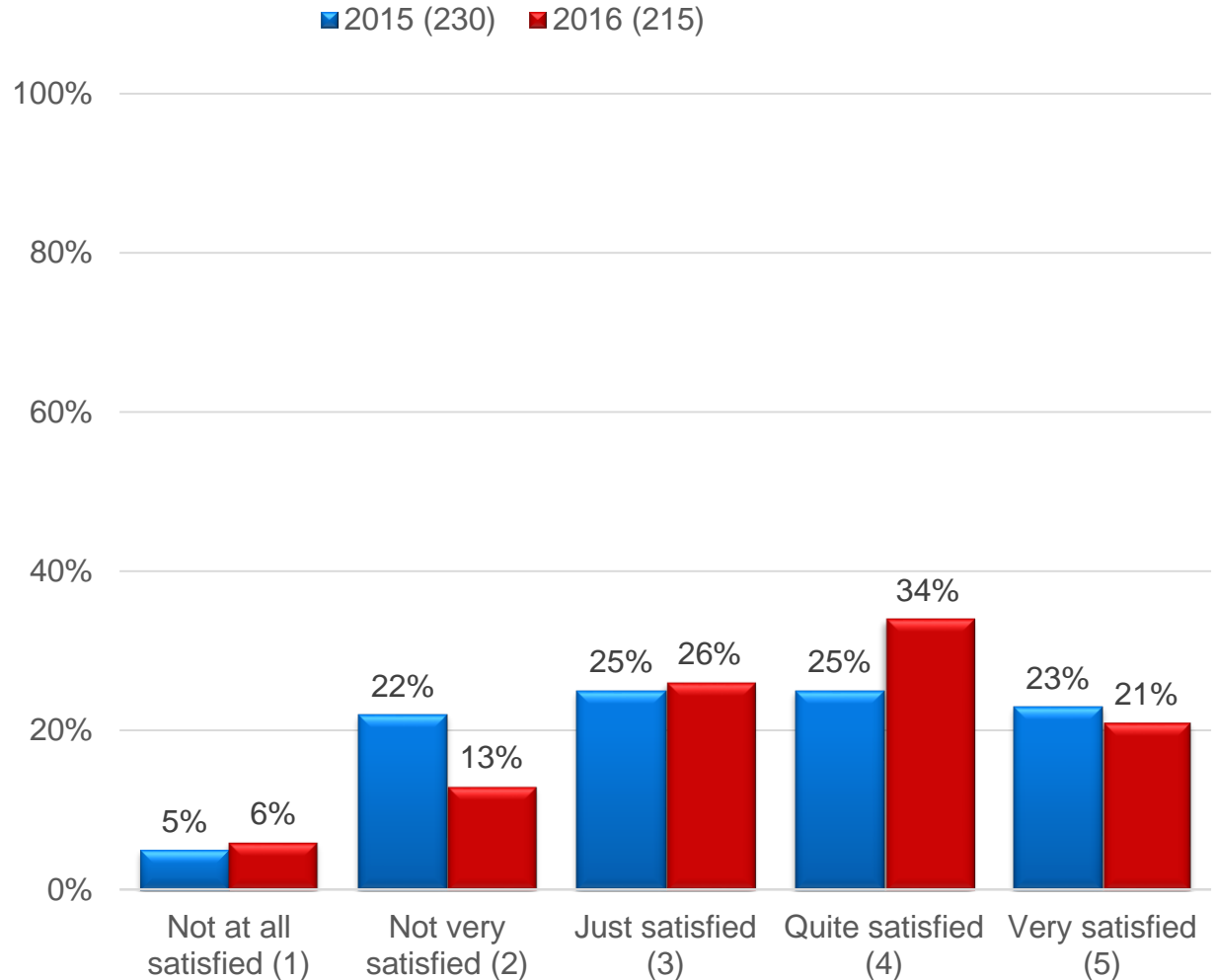
The following graphs have those who
answered 'Don't know' removed from the
calculation, hence the variation in base sizes

How satisfied or dissatisfied are you with the water supply and quality the Mackenzie District Council provides?

Average Ratings

All (2016)	3.5
All (2015)	3.4
Permanent Ratepayer	3.5
Absentee Ratepayer	3.7
Resident	3.0
Fairlie	3.5
Lake Tekapo	3.9
Twizel	3.2
Rural Mackenzie	3.8

Overall, more than half (55%) are 'quite' or 'very satisfied' with the water supply and quality. Significantly fewer are 'not very' or 'not at all satisfied' (19%) with the water supply and quality compared with 2015 (27%).

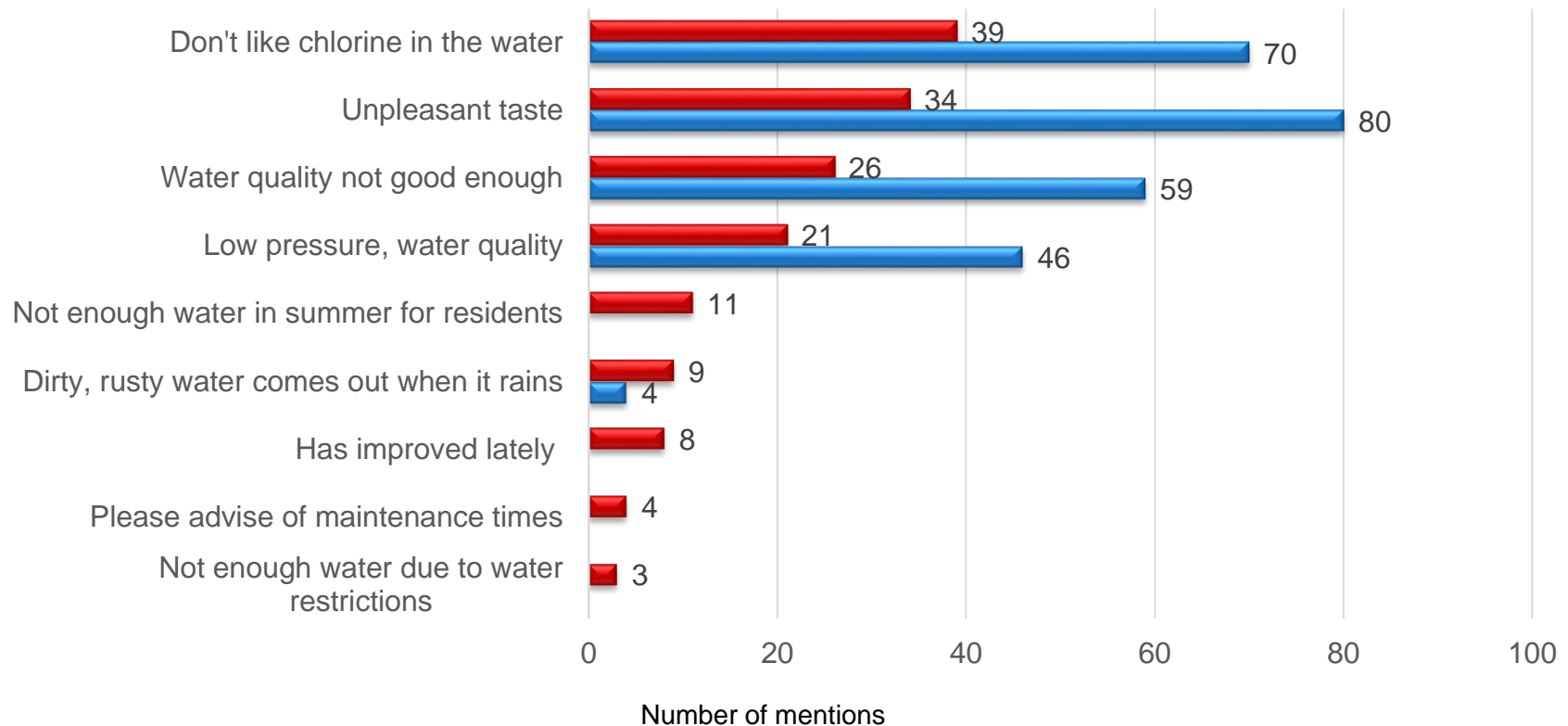


Excludes 'don't know' responses



Satisfaction or dissatisfaction with the water supply and quality – why is that?

■ 2016 ■ 2015



Mentions by 3 or more residents included above

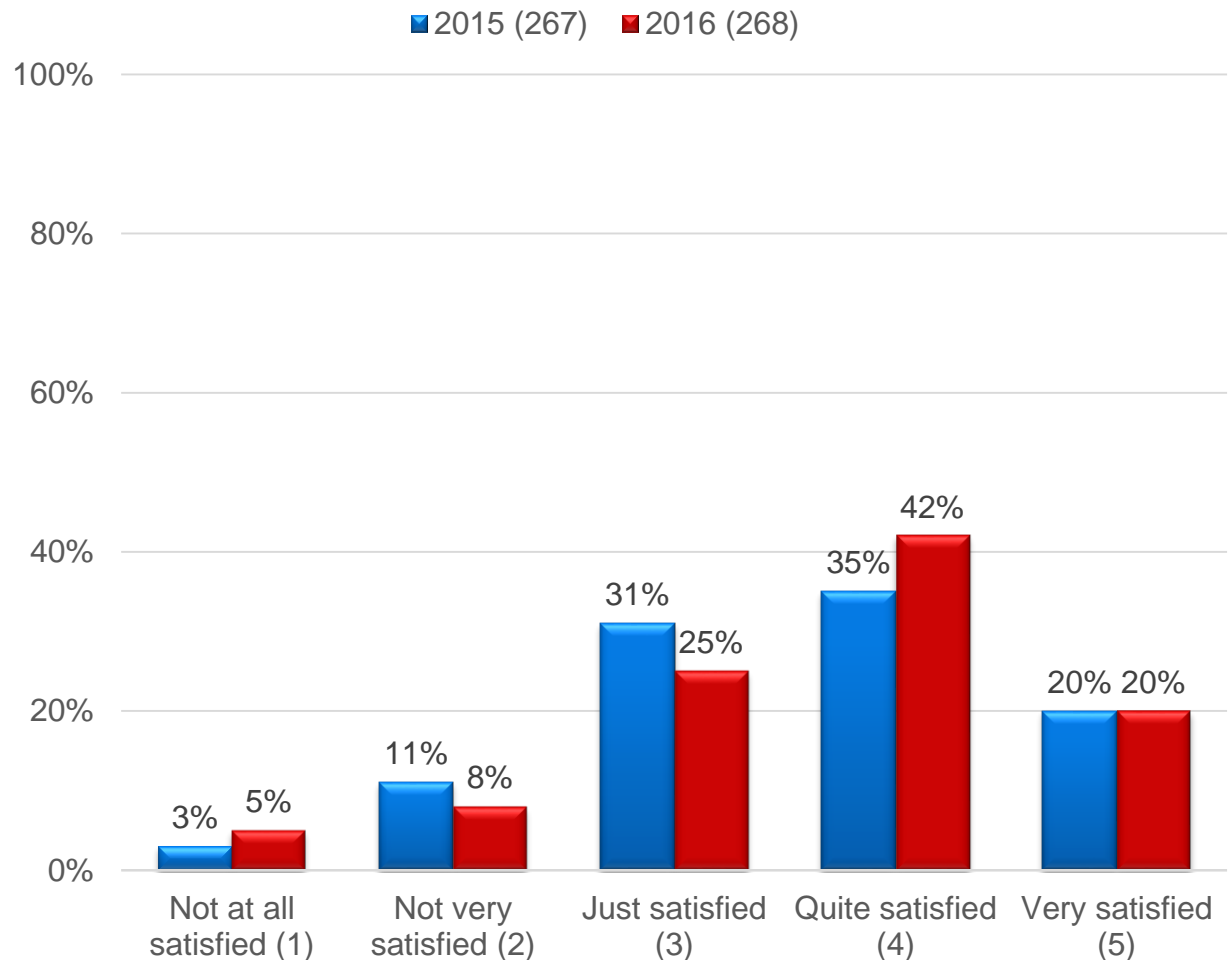
“Don’t like the chlorine in the water” is the most mentioned source of dissatisfaction about the water supply and quality in 2016, which has a lower number of mentions than in 2015. However, there was an increase in mentions on water shortages in 2016 overall.

How satisfied or dissatisfied are you with the road conditions, signage and road maintenance the Mackenzie District Council provides?

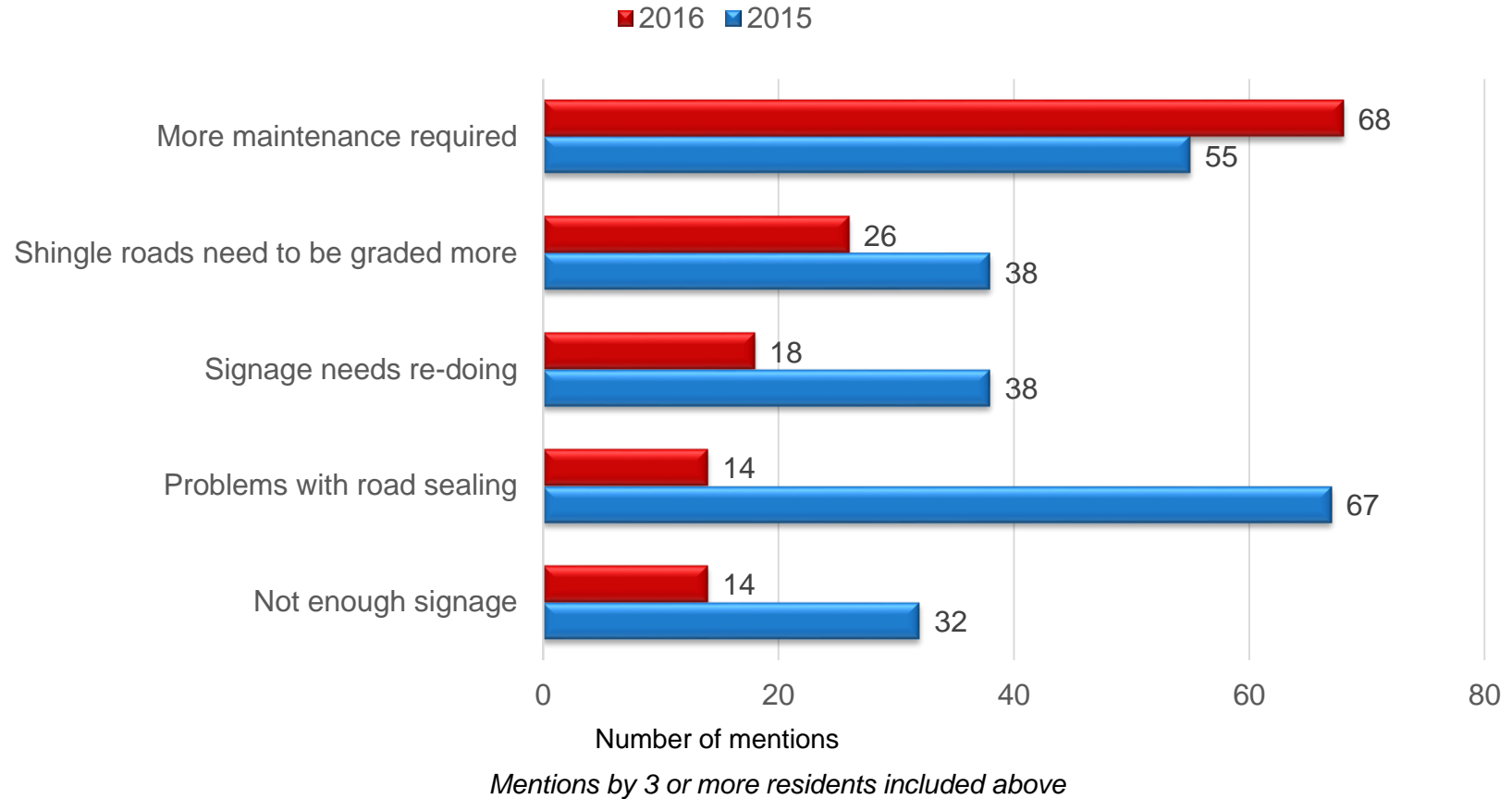
Average Ratings

All (2016)	3.6
All (2015)	3.6
Permanent Ratepayer	3.6
Absentee Ratepayer	3.9
Resident	4.0
Fairlie	3.6
Lake Tekapo	3.7
Twizel	3.7
Rural Mackenzie	3.6

Overall satisfaction ('Quite or 'very satisfied') for road conditions, signage and road maintenance is slightly higher than in 2015 (62% compared with 55% in 2015).



Satisfaction or dissatisfaction with the road conditions, signage and road maintenance – why is that?



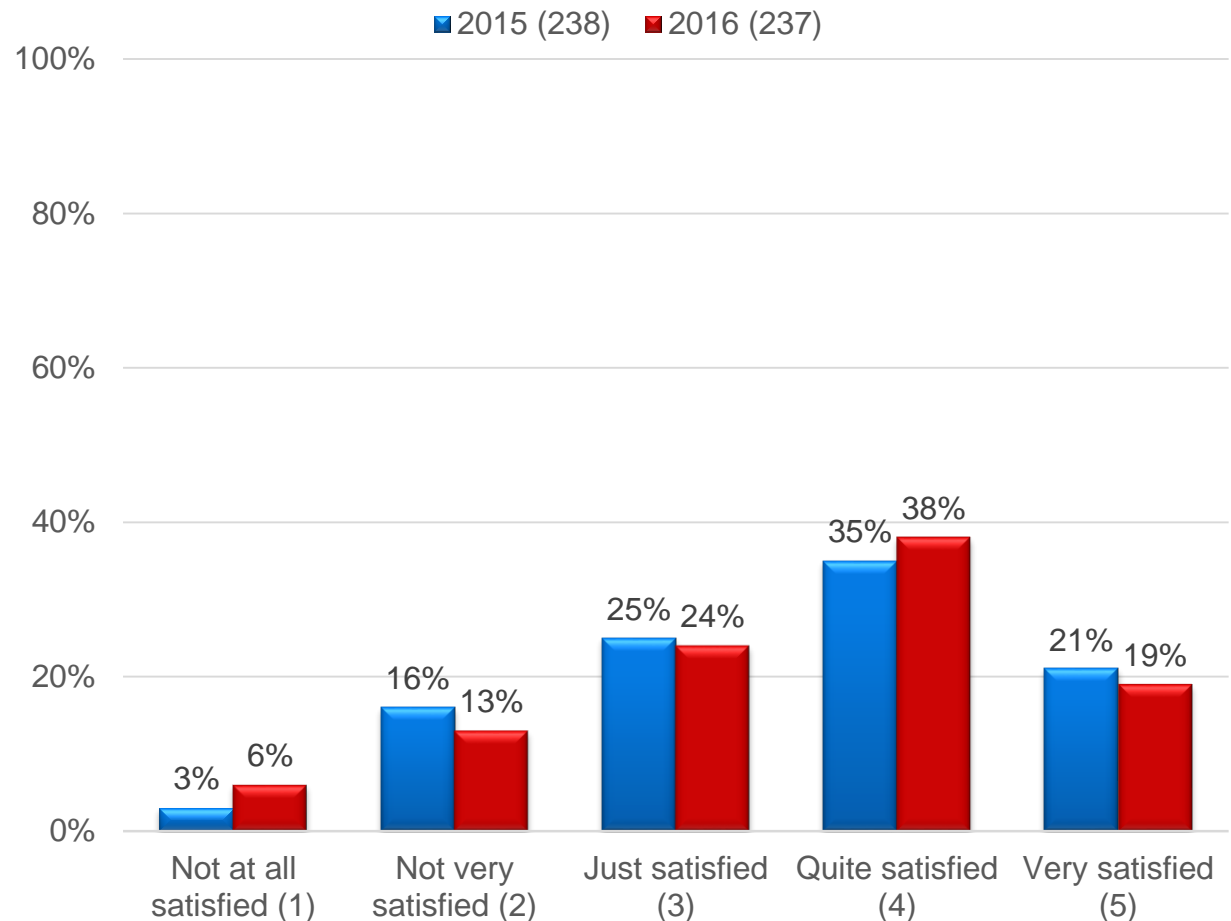
There has been an increase in the those saying that “more maintenance is required” compared with 2015, but a large decrease in those mentioning problems with road sealing overall.

How satisfied or dissatisfied are you with the footpaths and maintenance the Mackenzie District Council provides?

Average Ratings

All (2016)	3.5
All (2015)	3.5
Permanent Ratepayer	3.4
Absentee Ratepayer	3.8
Resident	3.5
Fairlie	3.1
Lake Tekapo	3.6
Twizel	3.4
Rural Mackenzie	4.0

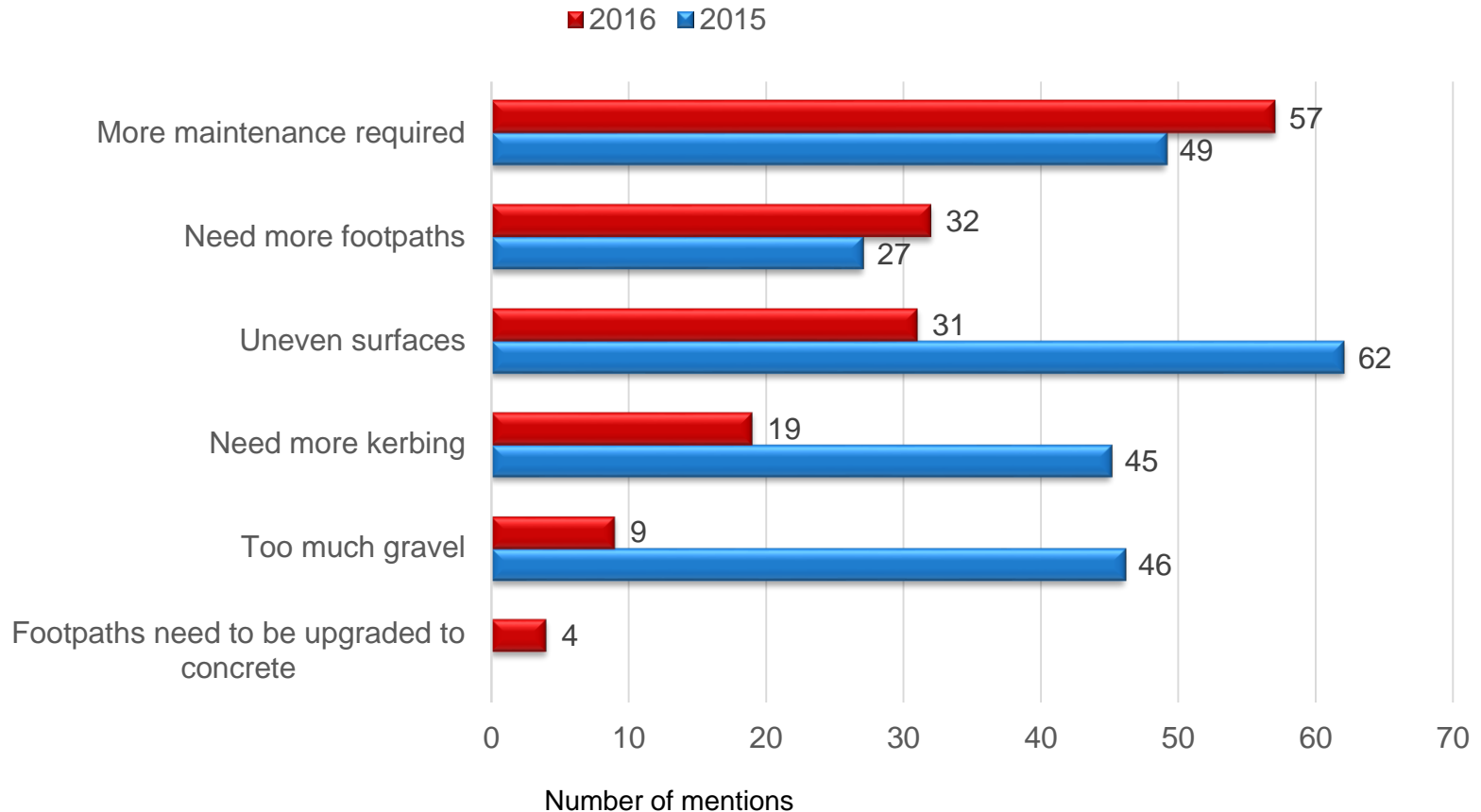
Overall satisfaction ('Quite' or 'very satisfied') has increased just slightly since 2015 for footpaths and maintenance (from 56% to 57% in 2016). The proportion who are 'not very' or 'not at all satisfied' remains the same as in 2015 (19%).



Excludes 'don't know' responses



Satisfaction or dissatisfaction with footpaths and maintenance – why is that?



Mentions by 3 or more residents included above

The main mentions about footpaths involve 'more maintenance required' and 'need more footpaths', which is a change from 2015 when 'uneven surfaces' was the main complaint in the district.

How satisfied or dissatisfied are you with the stormwater and surface flooding control the Mackenzie District Council provides?

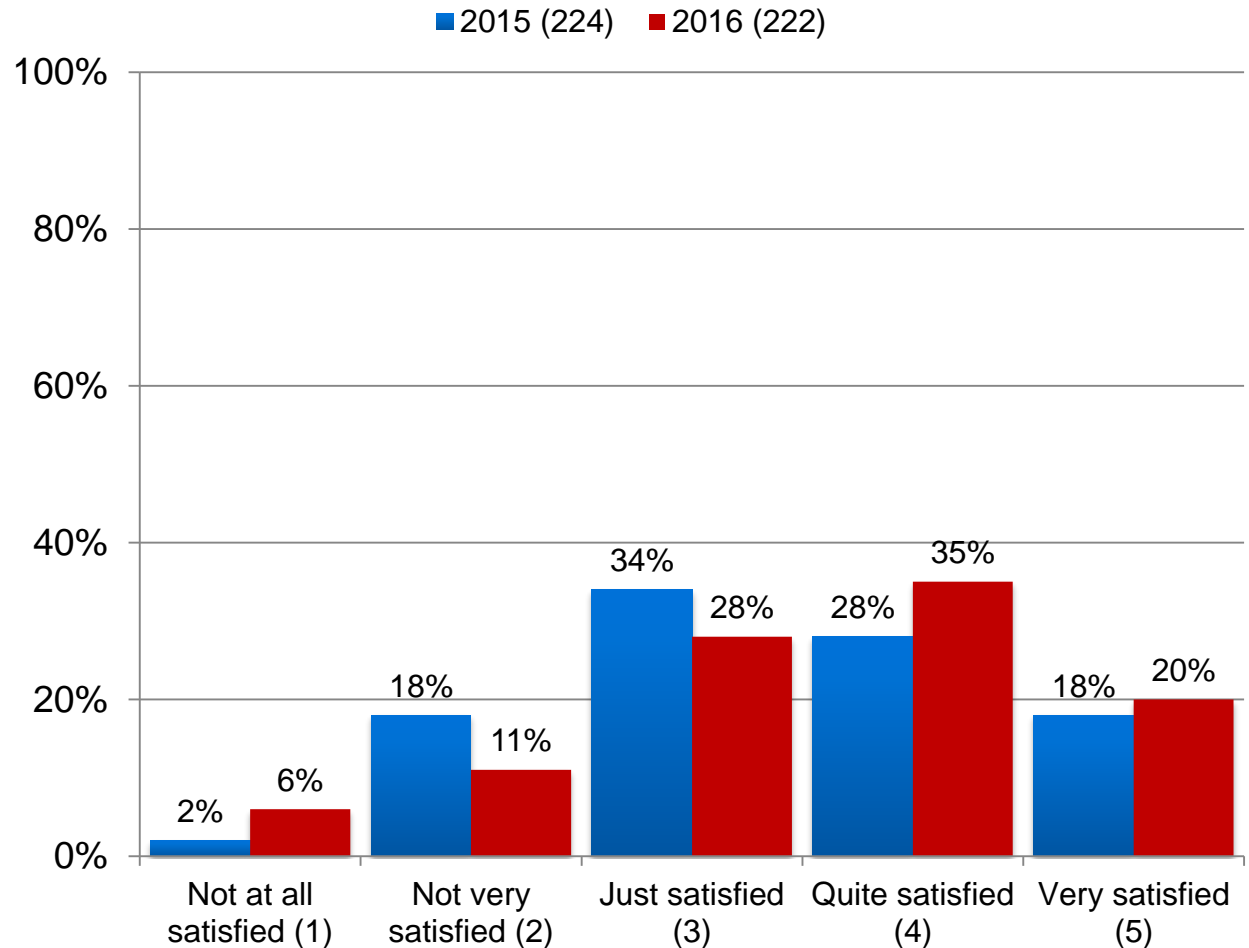
Average Ratings

All (2016) 3.5
All (2015) 3.4

Permanent Ratepayer 3.5
Absentee Ratepayer 3.7
Resident 3.6

Fairlie 3.6
Lake Tekapo 3.6
Twizel 3.3
Rural Mackenzie 3.9

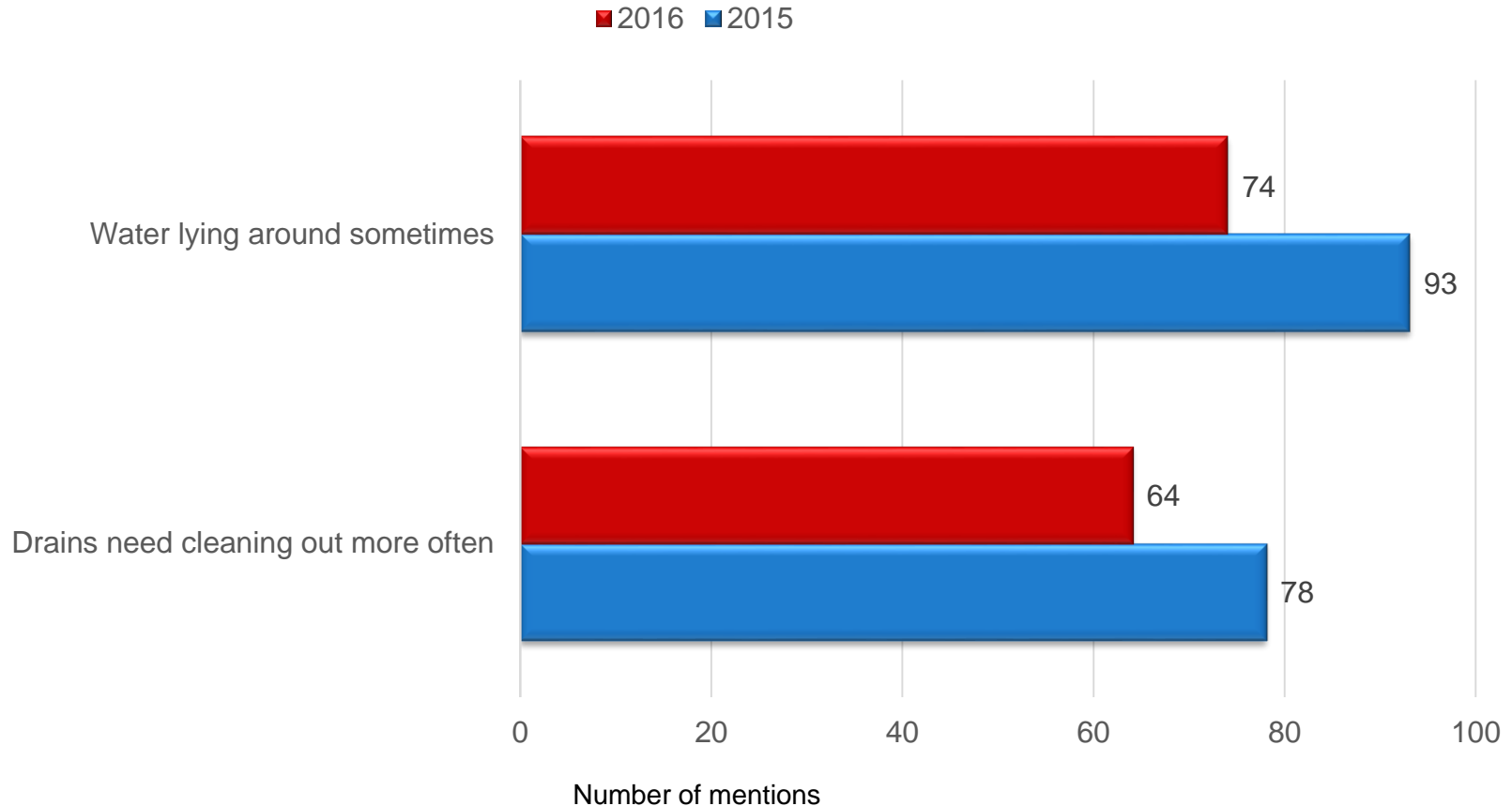
Overall satisfaction with stormwater and surface flooding control has increased slightly with more than half of ratepayers (55%) saying they are 'quite' or 'very satisfied' compared with 46% in 2015.



Excludes 'don't know' responses



Satisfaction or dissatisfaction with stormwater and surface flooding control – why is that?



Mentions by 3 or more residents included above

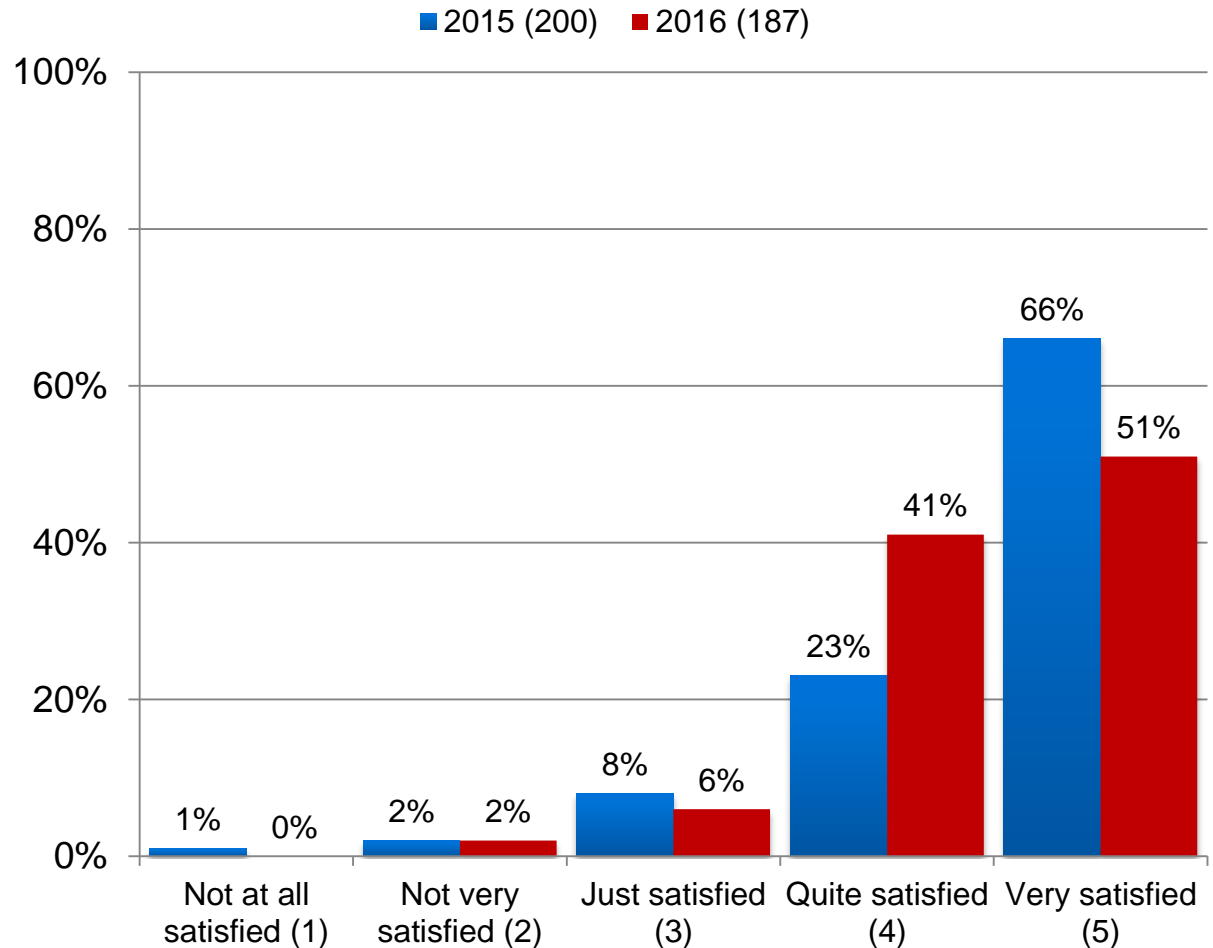
“Water lying around sometimes” is the most mentioned complaint from the district in 2016, with a lower number of mentions than in 2015 overall.

How satisfied or dissatisfied are you with the sewerage treatment and disposal service the Mackenzie District Council provides?

Average Ratings

All (2016)	4.4
All (2015)	4.5
Permanent Ratepayer	4.4
Absentee Ratepayer	4.3
Resident	4.6
Fairlie	4.5
Lake Tekapo	4.3
Twizel	4.4
Rural Mackenzie	4.5

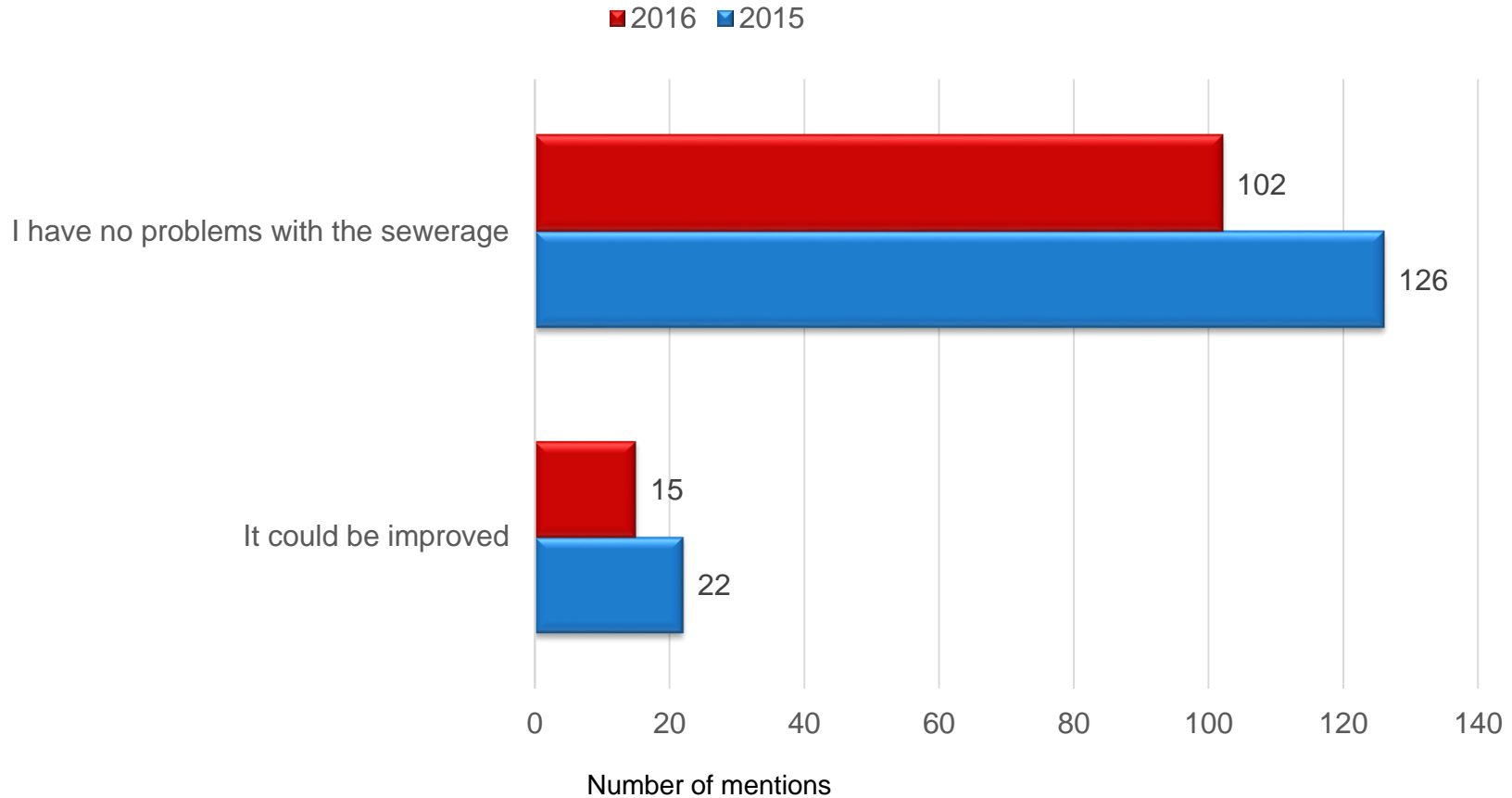
Overall satisfaction continues to be high for sewerage treatment and disposal in the district with a slight increase in the proportion of those who are 'quite' or 'very satisfied' since 2015 (from 89% to 92% in 2016).



Excludes 'don't know' responses



Satisfaction or dissatisfaction with sewerage treatment and disposal service – why is that?



Mentions by 3 or more residents included above

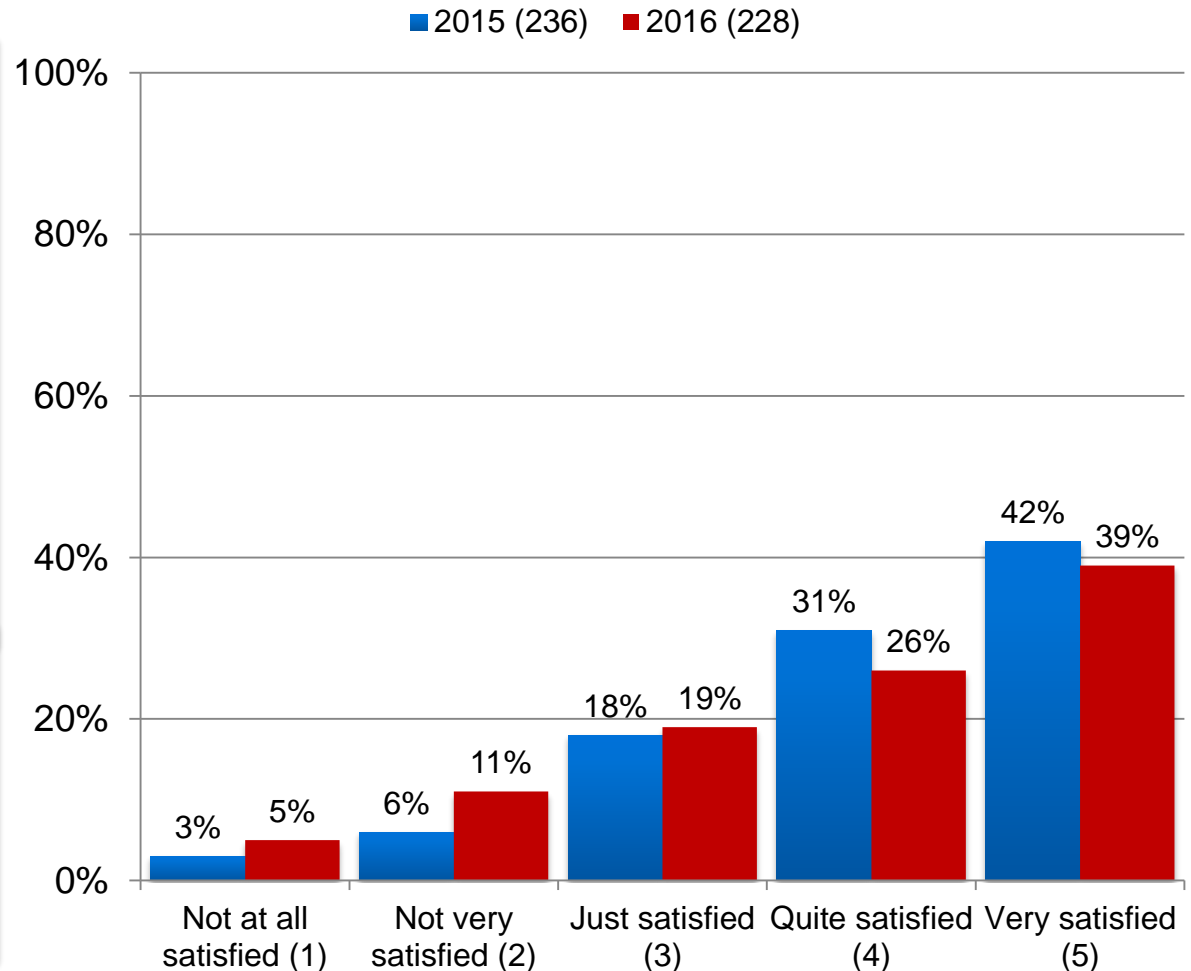
Most mentions say there are “no problems with the sewerage” in the district, with a much lower number of people who saying that the service “could be improved” overall.

How satisfied or dissatisfied are you with the rubbish collection and recovery & recycling park the Mackenzie District Council provides?

Average Ratings

All (2016)	3.8
All (2015)	4.0
Permanent Ratepayer	3.9
Absentee Ratepayer	3.2
Resident	4.1
Fairlie	3.9
Lake Tekapo	3.4
Twizel	4.0
Rural Mackenzie	3.8

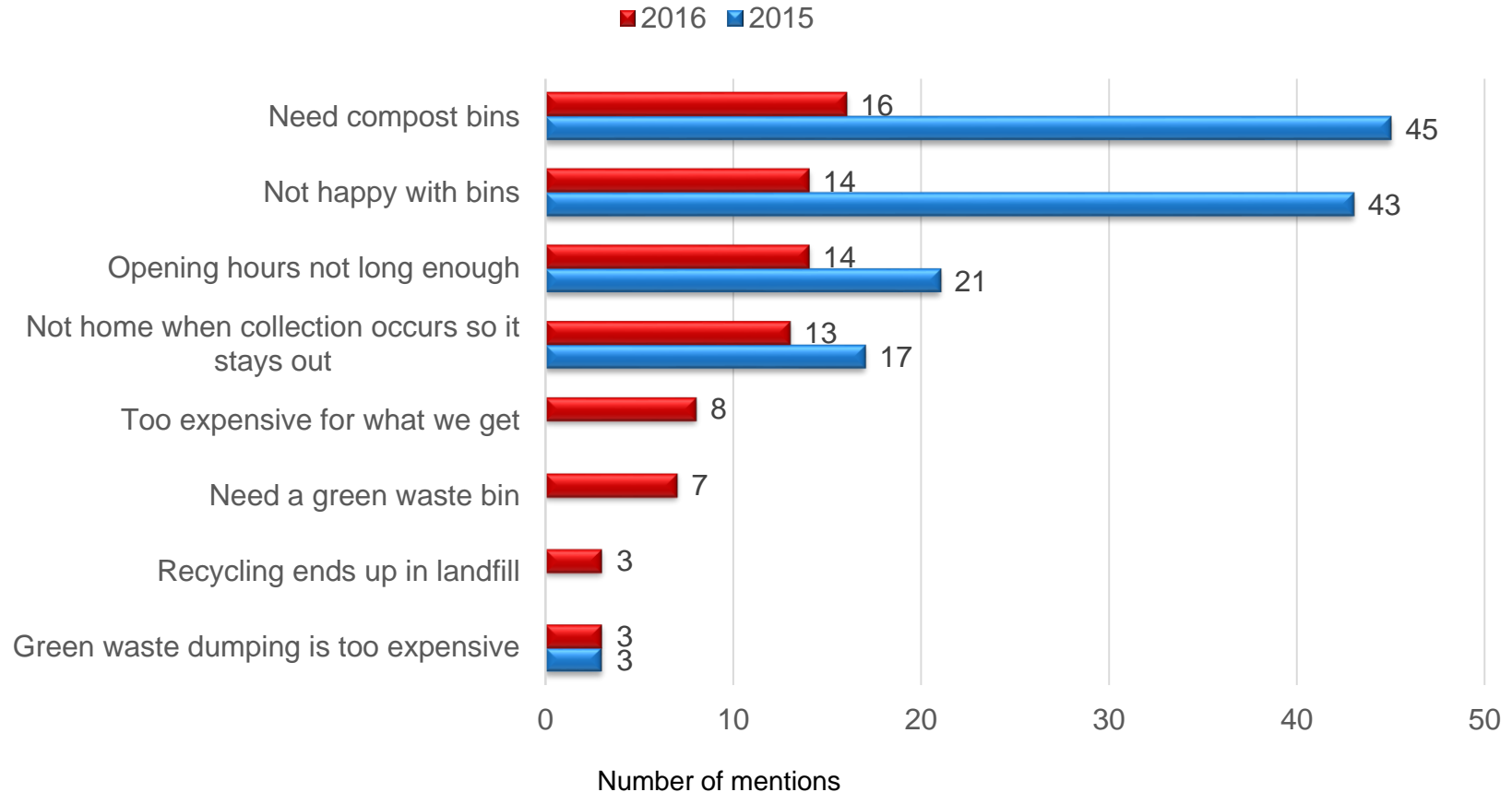
Overall satisfaction is slightly lower than 2015 (65% compared with 73% in 2015) and the proportion of those who are 'not at all' or 'not very satisfied' has increased significantly since last year from 9% to 16% in 2016.



Excludes 'don't know' responses



Satisfaction or dissatisfaction with rubbish collection and recovery & recycling park – why is that?



Mentions by 3 or more residents included above

A wide range of issues with rubbish and recovery and recycling were mentioned including “need compost bins”, “not happy with bins”, and opening hours not long enough’. Overall, however, there were fewer mentions compared with last year.

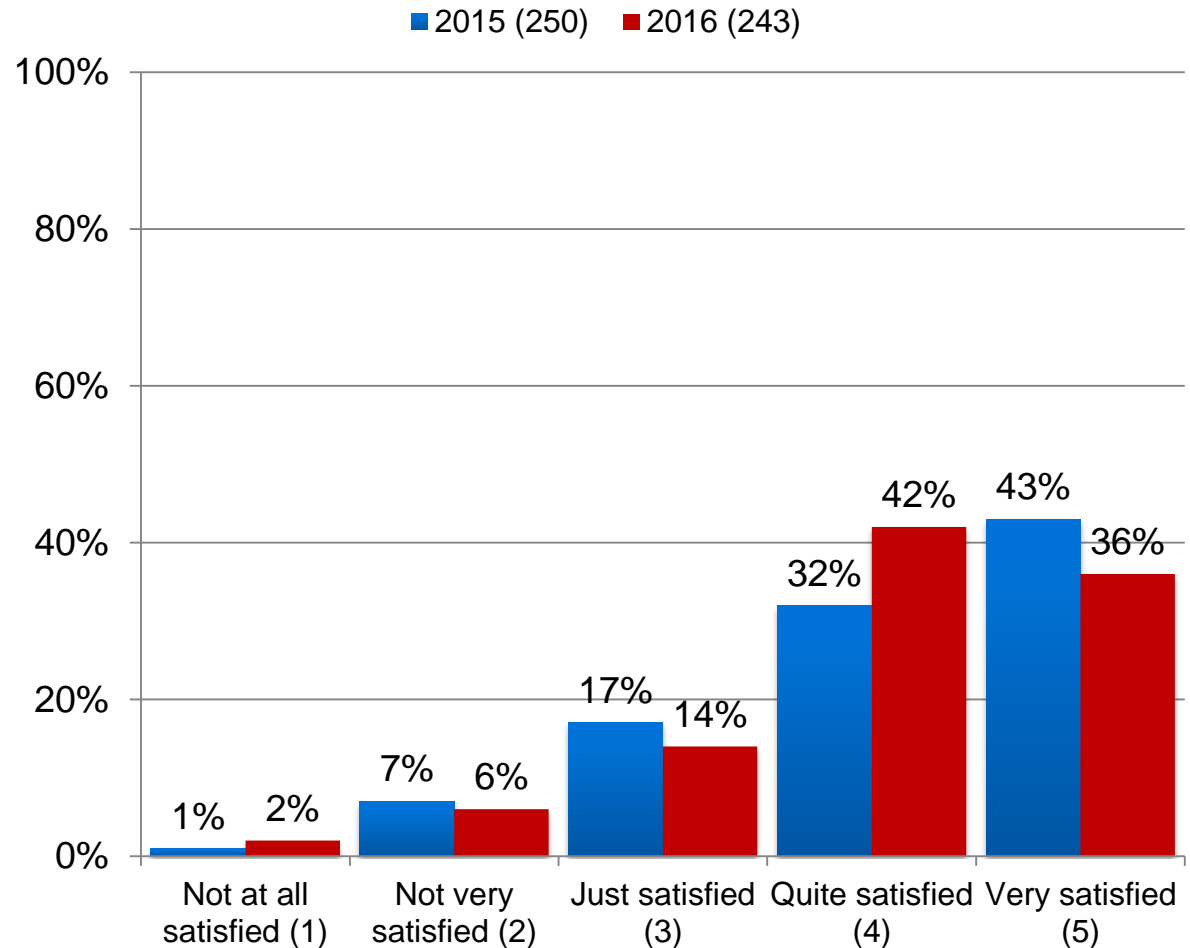


How satisfied or dissatisfied are you with the parks, reserves and playgrounds in your district?

Average Ratings

All (2016)	4.0
All (2015)	4.1
Permanent Ratepayer	4.0
Absentee Ratepayer	3.9
Resident	4.2
Fairlie	4.3
Lake Tekapo	3.8
Twizel	3.9
Rural Mackenzie	4.2

Overall satisfaction ('Quite' or 'very satisfied') with parks, reserves, and playgrounds in the district has increased slightly since 2015 from 75% to 78% in 2016.



Excludes 'don't know' responses

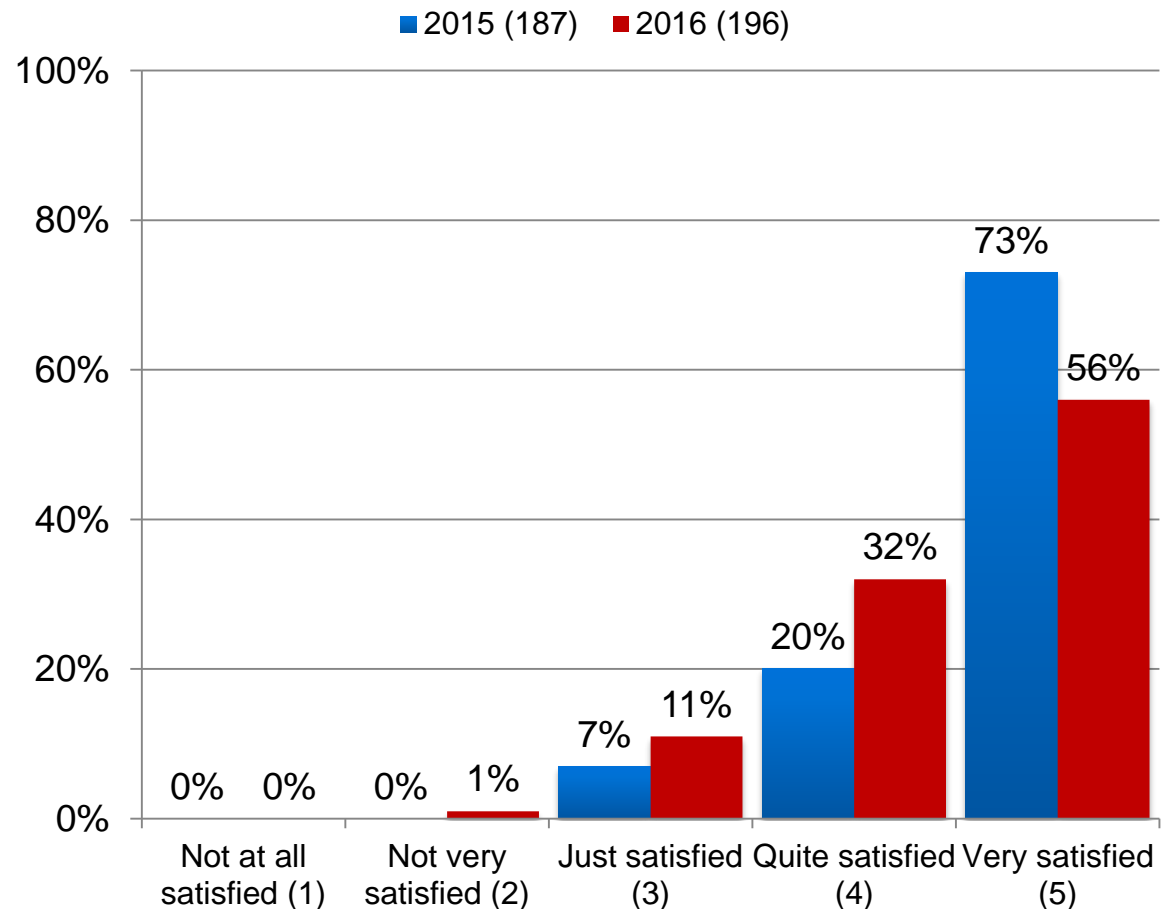


How satisfied or dissatisfied are you with the cemeteries and maintenance of cemeteries in your district?

Average Ratings

All (2016)	4.4
All (2015)	4.7
Permanent Ratepayer	4.4
Absentee Ratepayer	4.2
Resident	4.7
Fairlie	4.4
Lake Tekapo	4.5
Twizel	4.5
Rural Mackenzie	4.4

Overall satisfaction levels ('Quite' or 'very satisfied') with cemeteries and their maintenance has decreased slightly since 2015 to 88%, which is down from 93% in 2015.



Excludes 'don't know' responses

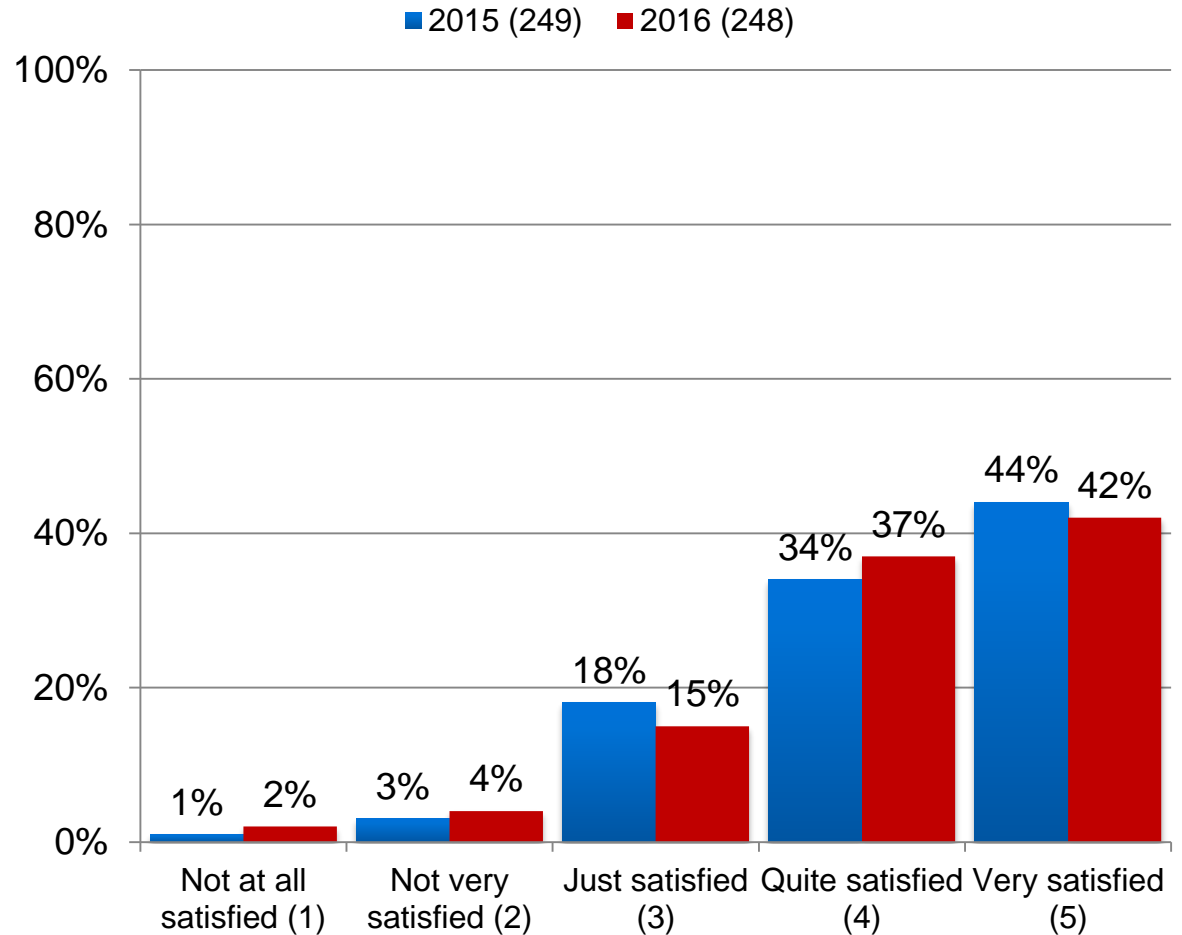


How satisfied or dissatisfied are you with the community halls and buildings in your district?

Average Ratings

All (2016)	4.1
All (2015)	4.2
Permanent Ratepayer	4.1
Absentee Ratepayer	4.2
Resident	4.6
Fairlie	4.3
Lake Tekapo	4.2
Twizel	4.0
Rural Mackenzie	4.2

The proportion of those who are 'quite' or 'very satisfied' with the community halls and buildings has increased just slightly in 2016 – from 78% in 2015 to 79%.



Excludes 'don't know' responses

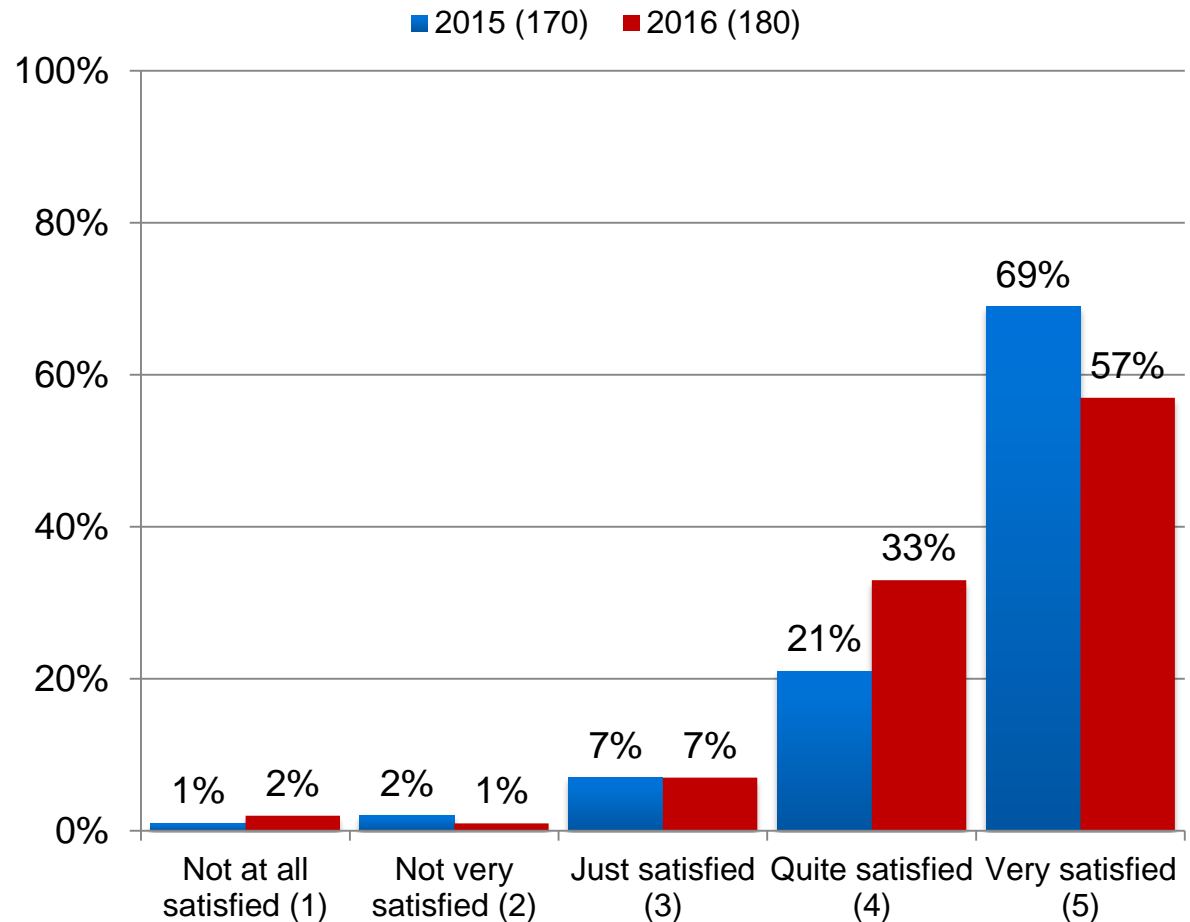


How satisfied or dissatisfied are you with the library services such as the range of reading material and library hours of operation?

Average Ratings

All (2016)	4.4
All (2015)	4.6
Permanent Ratepayer	4.5
Absentee Ratepayer	4.2
Resident	4.5
Fairlie	4.5
Lake Tekapo	4.2
Twizel	4.4
Rural Mackenzie	4.5

The proportion of those who said they were 'very satisfied' with the library services has decreased significantly since 2015 to 57% from 69%. Those who are 'quite satisfied' increased significantly in 2016 from 21% to 33%.

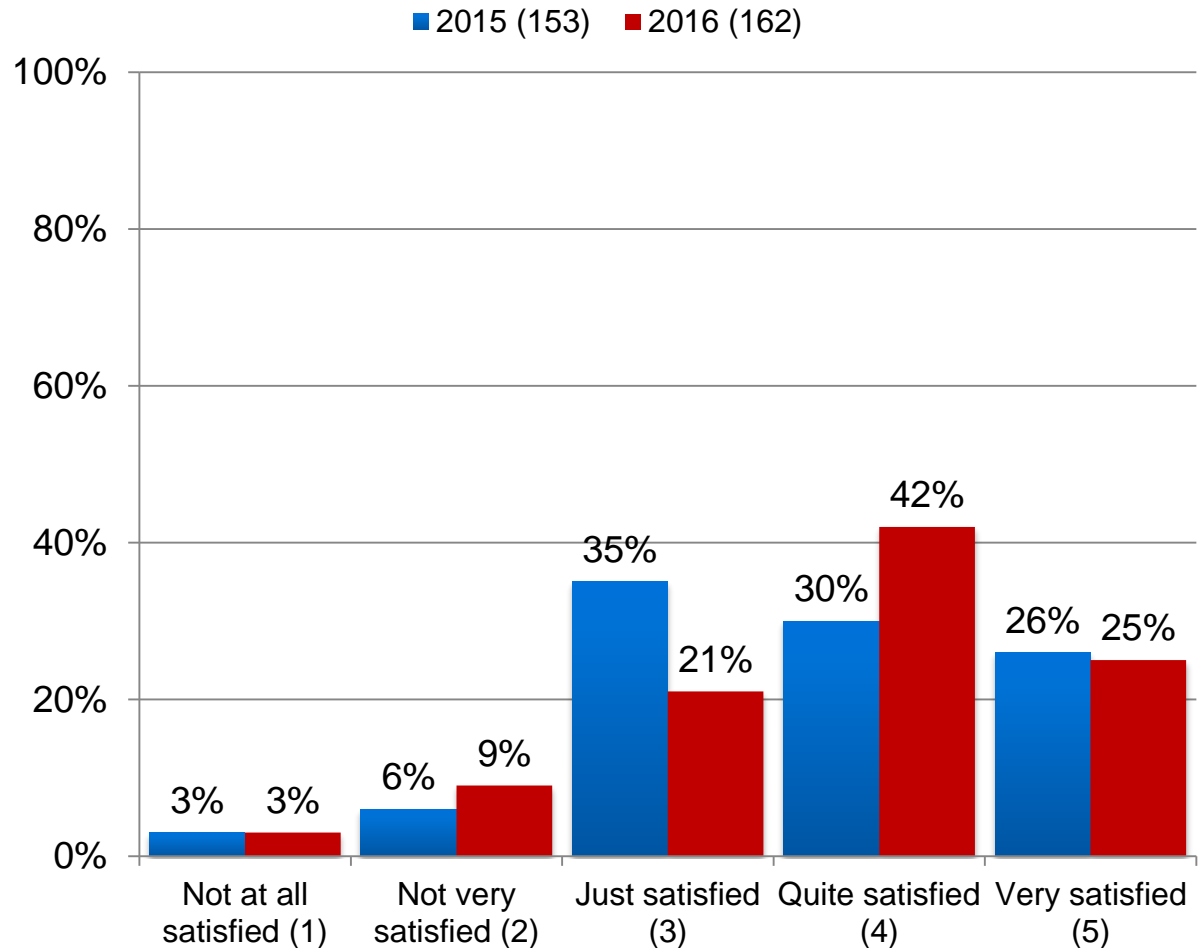


How satisfied or dissatisfied are you with the swimming pools and the swimming pool hours of operation?

Average Ratings

All (2016)	3.8
All (2015)	3.7
Permanent Ratepayer	3.7
Absentee Ratepayer	4.0
Resident	3.7
Fairlie	4.0
Lake Tekapo	3.5
Twizel	3.8
Rural Mackenzie	3.8

While overall satisfaction ('Quite' and 'very satisfied') has increased significantly since 2015 to 67%, there has been a significant decrease in the proportion of residents who say that they are 'just satisfied' with the swimming pools and hours of operation in district since 2015 (to 21% from 35% in 2015).



Excludes 'don't know' responses



How satisfied or dissatisfied are you with the public toilets in your district the Mackenzie District Council provides?

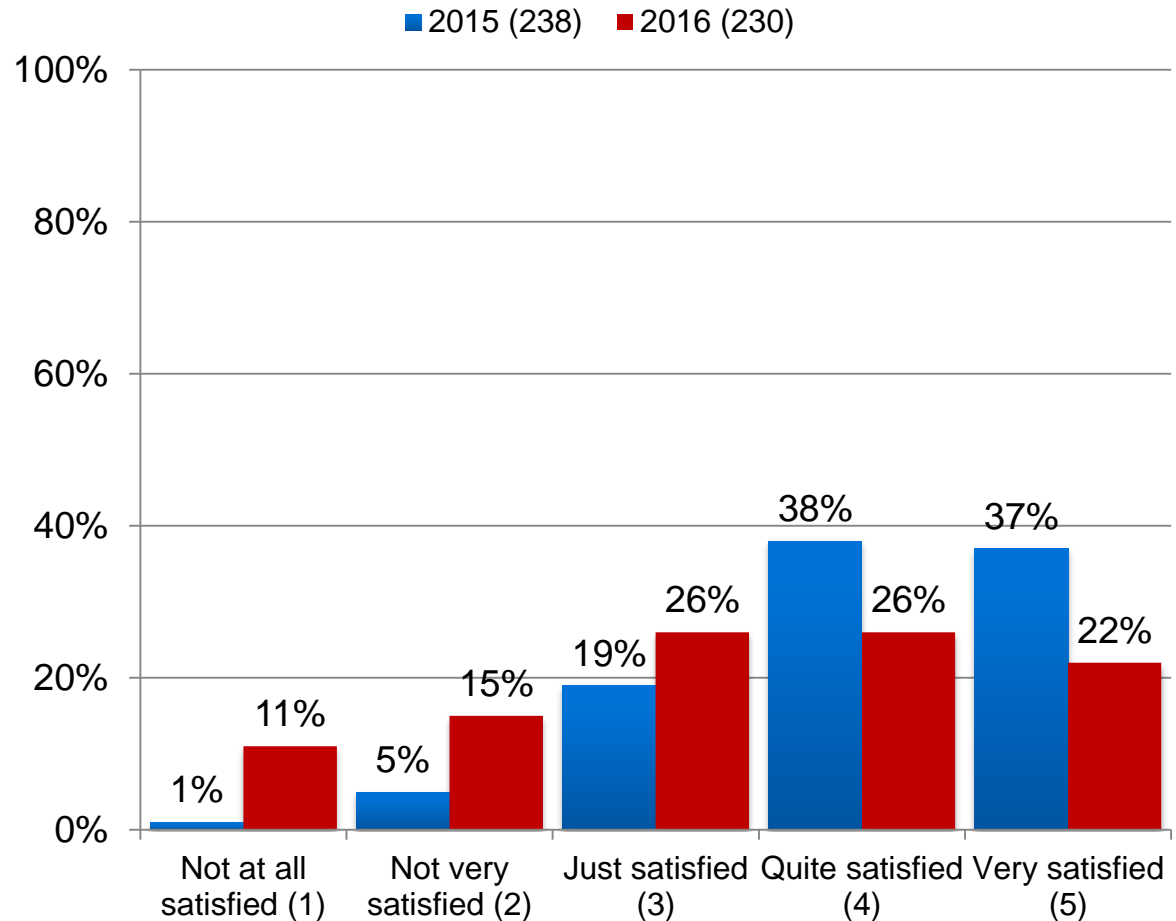
Average Ratings

All (2016)	3.3
All (2015)	4.1

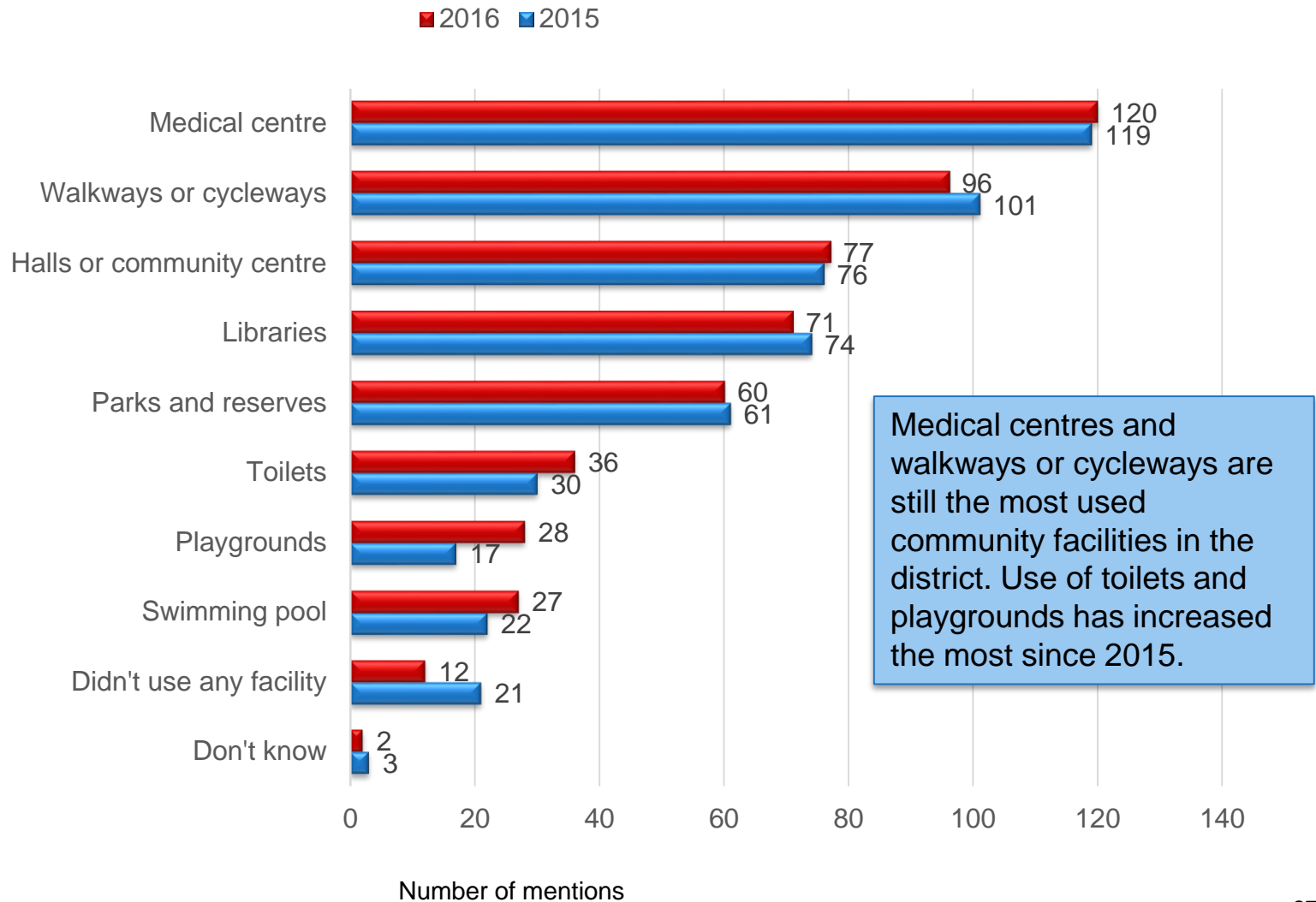
Permanent Ratepayer	3.1
Absentee Ratepayer	4.1
Resident	3.5

Fairlie	3.7
Lake Tekapo	2.9
Twizel	3.1
Rural Mackenzie	3.7

The proportion of residents who are satisfied overall ('Quite' or 'very satisfied') with the public toilets has decreased significantly since 2015 from 75% to 48%. The proportion of those who are 'not at all satisfied' has increased significantly to 11%.



In the past 12 months, please tell me which two of the following community facilities that you would have used or visited the most?

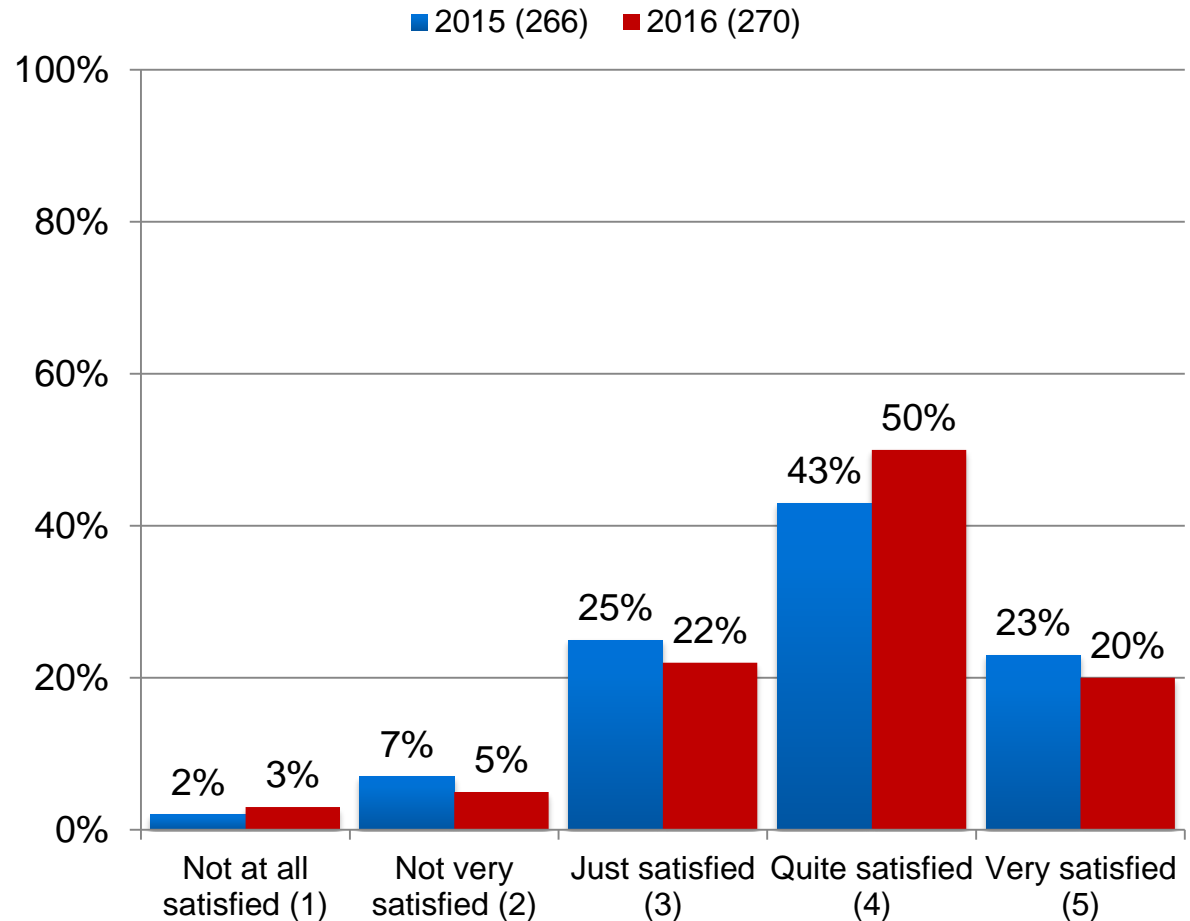


How satisfied or dissatisfied are you with the presentation of town centres throughout the Mackenzie District?

Average Ratings

All (2016)	3.8
All (2015)	3.8
Permanent Ratepayer	3.7
Absentee Ratepayer	3.9
Resident	4.2
Fairlie	4.0
Lake Tekapo	3.4
Twizel	3.7
Rural Mackenzie	4.1

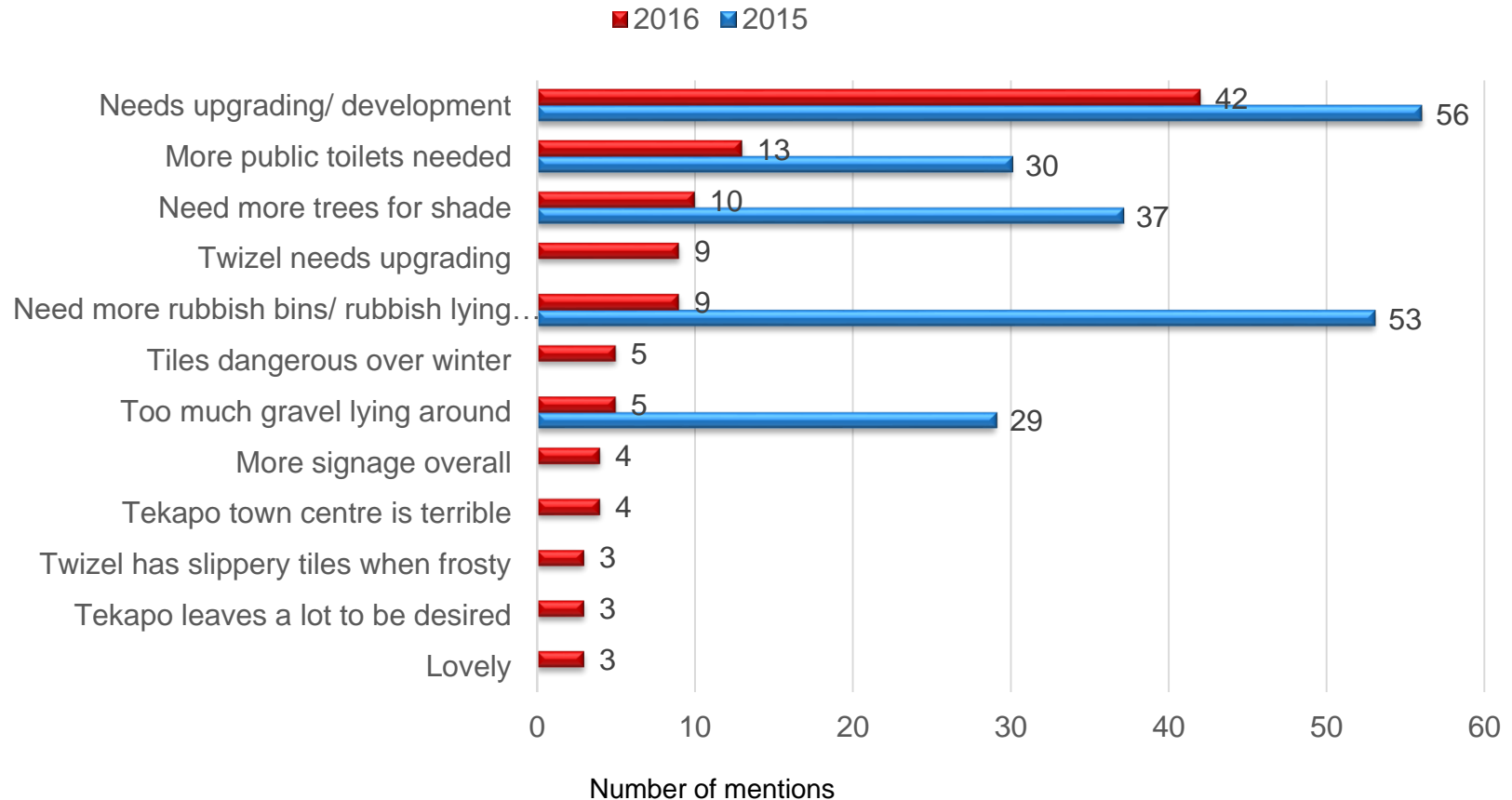
Just less than three-quarters (70%) rate their overall satisfaction as 'quite' or 'very satisfied' with the presentation of the town centres, which is a slight increase since 2015 at 66%.



Excludes 'don't know' responses



Satisfaction or dissatisfaction with the presentation of town centres – why is that?



Mentions by 3 or more residents included above

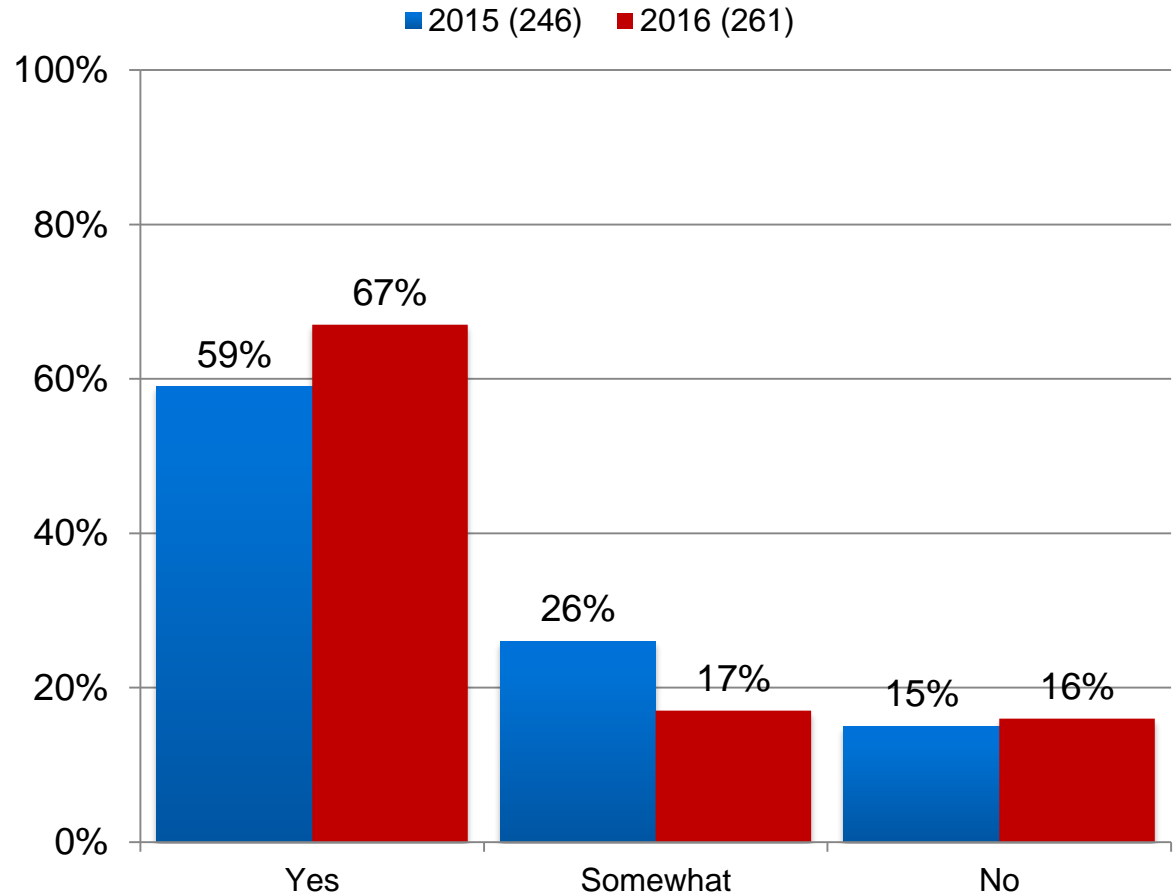
While slightly fewer mention that the town centres “needs upgrading/ development” since last year, there was a strong increase in the variety of comments from many others overall including “tiles dangerous over winter” and “more signage overall”.

Do you believe that dogs are well controlled in your neighbourhood or district?

Mode Responses

All (2016)	Yes (67%)
All (2015)	Yes (59%)
Permanent Ratepayer	Yes (65%)
Absentee Ratepayer	Yes (70%)
Resident	Yes (79%)
Fairlie	Yes (56%)
Lake Tekapo	Yes (63%)
Twizel	Yes (65%)
Rural Mackenzie	Yes (77%)

Slightly more residents believe that dogs are well controlled in their neighbourhood compared with 2015 (67% compared with 59% in 2015).

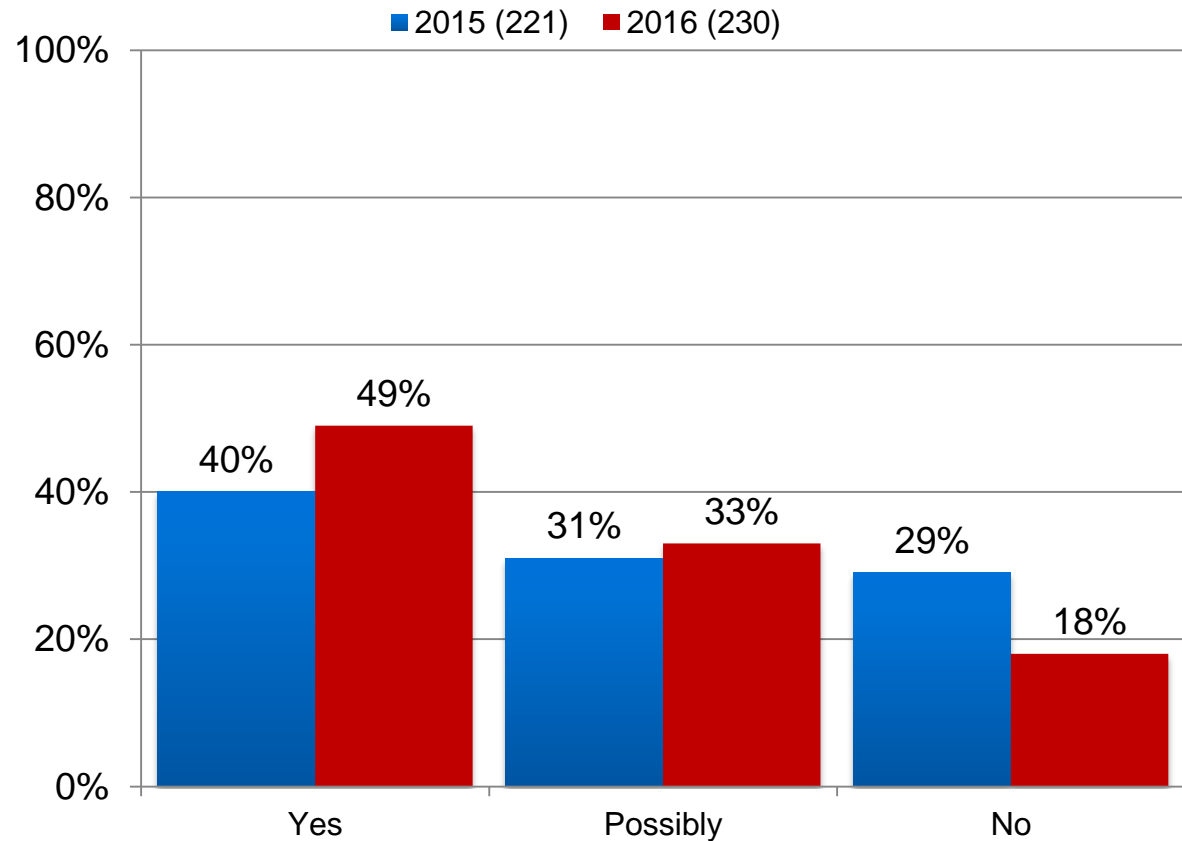


Do you believe the Council is adequately managing resource management issues within the district?

Mode Responses

All (2016)	Yes (49%)
All (2015)	Yes (40%)
Permanent Ratepayer	Yes (45%)
Absentee Ratepayer	Yes (66%)
Resident	Yes (46%)
Fairlie	Yes (57%)
Lake Tekapo	Yes (48%)
Twizel	Yes (45%)
Rural Mackenzie	Yes (52%)

(Small wording change in 2016)
Ratepayers overall are slightly more likely to say that the Council is adequately managing resource management issues in the district compared with 2015 – an increase from 40% in 2015 to 49% in 2016.



Wording in 2015: Do you believe the Council is adequately managing resource management issues within the district such as potential intensive farming, urban sprawl, while still enabling development?

Excludes 'don't know' responses

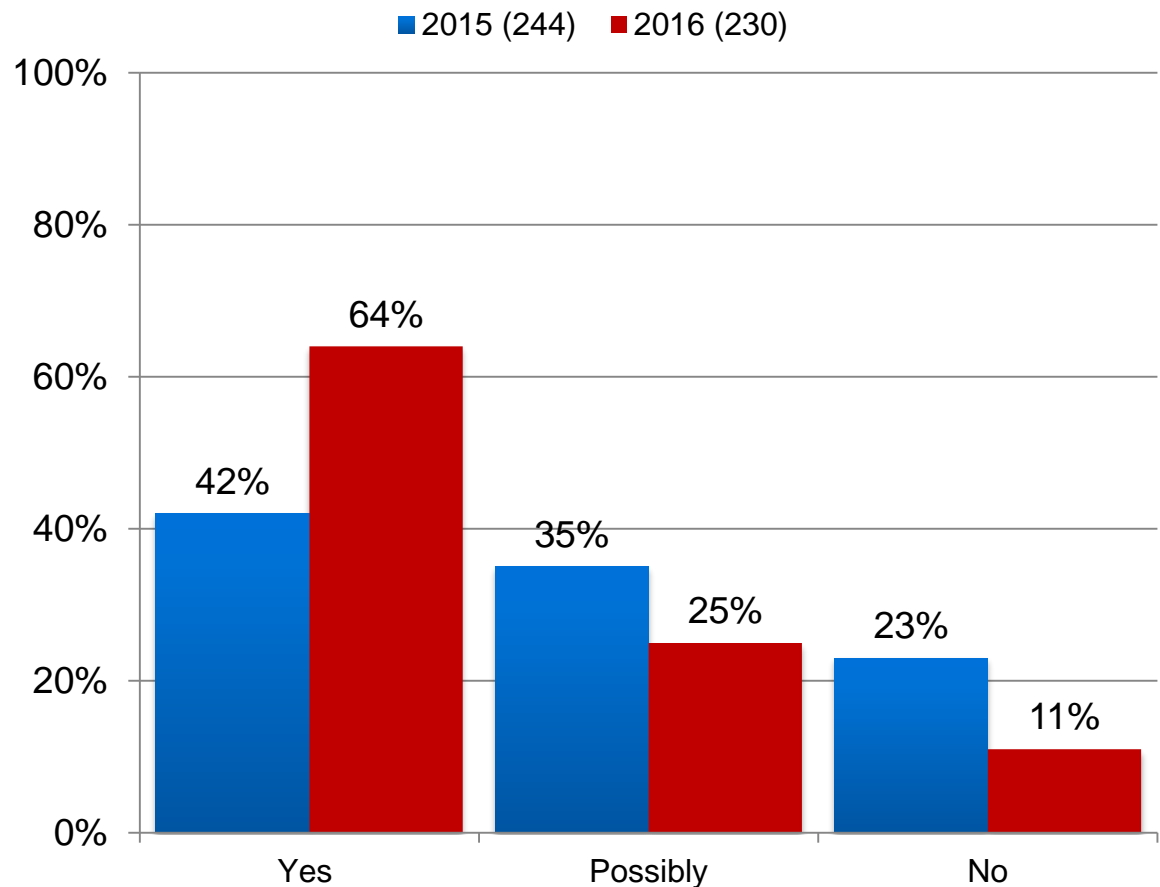


Now thinking of emergency management, do you believe the district is well prepared for a civil defence emergency such as earthquakes, flooding & fires?

Mode Responses

All (2016)	Yes (64%)
All (2015)	Yes (42%)
Permanent Ratepayer	Yes (63%)
Absentee Ratepayer	Yes (73%)
Resident	Yes (56%)
Fairlie	Yes (74%)
Lake Tekapo	Yes (55%)
Twizel	Yes (63%)
Rural Mackenzie	Yes (66%)

Significantly more say that the district is well prepared for a civil defence emergency (64%) than in 2015 (42%). Only 11% say they believe that the district is not well prepared (down from 23% in 2015).



Do you believe the Council is suitably prepared to respond to rural fires within the Mackenzie District?

Mode Responses

All (2016) Yes (76%)

Permanent Ratepayer Yes (78%)

Absentee Ratepayer Yes (66%)

Resident Yes (79%)

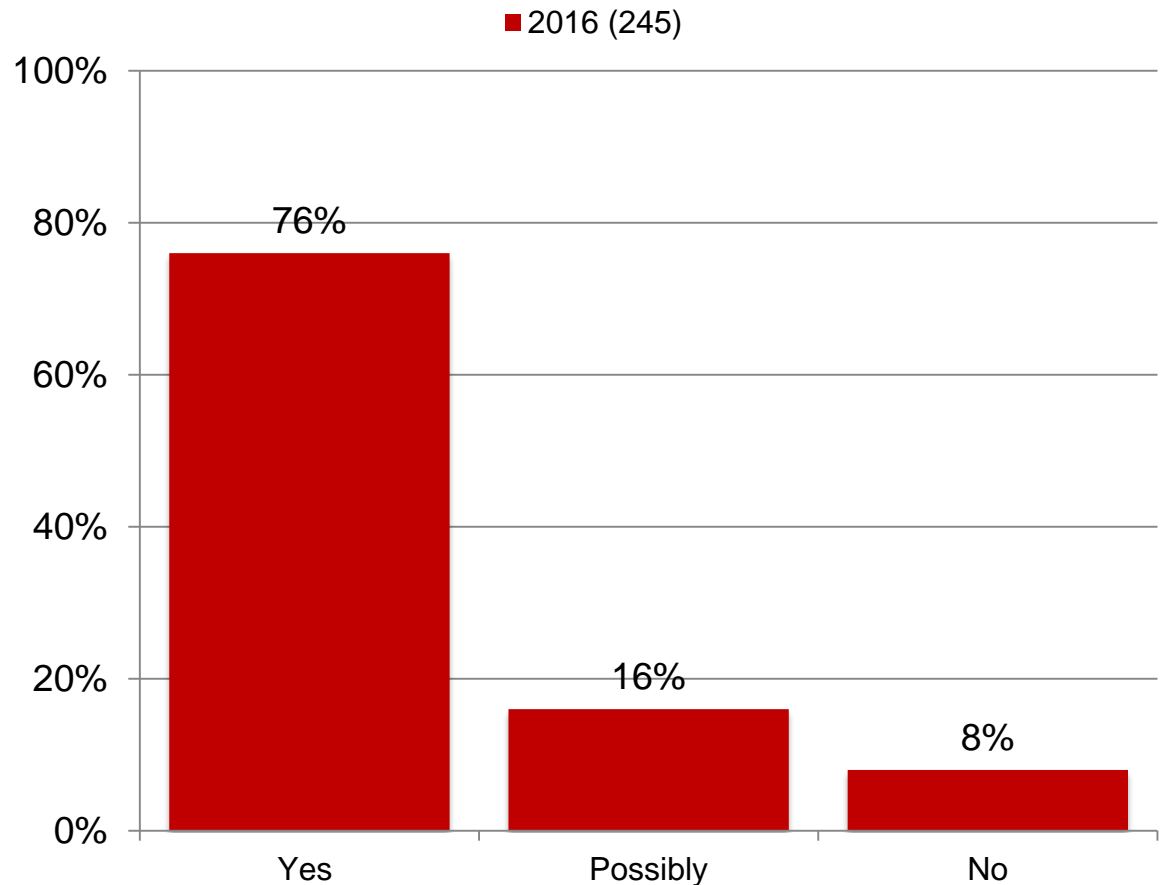
Fairlie Yes (90%)

Lake Tekapo Yes (67%)

Twizel Yes (71%)

Rural Mackenzie Yes (83%)

(New question in 2016) Just over three-quarters (76%) say that Council is suitably prepared to respond to rural fires in the district overall.



Are you satisfied with the performance of the Council's tourism promotion and economic development of the district?

Mode Responses

All (2016) Yes (55%)

All (2015) Yes (79%)

Permanent Ratepayer Yes (51%)

Absentee Ratepayer Yes (75%)

Resident Yes (47%)

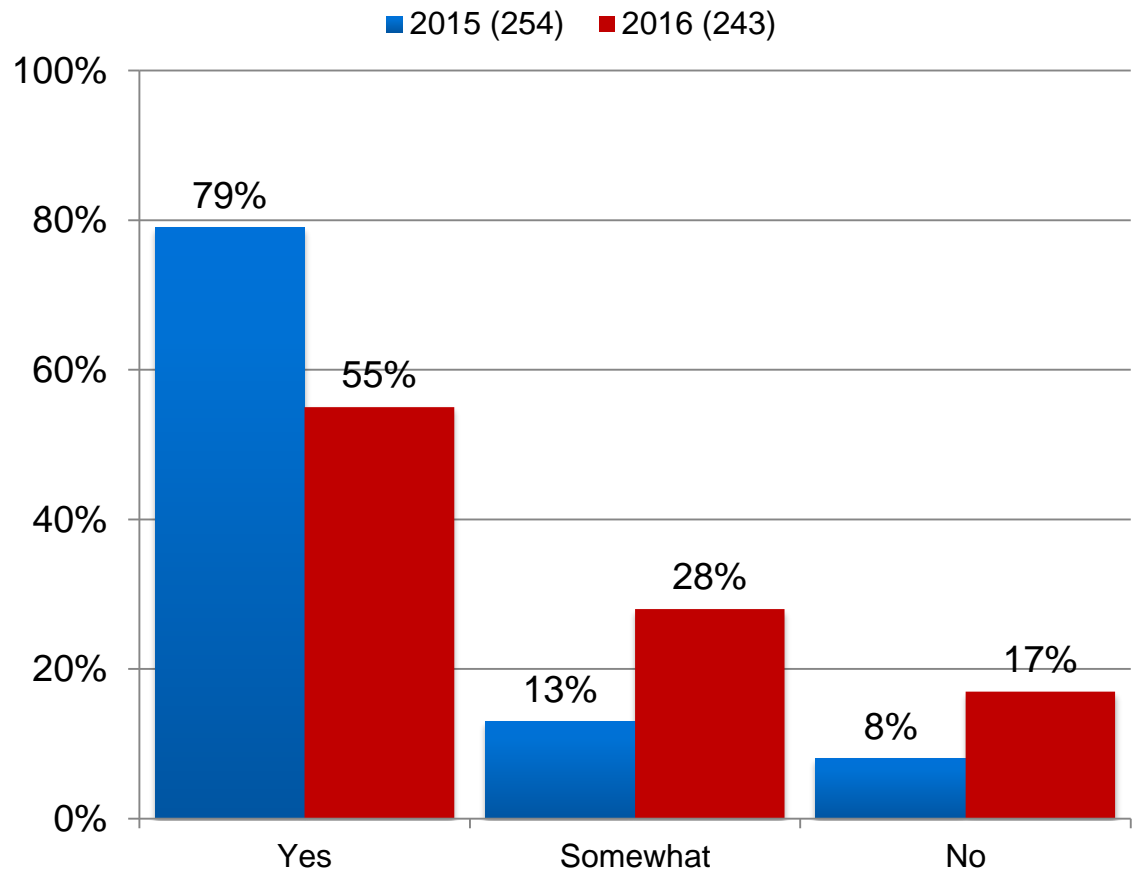
Fairlie Yes (62%)

Lake Tekapo Yes (64%)

Twizel Yes (46%)

Rural Mackenzie Yes (60%)

(Reworded in 2016) The addition of 'economic development' into the question wording appears to have driven a significant decrease in satisfaction overall compared with 2015.



2015 wording: Do you believe the Mackenzie District Council promotes the district well to attract visitors

Excludes 'don't know' responses

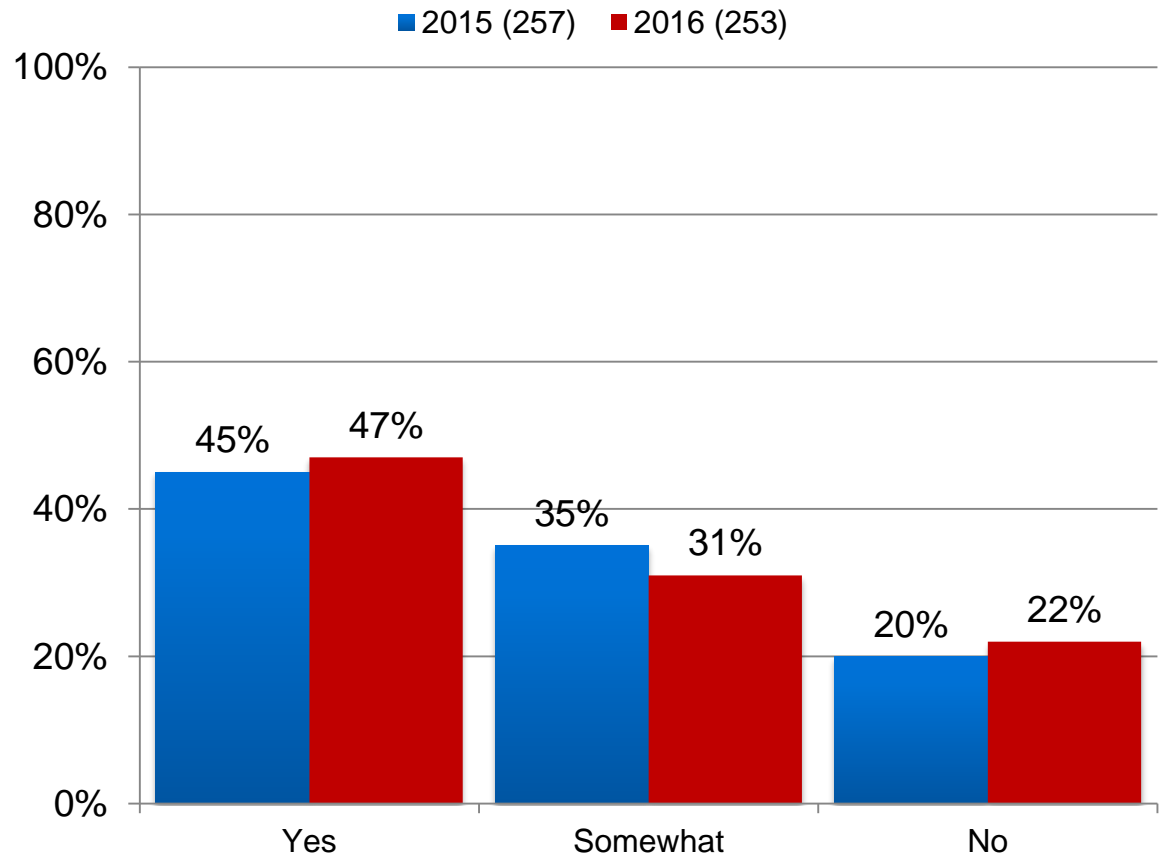


Are you satisfied with the performance of the Mackenzie District Council staff and management?

Mode Responses

All (2016)	Yes (47%)
All (2015)	Yes (45%)
Permanent Ratepayer	Yes (40%)
Absentee Ratepayer	Yes (82%)
Resident	Yes (40%)
Fairlie	Yes (47%)
Lake Tekapo	Yes (46%)
Twizel	Yes (46%)
Rural Mackenzie	Yes (51%)

There has been a only a slight increase in the proportion who say they are satisfied with the performance of Council staff and management from 45% to 47% in 2016. The proportion of those who are not satisfied also increased slightly since 2015 to 22%.

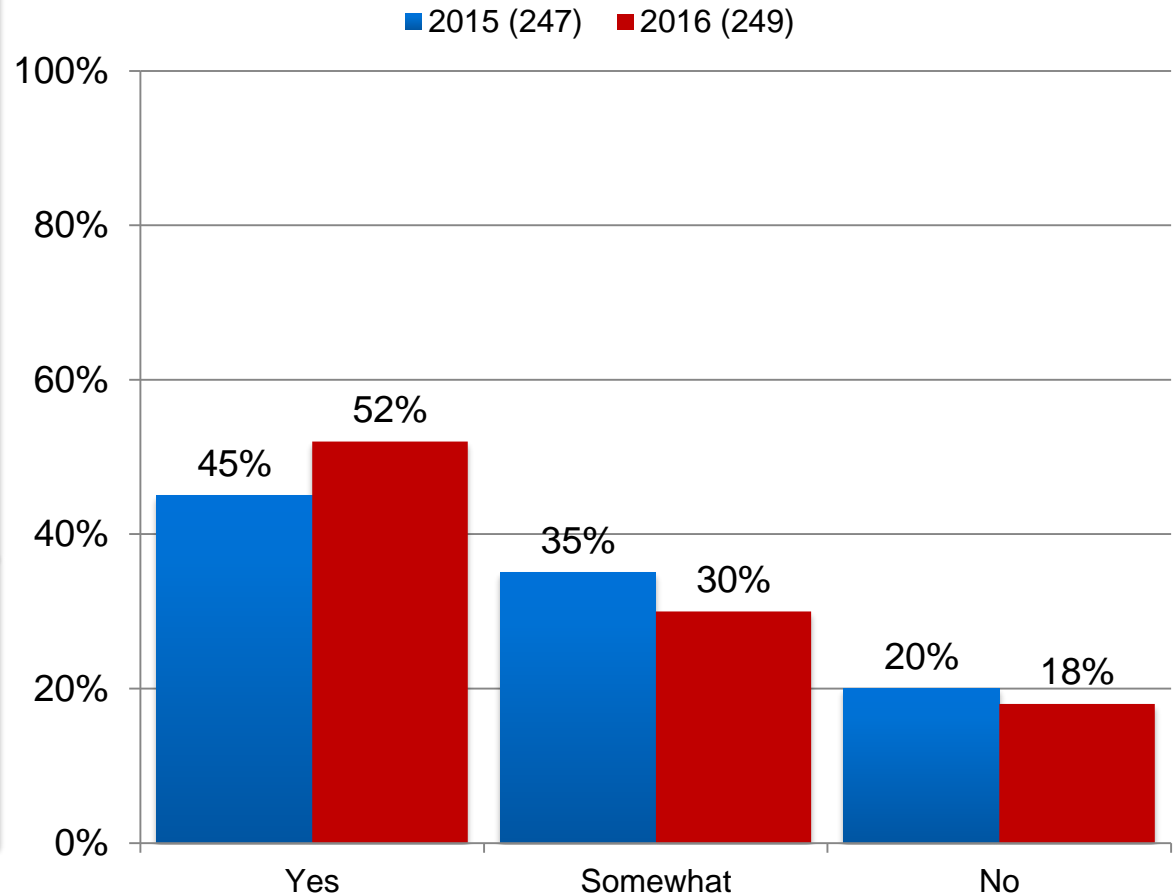


Are you satisfied with the performance of the Mackenzie District Council councillors and Mayor?

Mode Responses

All (2016)	Yes (52%)
All (2015)	Yes (45%)
Permanent Ratepayer	Yes (49%)
Absentee Ratepayer	Yes (71%)
Resident	Yes (50%)
Fairlie	Yes (47%)
Lake Tekapo	Somewhat (46%)
Twizel	Yes (54%)
Rural Mackenzie	Yes (62%)

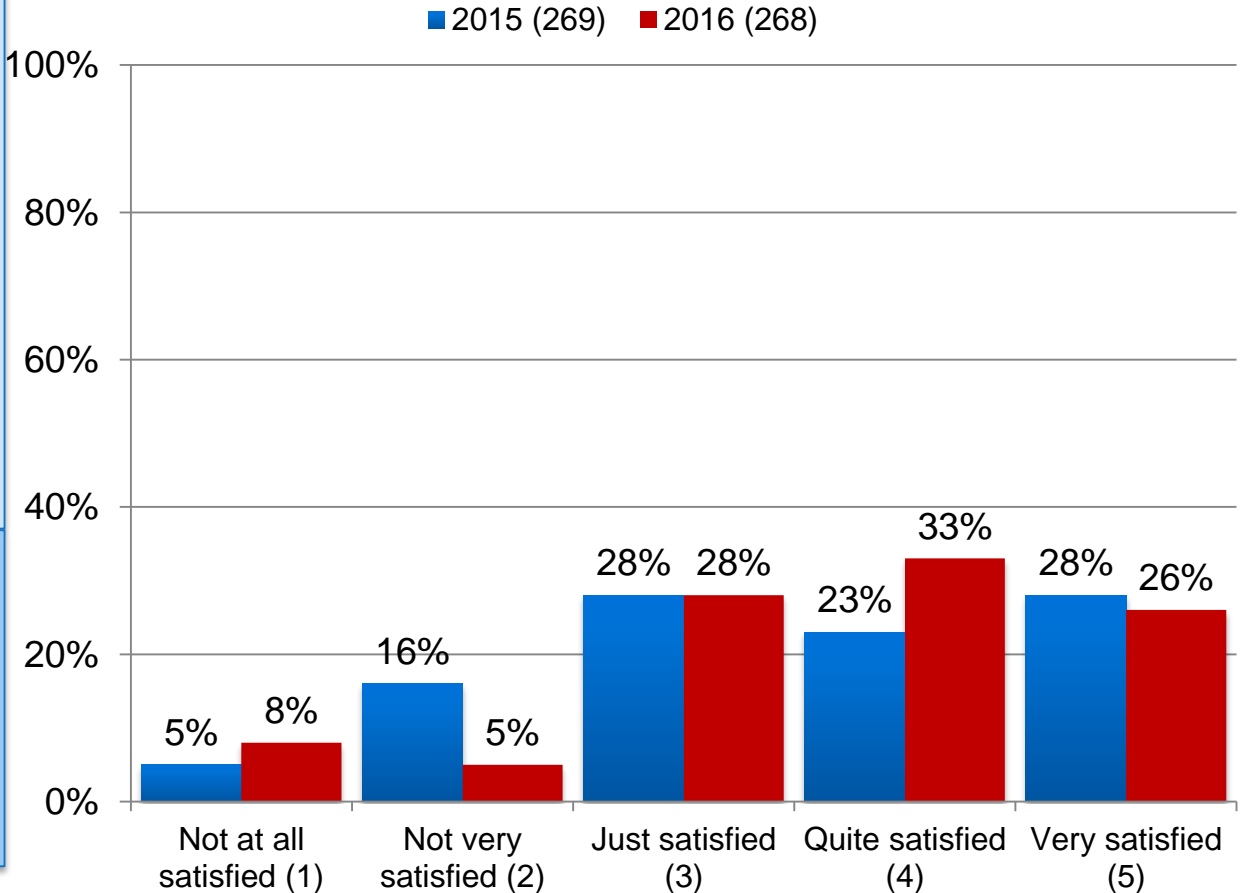
Satisfaction with the performance of the councillors and Mayor has increased slightly since 2015 from 45% to 52%, while those who say they are not satisfied has decreased slightly to 18%.



Thinking now how the District Council communicates and consults you through the website, community newspapers, public meetings, ratepayer newsletters and the annual plan – how satisfied are you with the way you are consulted about Council matters and given the opportunity to be involved in community level decision making?

Average Ratings	
All (2016)	3.6
All (2015)	3.5
Permanent Ratepayer	3.6
Absentee Ratepayer	4.0
Resident	3.4
Fairlie	3.8
Lake Tekapo	3.4
Twizel	3.4
Rural Mackenzie	4.0

There has been a significant decrease in those who are 'not very' or 'not at all satisfied' with the communication and consultation from the Council – down from 21% in 2015 to 13% in 2016.

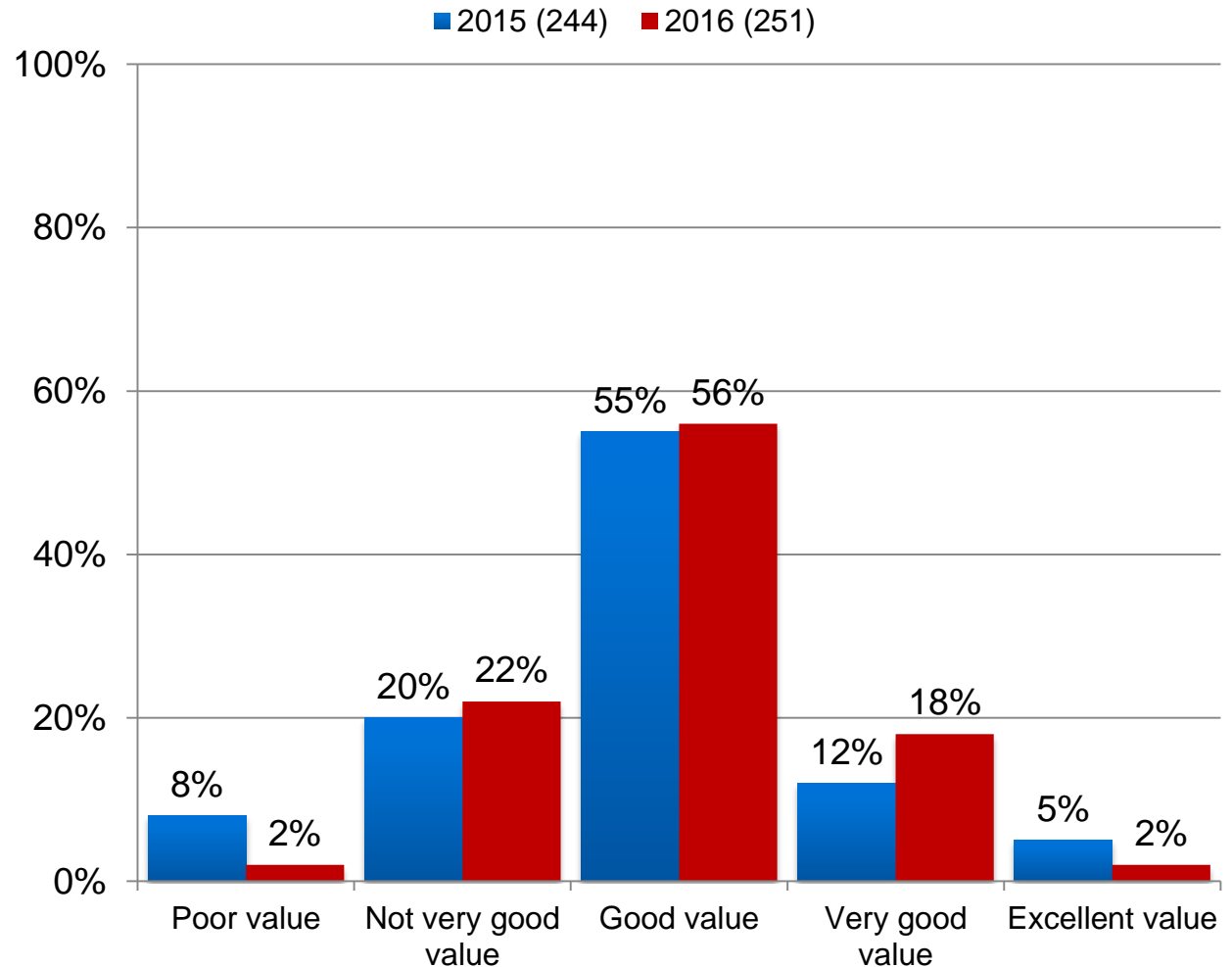


Do you believe for the rates you pay to the Mackenzie District Council you receive

Average Ratings

All (2016)	3.0
All (2015)	2.9
Permanent Ratepayer	3.0
Absentee Ratepayer	3.3
Fairlie	3.2
Lake Tekapo	3.2
Twizel	3.0
Rural Mackenzie	2.8

A slightly higher proportion say that their rates are 'excellent' or 'very good value' in 2016 compared with 2015 (up from 17% to 20% in 2016).



Satisfaction with Council Services & Facilities

Demographic Analysis

Detailed demographic comparisons have only been included where a Chi-Square test revealed statistically significant differences between demographic groups at 95% significance (e.g. where we can be 95% confident that differences in demographic groups reported in the sample would also be true of the population).

Where demographic comparisons have not been reported, there were no statistically significant differences between demographic groups.

Overview of satisfaction with Council Services and facilities by Area?

Rank	Fairlie	Lake Tekapo	Twizel	Rural Mackenzie
1 st	Sewerage/ Library Services 4.5	Cemeteries 4.5	Cemeteries 4.5	Library Services/ Sewerage 4.5
2 nd		Sewerage 4.3	Library Services/ Sewerage 4.4	
3 rd	Cemeteries 4.4	Community Buildings/ Library Services 4.2		Cemeteries 4.4
4 th	Community Buildings/ Parks and Playgrounds 4.3		Water 3.9	Rubbish Collection/ Community Buildings 4.0
5 th				

Overview of satisfaction with Council Services and facilities by Ratepayer?

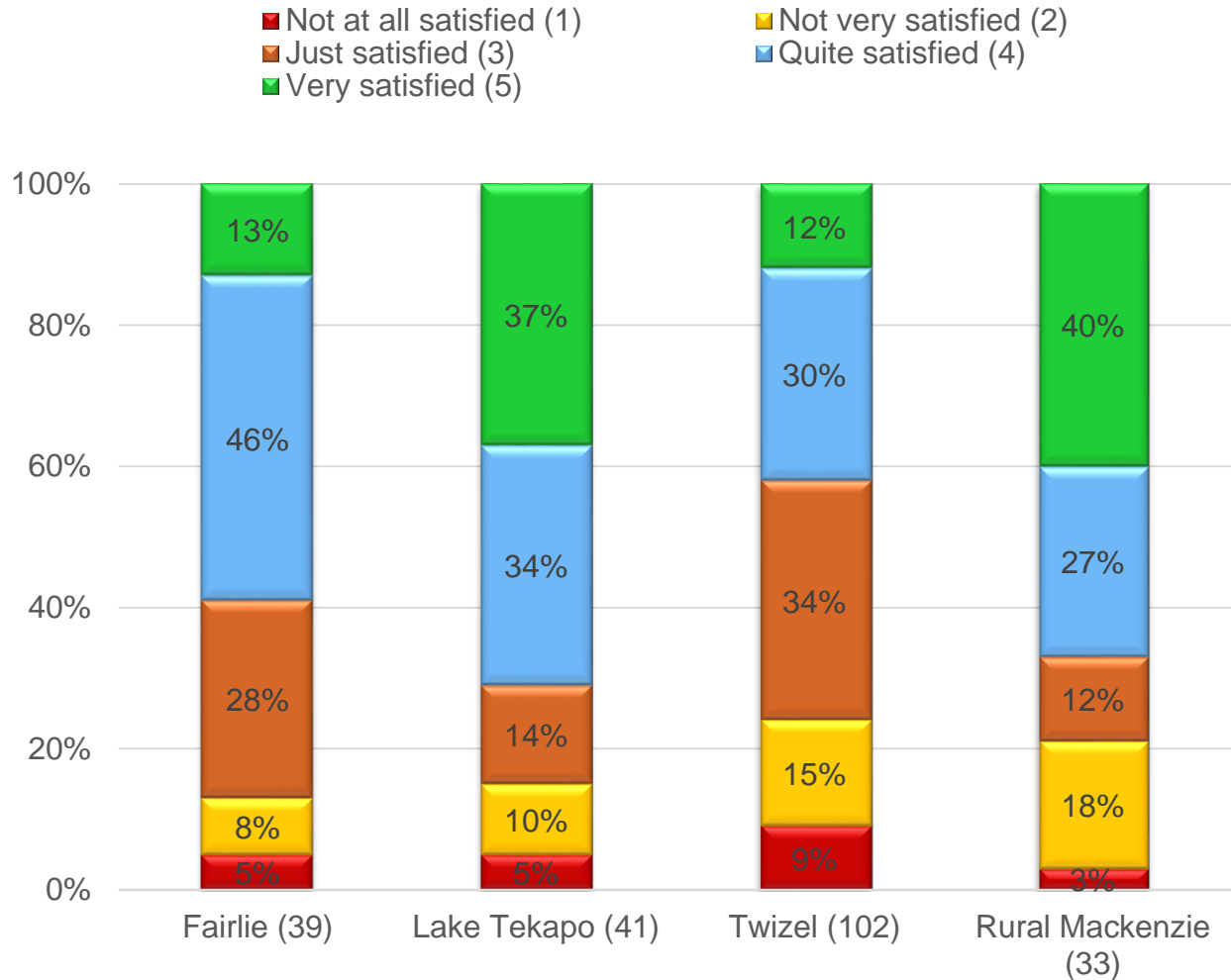
Rank	Permanent Ratepayer	Absentee Ratepayer	Resident
1st	Library Services 4.5	Sewerage 4.3	Cemeteries 4.7
2nd	Sewerage/ Cemeteries 4.4	Community Buildings/ Library Services/ Cemeteries 4.2	Sewerage/ Community Buildings 4.6
3rd			
4th	Community Buildings 4.1		Library Services 4.5
5th	Parks and Playgrounds 4.0	Public Toilets 4.1	Town Centre 4.2

How satisfied or dissatisfied are you with the water supply and quality the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	3.5
Lake Tekapo	3.9
Twizel	3.2
Rural Mackenzie	3.8

Twizel respondents are significantly less likely to say they are 'very' or 'quite satisfied' (combined) relative to residents overall.

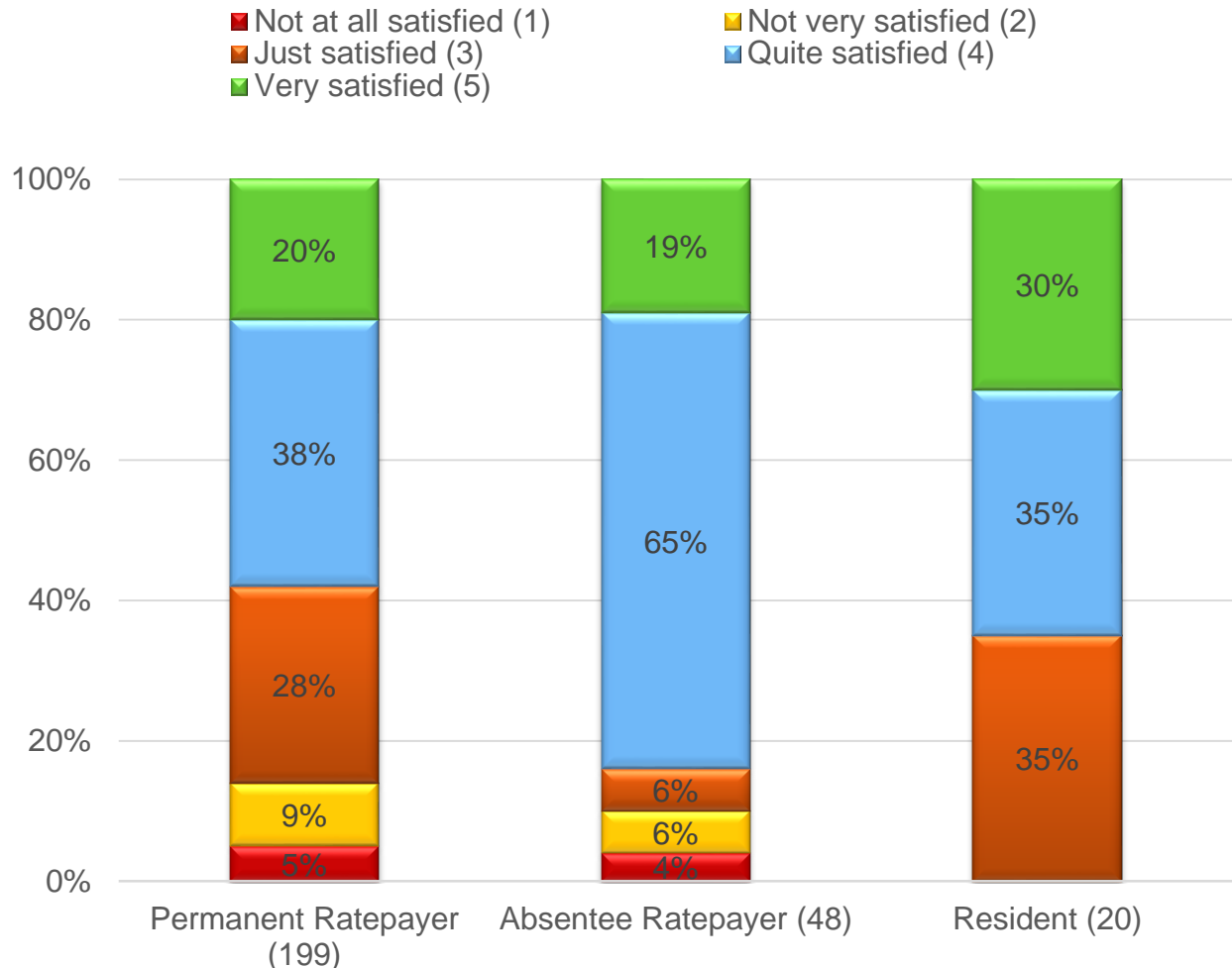


How satisfied or dissatisfied are you with the road conditions, signage and road maintenance the Mackenzie District Council provides by Ratepayers?

Average Ratings

Permanent Ratepayer	3.6
Absentee Ratepayer	3.9
Resident	4.0

Absentee ratepayers are significantly more likely to say they were 'quite' or 'very satisfied' (combined) with the road conditions, signage and road maintenance in their area compared with those overall.

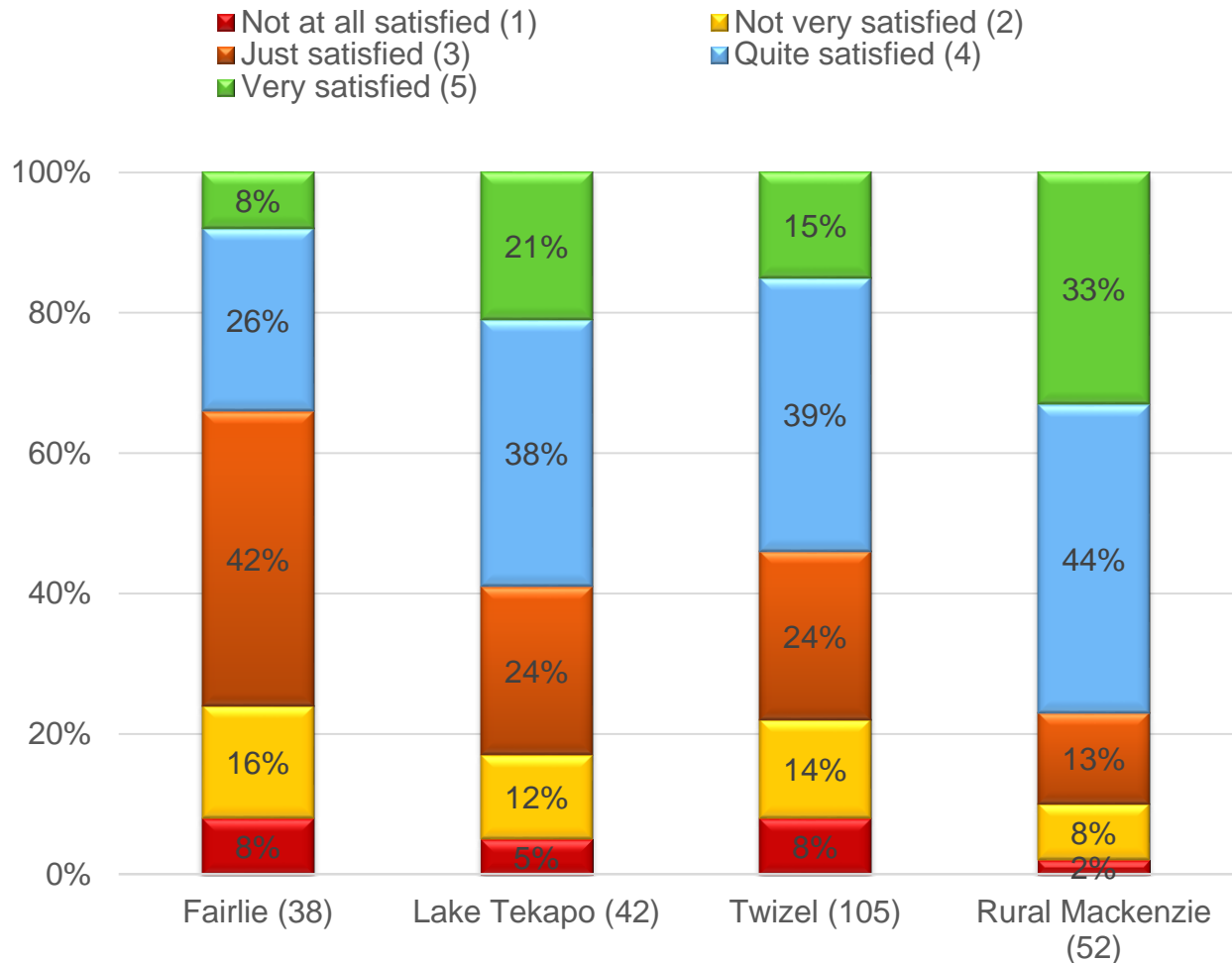


How satisfied or dissatisfied are you with the footpaths and maintenance the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	3.1
Lake Tekapo	3.6
Twizel	3.4
Rural Mackenzie	4.0

Rural Mackenzie residents are significantly more likely to be 'quite' or 'very satisfied' (combined) than others overall with their footpaths and maintenance. While Fairlie residents are significantly less likely to be satisfied overall.

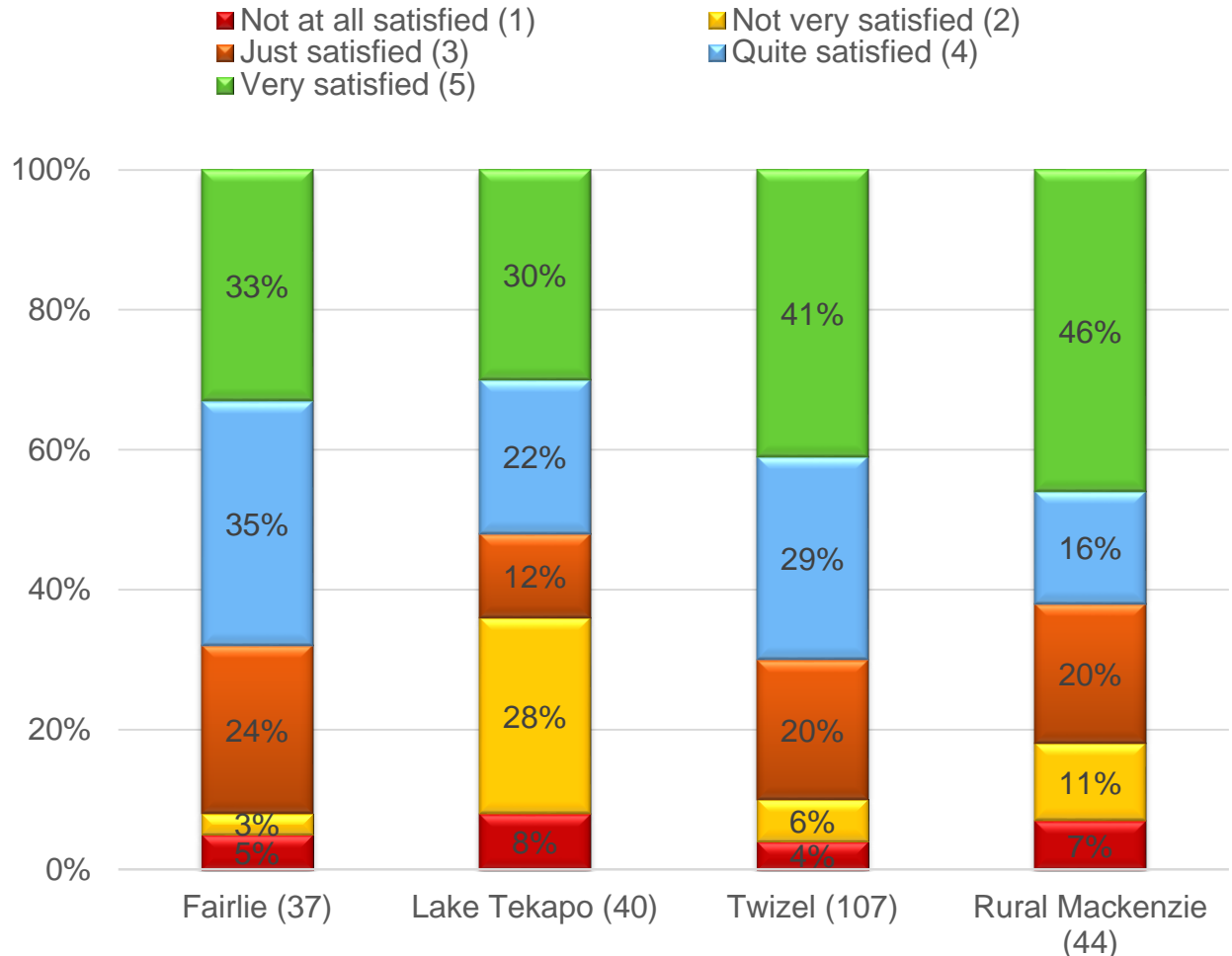


How satisfied or dissatisfied are you with the rubbish collection and recovery & recycling park the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	3.9
Lake Tekapo	3.4
Twizel	4.0
Rural Mackenzie	3.8

Lake Tekapo residents are significantly more likely to be 'not very' or 'not at all satisfied' (combined) than others overall with their rubbish collection and recovery & recycling park.

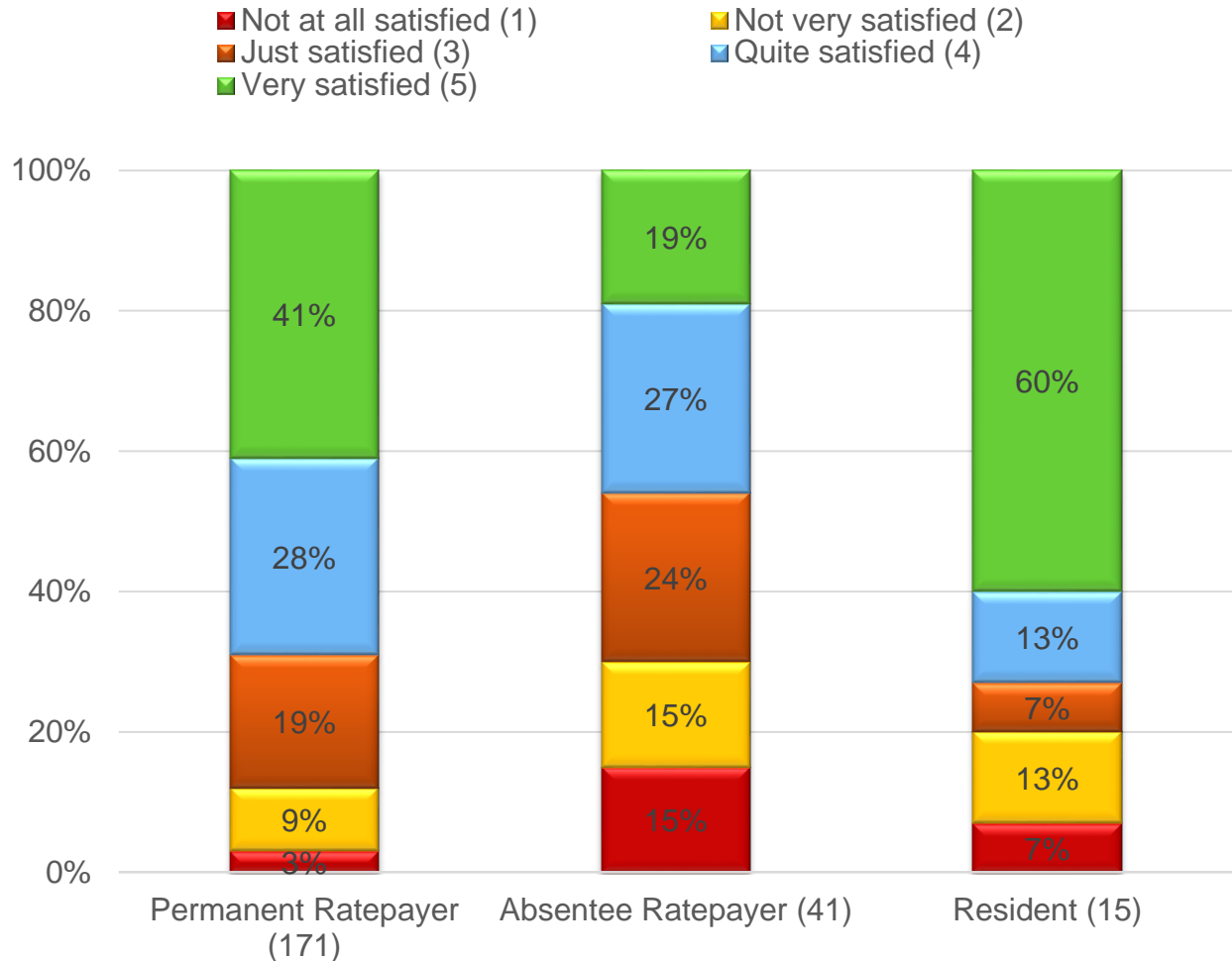


How satisfied or dissatisfied are you with the rubbish collection and recovery & recycling park the Mackenzie District Council provides by Ratepayers?

Average Ratings

Permanent Ratepayer	3.9
Absentee Ratepayer	3.2
Resident	4.1

Absentee Ratepayers are significantly more likely to be 'not at all' or 'not very satisfied' (combined) with the rubbish collection and recovery & recycling park compared with others overall.

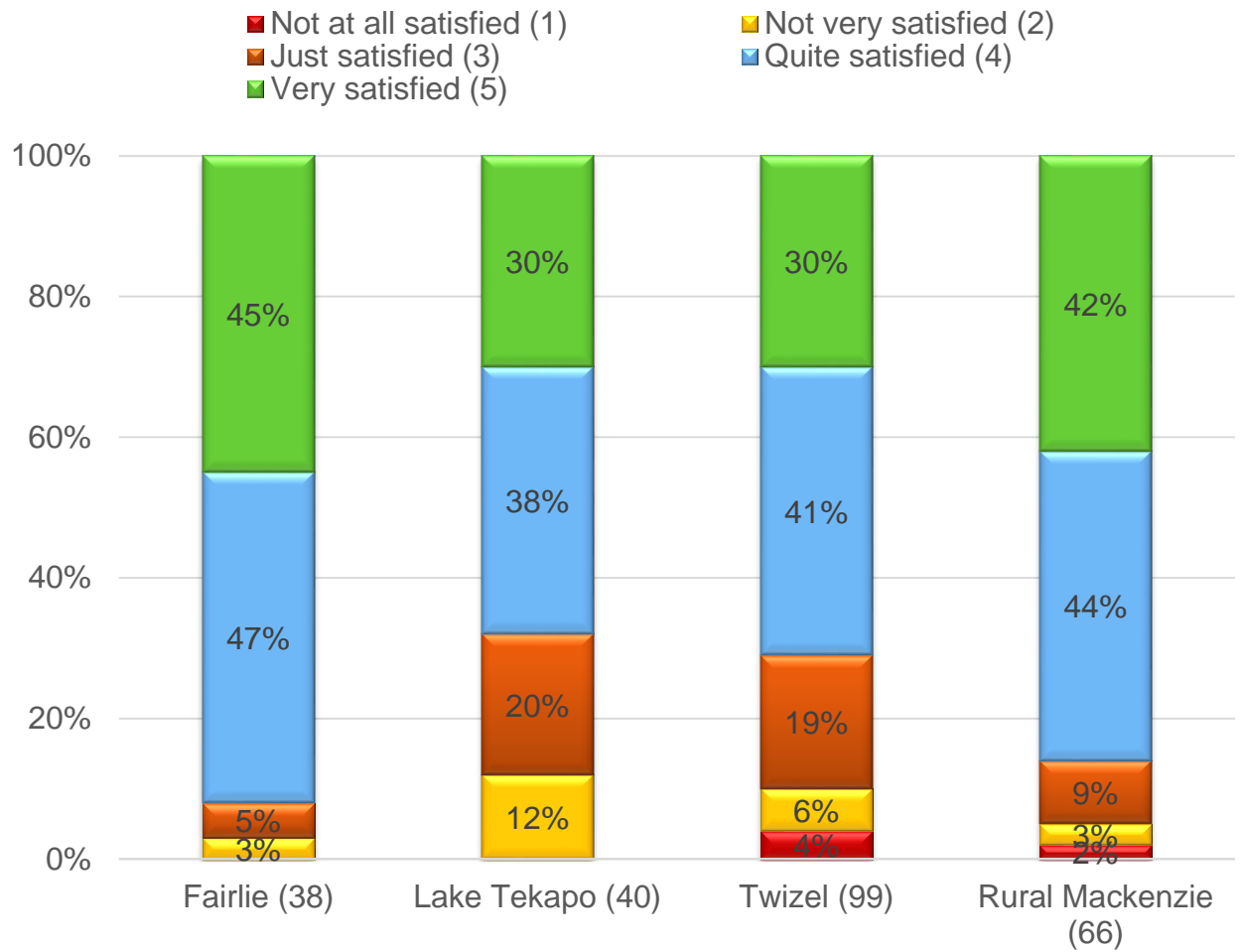


How satisfied or dissatisfied are you with the parks, reserves and playgrounds the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	4.3
Lake Tekapo	3.8
Twizel	3.9
Rural Mackenzie	4.2

Fairlie residents are significantly more likely to be 'very' or 'quite satisfied' (combined) with the parks, reserves, and playgrounds compared with others overall.

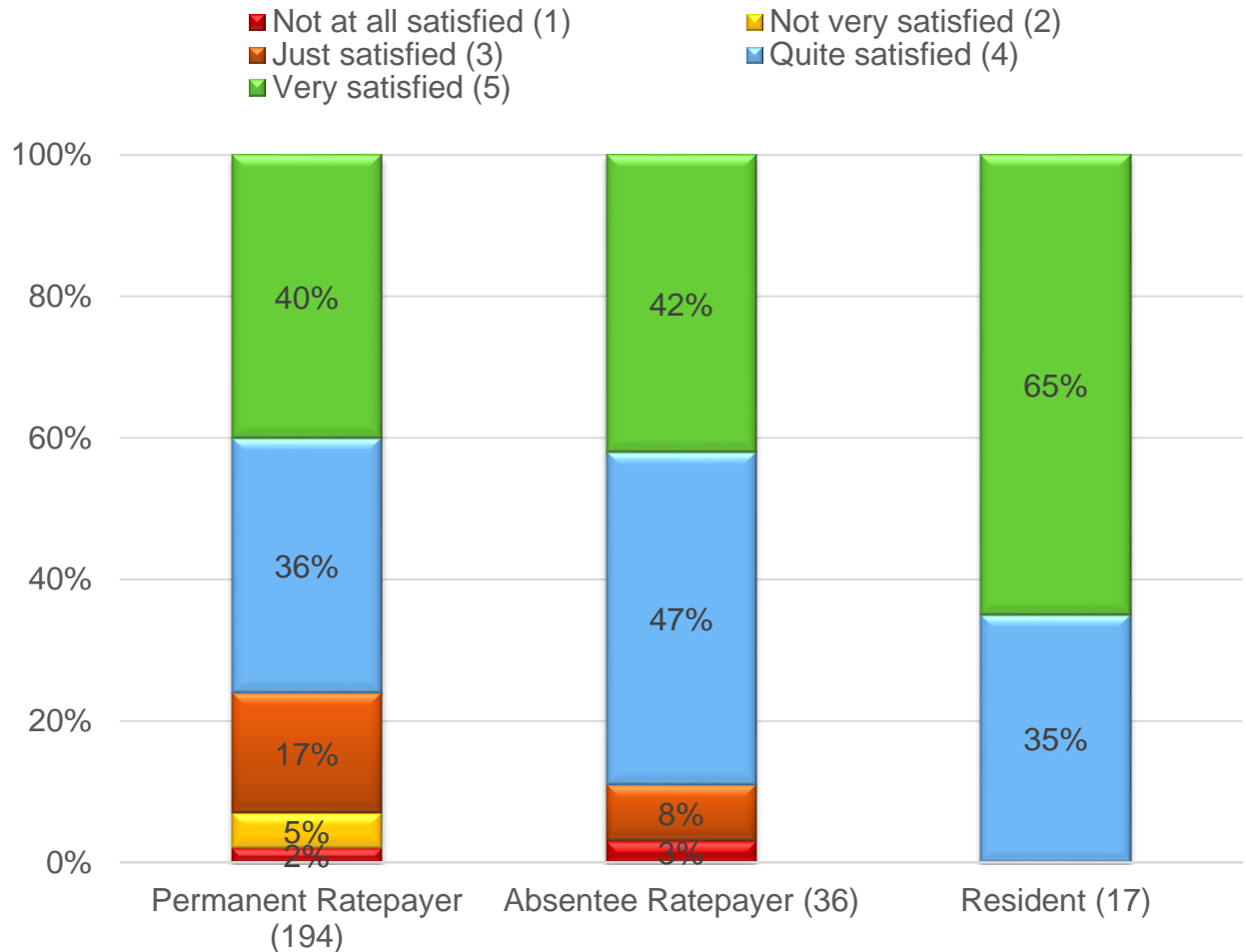


How satisfied or dissatisfied are you with the community halls and buildings in your district by Ratepayers?

Average Ratings

Permanent Ratepayer	4.1
Absentee Ratepayer	4.2
Resident	4.6

Residents are significantly more likely to say that they are 'quite' or 'very satisfied' (combined) with the community halls and buildings compared with those in the district overall.

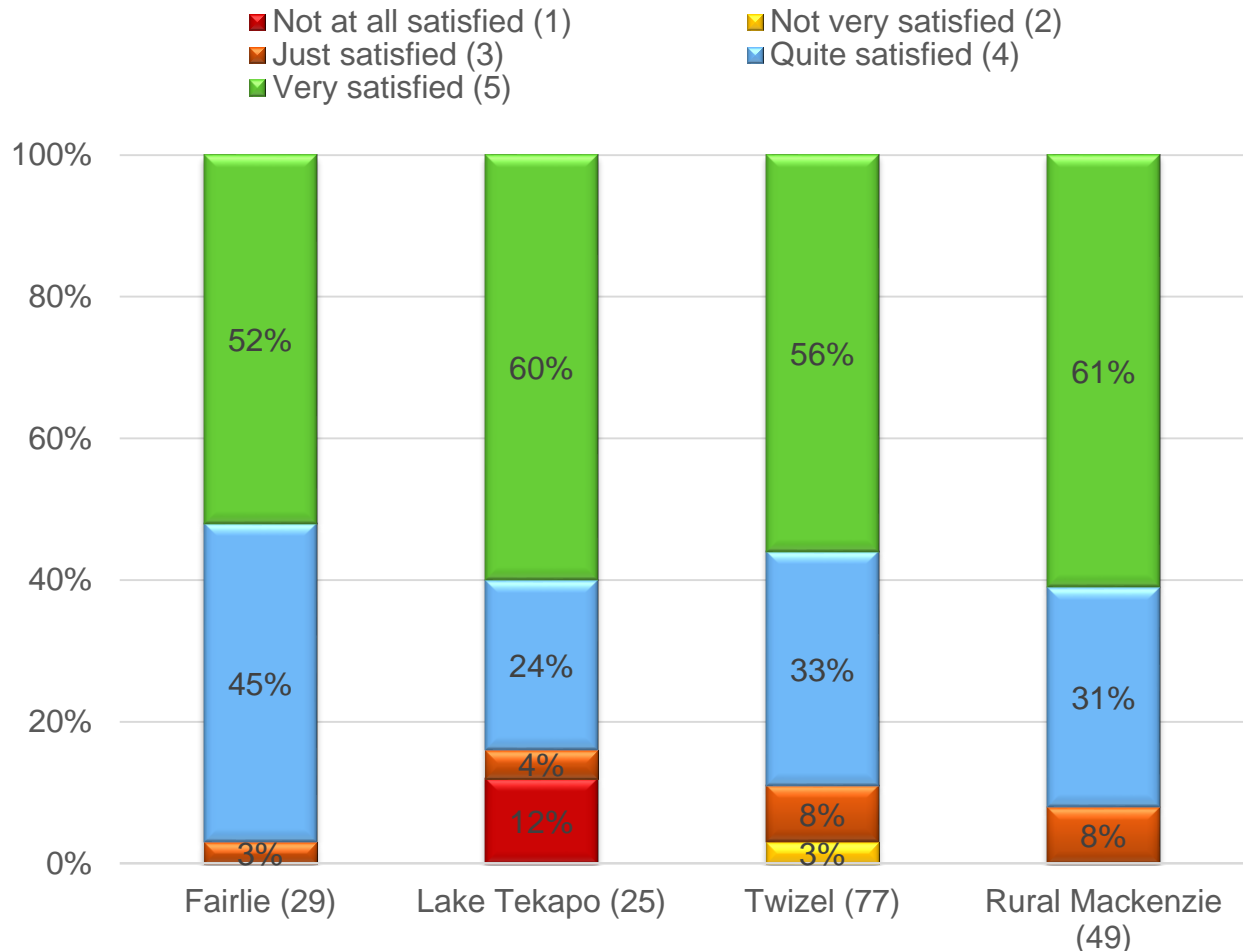


How satisfied or dissatisfied are you with the library services such as the range of reading material and library hours of operation by Area?

Average Ratings

Fairlie	4.5
Lake Tekapo	4.2
Twizel	4.4
Rural Mackenzie	4.5

Lake Tekapo residents are significantly more likely to say they are 'not at all satisfied' with the library services compared with others in the district overall.

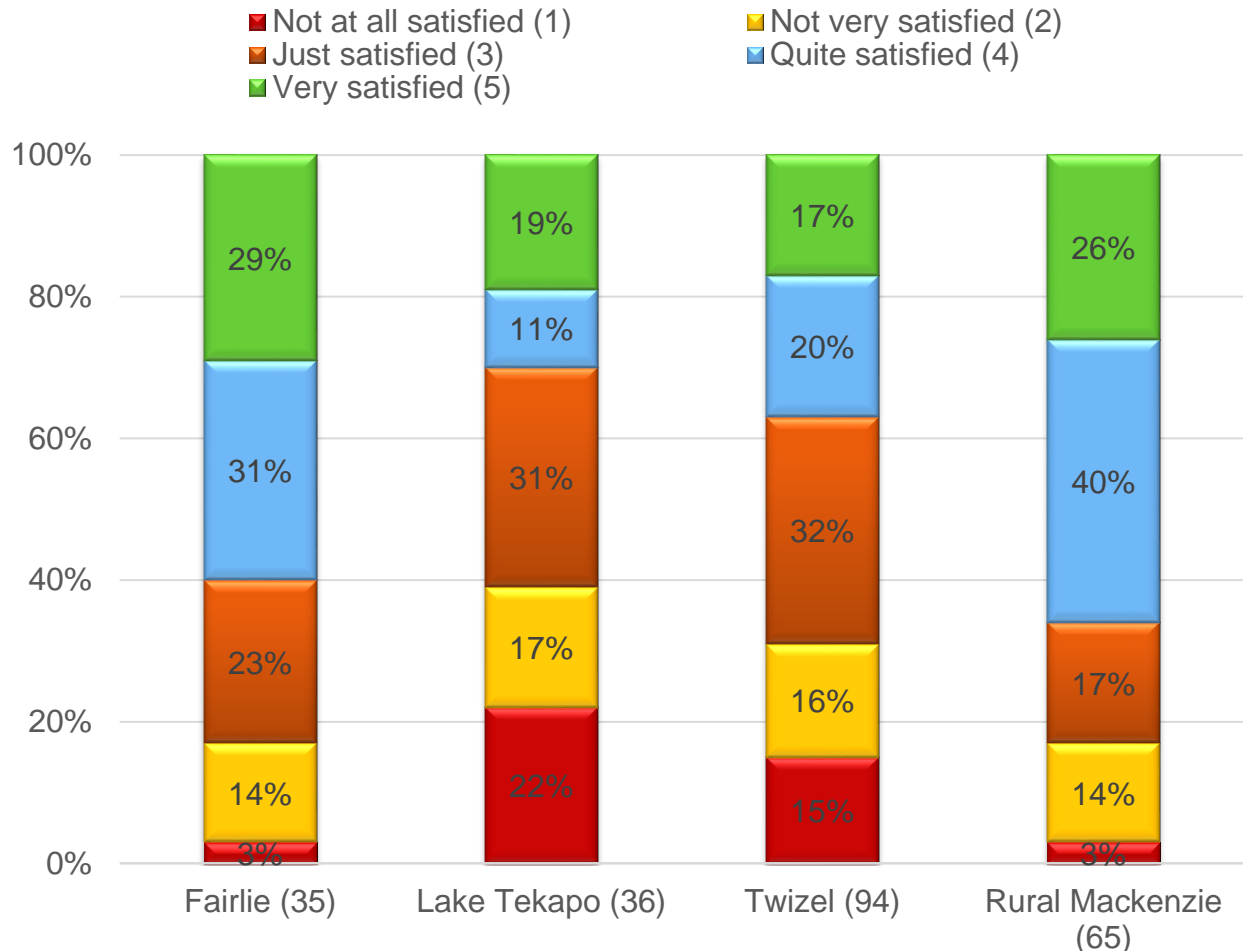


How satisfied or dissatisfied are you with public toilets in your district the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	3.7
Lake Tekapo	2.9
Twizel	3.1
Rural Mackenzie	3.7

Rural Mackenzie residents are significantly more likely to say they are 'very' or 'quite satisfied' (combined) with the public toilets compared with others in the district overall.

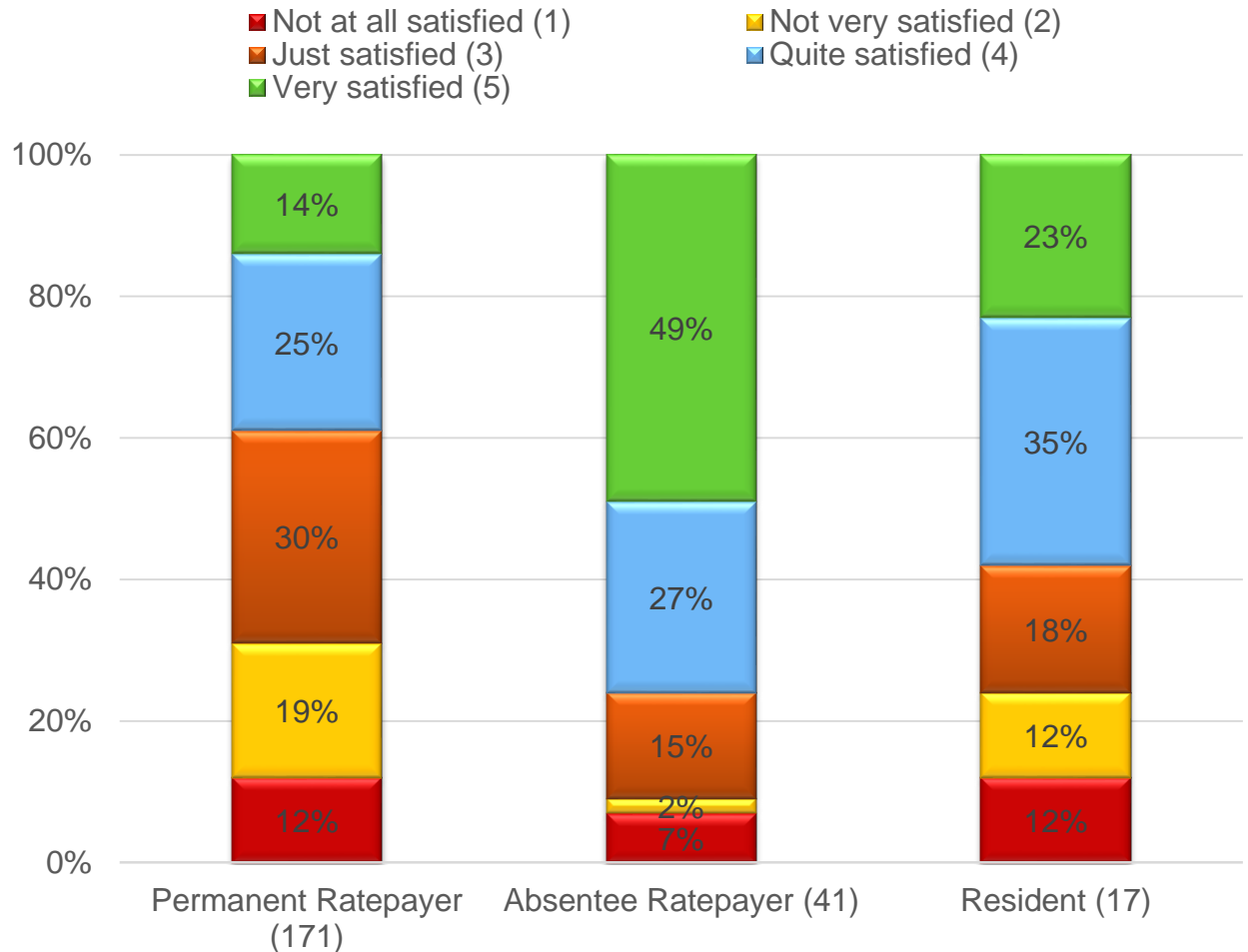


How satisfied or dissatisfied are you with public toilets in your district the Mackenzie District Council provides by Ratepayers?

Average Ratings

Permanent Ratepayer	3.1
Absentee Ratepayer	4.1
Resident	3.5

Absentee Ratepayers are significantly more likely to say that they are 'quite' or 'very satisfied' (combined) with the public toilets compared with those in the district overall.

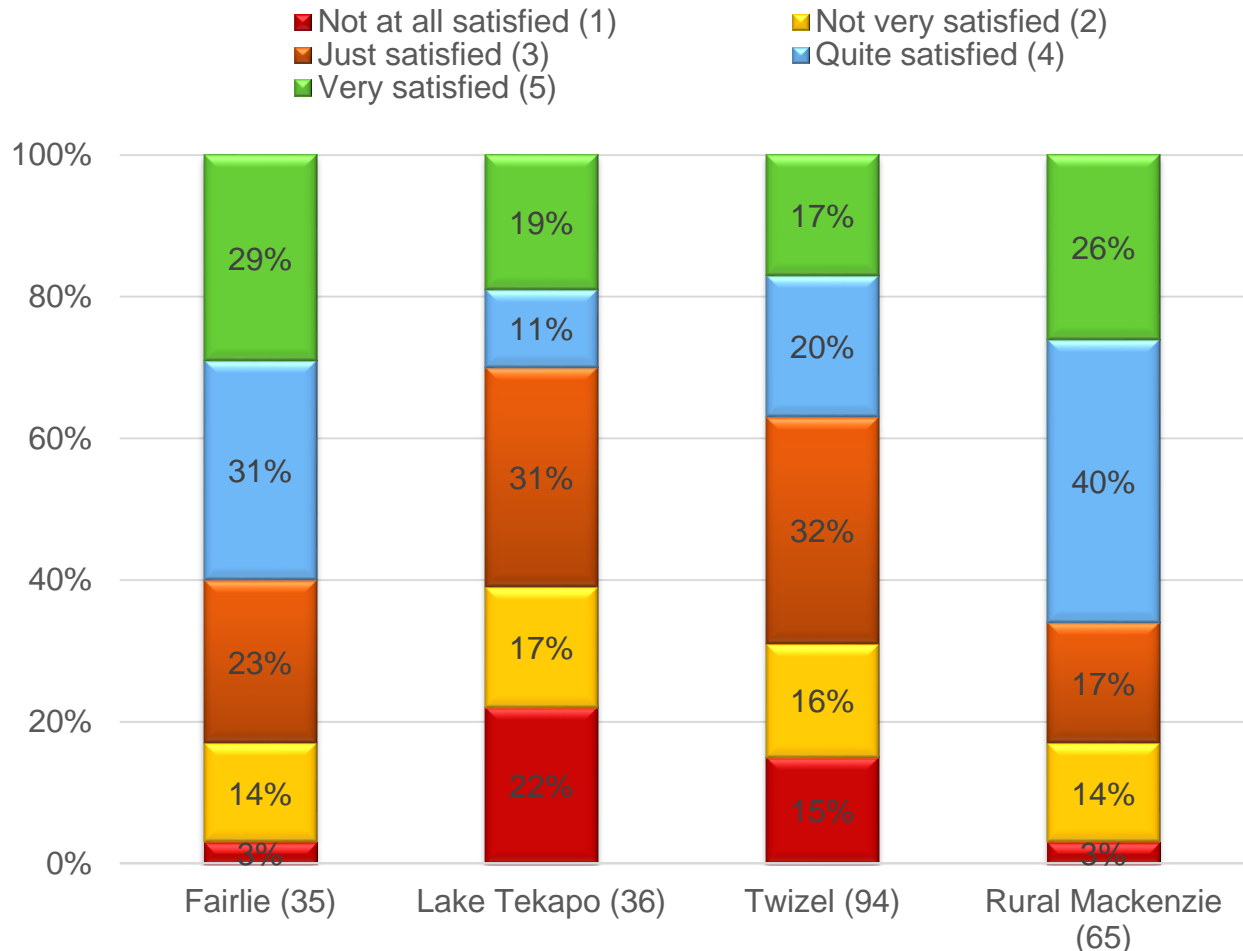


How satisfied or dissatisfied are you with public toilets in your district the Mackenzie District Council provides by Area?

Average Ratings

Fairlie	3.7
Lake Tekapo	2.9
Twizel	3.1
Rural Mackenzie	3.7

Rural Mackenzie residents are significantly more likely to say they are 'quite' or 'very satisfied' (combined) with the public toilets in their district compared with others overall. However, those in Lake Tekapo are significantly less likely to say they are 'quite' or 'very satisfied' overall.

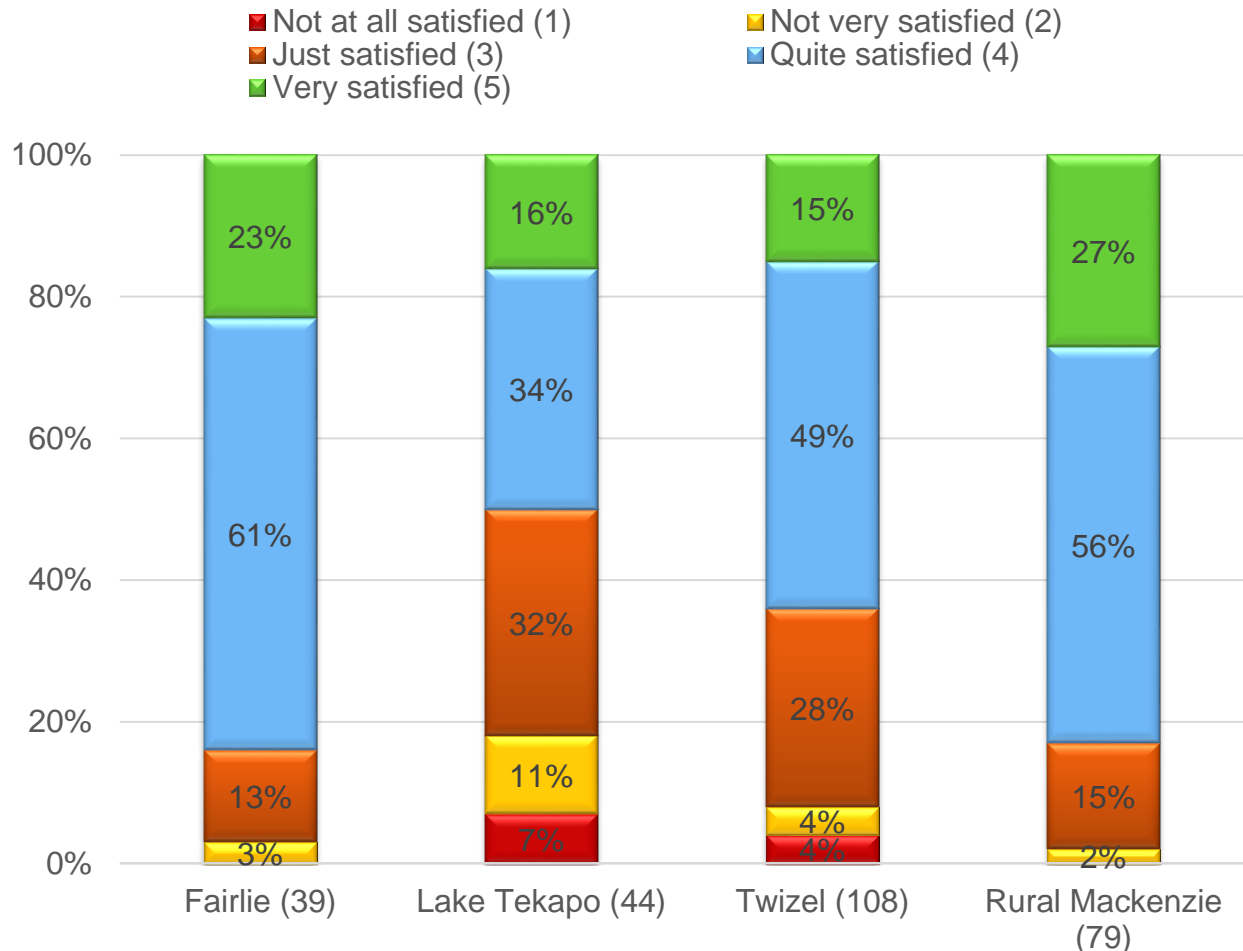


How satisfied or dissatisfied are you with the presentation of town centres throughout the Mackenzie District by Area?

Average Ratings

Fairlie	4.0
Lake Tekapo	3.4
Twizel	3.7
Rural Mackenzie	4.1

Rural Mackenzie residents are significantly more likely to say they are 'very' or 'quite satisfied' (combined) with the presentation of their town centre compared with others in the district overall. However, Lake Tekapo residents are significantly less likely to say they are 'very' or 'quite satisfied' (combined) overall.

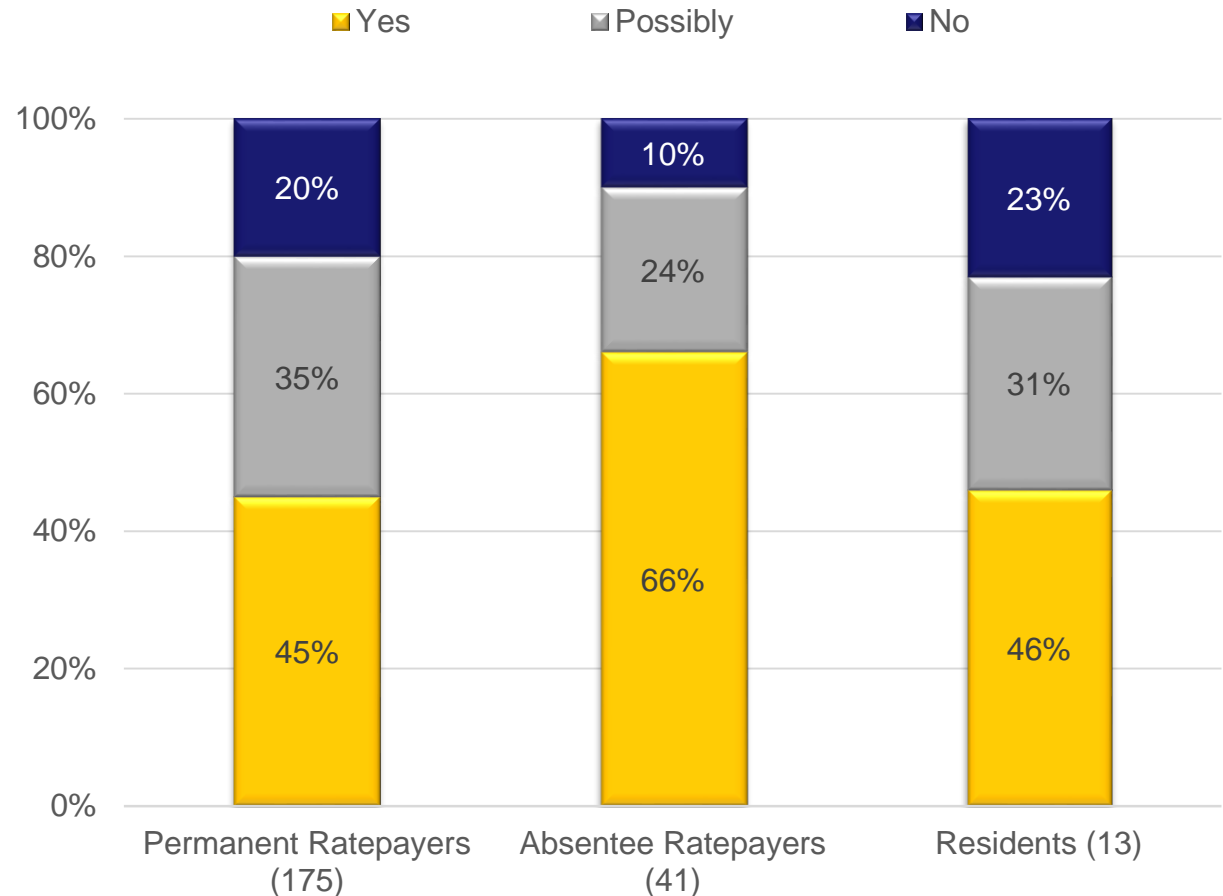


Do you believe the Council is adequately managing resource management issues within the district by Ratepayers?

Mode Ratings

Permanent Ratepayer	Yes	45%
Absentee Ratepayer	Yes	66%
Resident	Yes	46%

Absentee ratepayers are significantly more likely to say they believe the Council is adequately managing resource management issues compared with others overall.

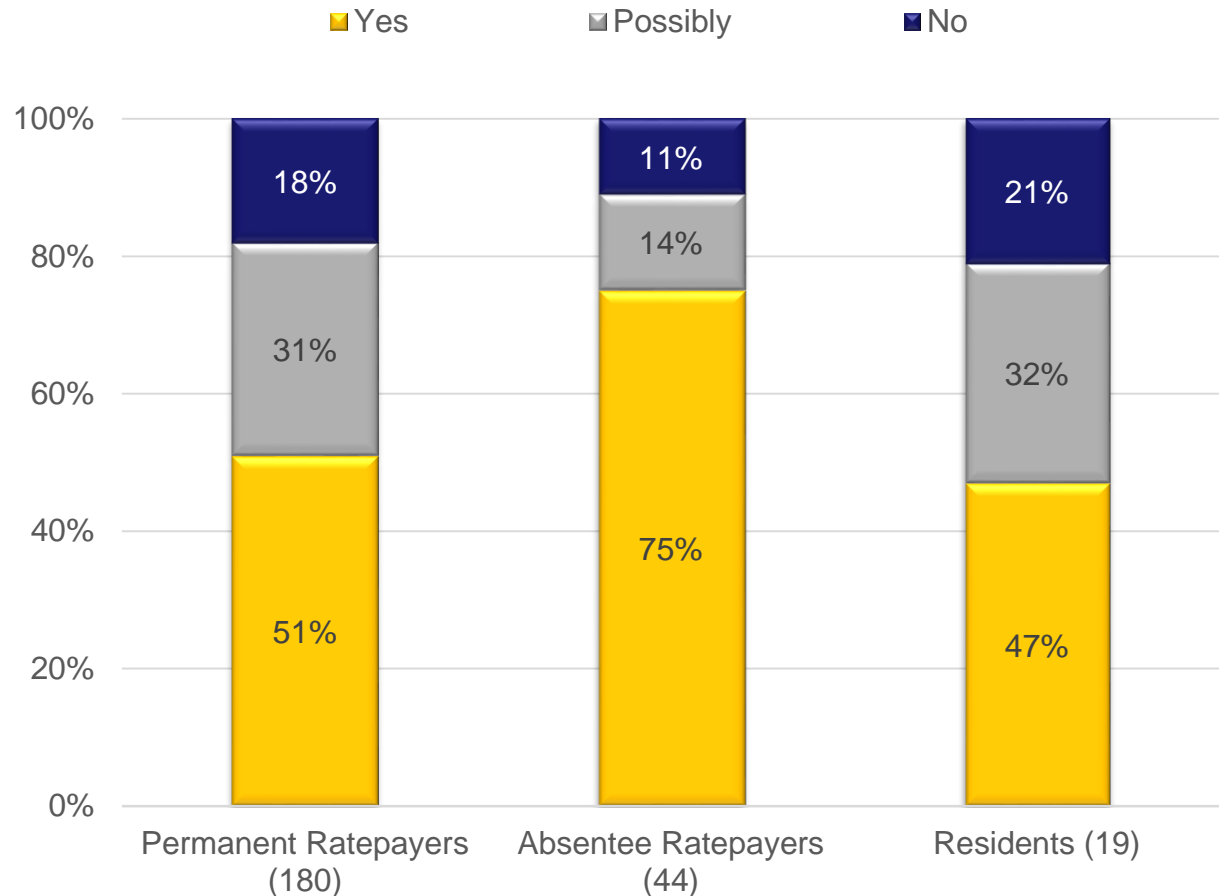


Are you satisfied with the performance of the Council's tourism promotion and economic development of the district by Ratepayers?

Mode Ratings

Permanent Ratepayer	Yes	51%
Absentee Ratepayer	Yes	75%
Resident	Yes	47%

Absentee ratepayers are significantly more likely to say they are satisfied with the performance of the Council's tourism promotion and economic development in the district compared with others overall.

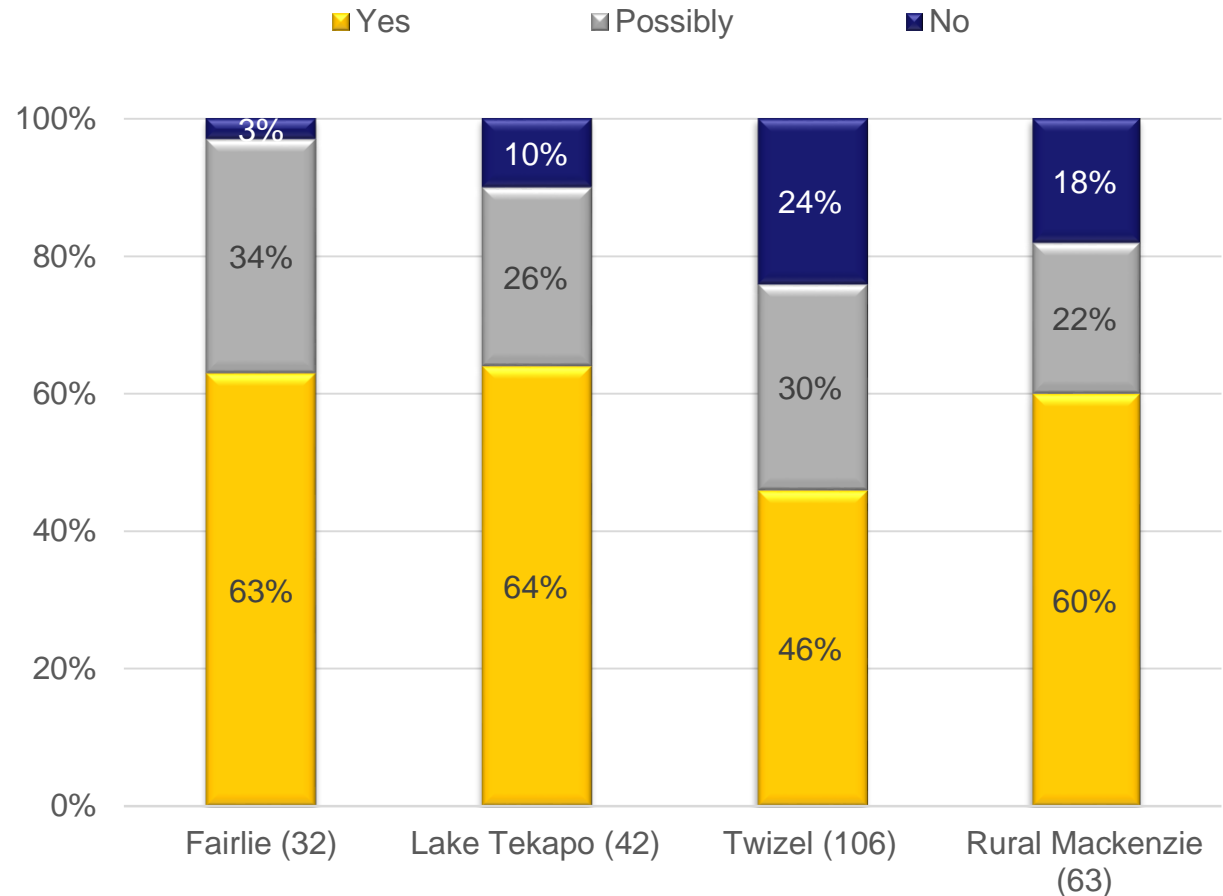


Are you satisfied with the performance of the Council's tourism promotion and economic development of the district by Area?

Mode Ratings

Fairlie	Yes 62%
Lake Tekapo	Yes 64%
Twizel	Yes 46%
Rural Mackenzie	Yes 60%

Twizel residents are significantly less likely to that they are NOT satisfied with the performance of the Council's tourism promotion and economic development in the district compared with others overall.

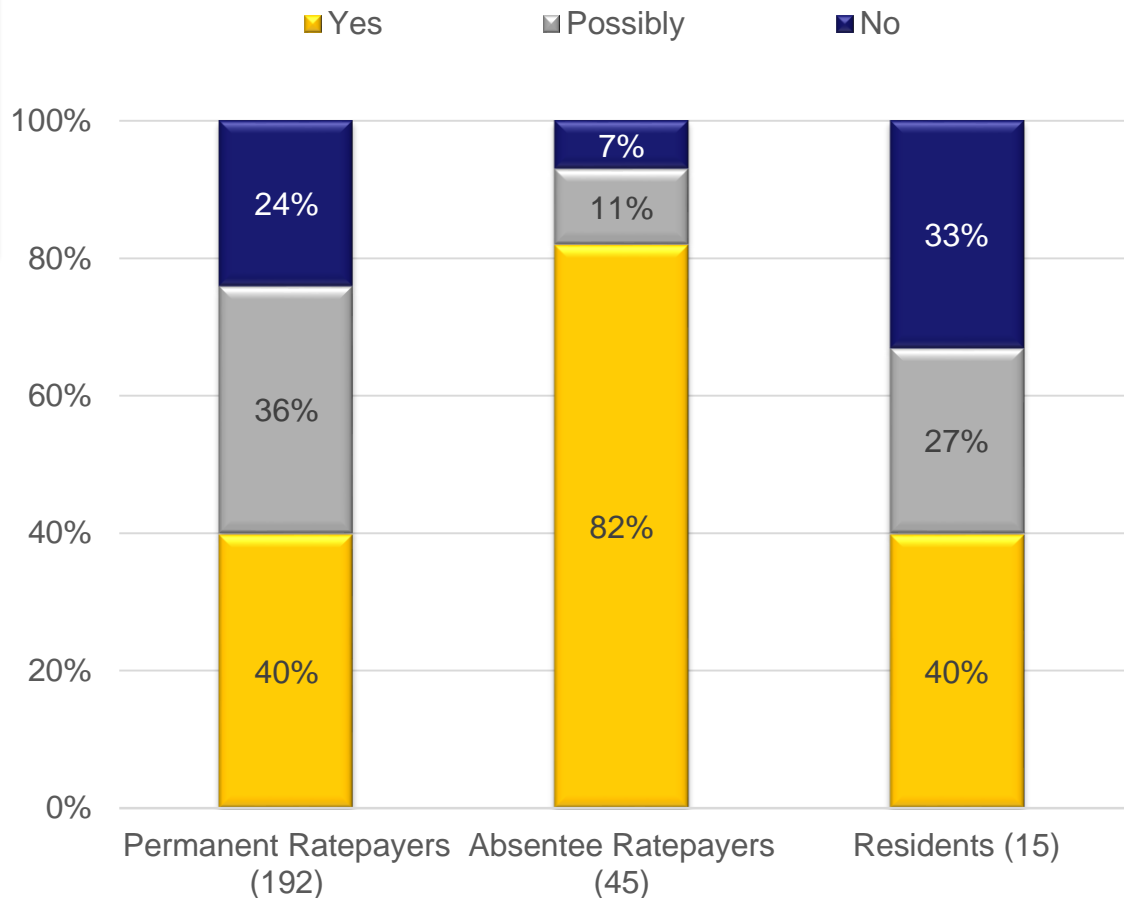


Are you satisfied with the performance of the Mackenzie District Council staff and management by Ratepayers?

Mode Ratings

Permanent Ratepayer	Yes	40%
Absentee Ratepayer	Yes	82%
Resident	Yes	40%

Absentee ratepayers are significantly more likely to say they are satisfied with the performance of staff and management at the Council compared with others overall.

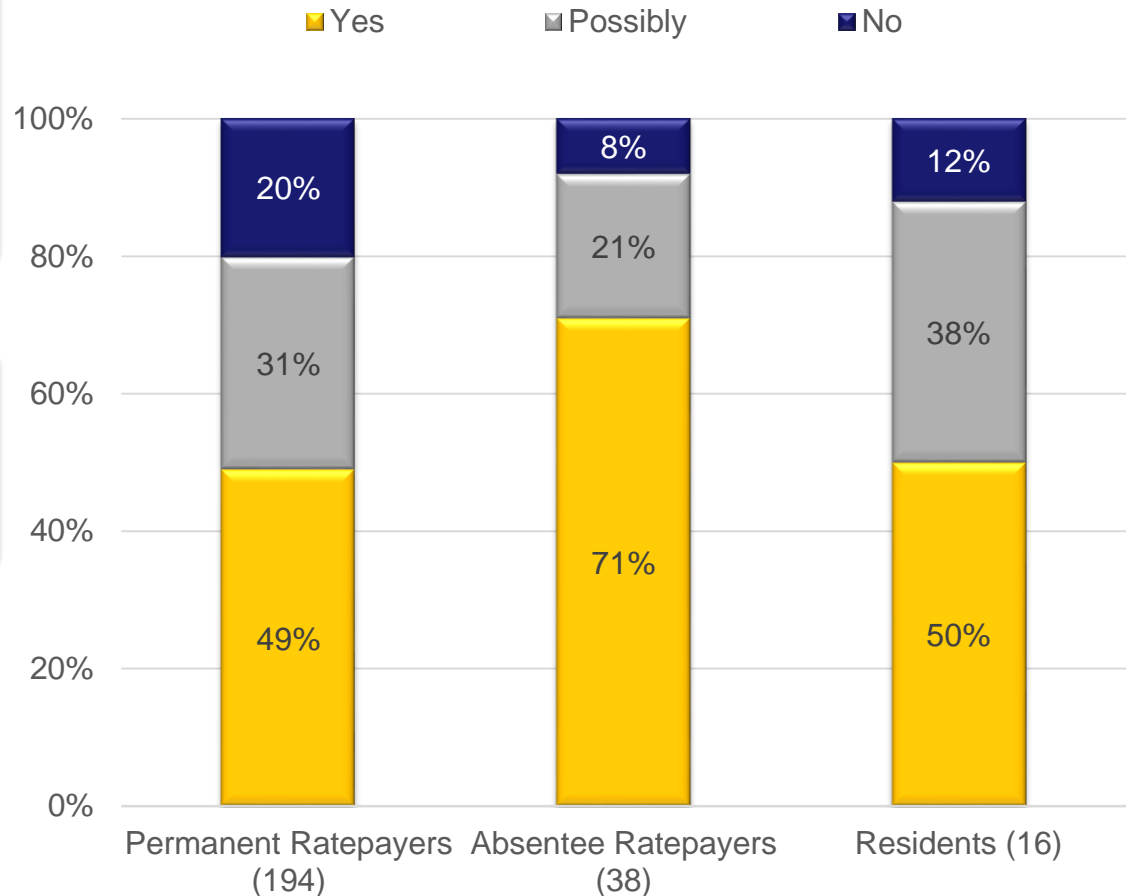


Are you satisfied with the performance of the Mackenzie District Council councilors and Mayor by Ratepayers?

Mode Ratings

Permanent Ratepayer	Yes	49%
Absentee Ratepayer	Yes	71%
Resident	Yes	50%

Absentee ratepayers are significantly more likely to say they are satisfied with the performance of councilors and Mayor compared with others overall.



Summary

Summary

- Similar to 2015, ratepayers are most satisfied with:
 - Cemeteries
 - Library services
 - Sewerage
 - Community halls and buildings
 - Parks, walkways, and playgrounds
- After having the largest improvement in 2015, public toilet satisfaction has had the largest decrease of all services and facility ratings in 2016
- Swimming pools, water quality, stormwater, and communications all had the largest increases in satisfaction since 2015
- Ratepayers are least satisfied overall with public toilets and water quality
- Half of the Council services and facilities ratings have decreased in satisfaction since 2015
 - 7 of the 14 measures have decreased at least slightly, with 3 remaining the same as in 2015
- Public toilets have been less satisfactory than in 2015 according to residents after having increased in satisfaction in 2015
 - Only slightly more people say they are using the public toilets in the district overall than they were last year
 - Lake Tekapo residents have especially low satisfaction ratings for the public toilets overall

Summary

- Absentee Ratepayers show the highest proportion of satisfaction compared with residents or permanent ratepayers for:
 - Managing resource management issues
 - Tourism promotion and economic development
 - Council staff and management
 - Councilors and Mayor
- The weakest service and facilities that should be considered for future focus include:
 - Public toilets - satisfaction ratings are the weakest in the district overall
 - Cemeteries - overall satisfaction levels have decreased significantly since 2015
 - Library services - the proportion of 'very satisfied' ratings decreased significantly in 2016, although the proportion of 'quite satisfied' ratings increased
 - Economic development satisfaction perceptions – may have driven down the satisfaction linked with tourism promotion in the district overall compared with 2015

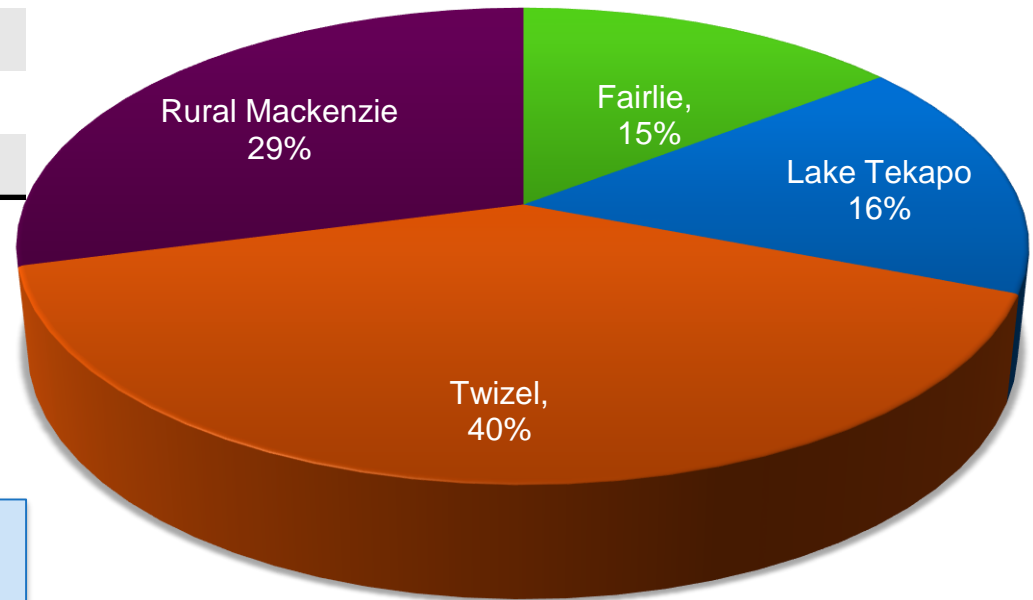
Summary – Satisfaction by area

- **Fairlie** residents are most satisfied with:
 - library services
 - sewerage treatment
 - cemeteries
 - Weakest areas of services and facilities are footpaths and water quality
- **Lake Tekapo** residents are most satisfied with:
 - cemeteries
 - sewerage treatment
 - library services
 - community buildings
 - Weakest areas include public toilets and water quality
- **Twizel** residents are most satisfied with:
 - cemeteries
 - library services
 - sewerage treatment
 - Weakest areas include public toilets and stormwater issues
- **Rural Mackenzie** residents are most satisfied with:
 - library services
 - sewerage treatment
 - cemeteries
 - Weakest areas include roading and public toilets

Who took part in the survey?

Area

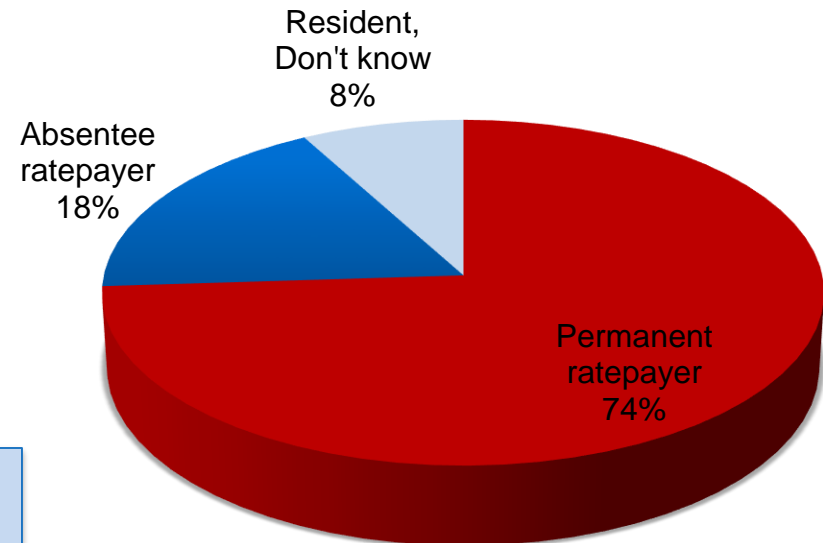
	Frequency	Percentage
Fairlie	40	15%
Lake Tekapo	45	16%
Twizel	110	40%
Rural Mackenzie	80	29%
Total	275	100%



The proportion of residents interviewed in each region is prescribed

Ratepayers

	Frequency	Percentage
Permanent Ratepayer	204	74%
Absentee Ratepayer	50	18%
Resident, Don't Know	21	8%
Total	275	100%

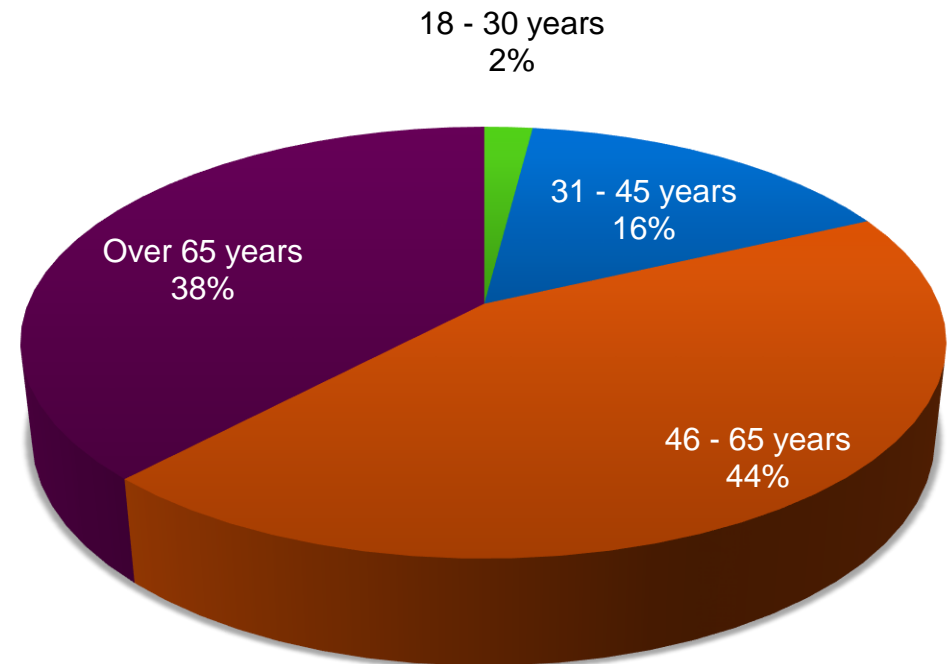


Nearly three-quarters of district residents interviewed (74%) were permanent ratepayers.

Age

	Frequency	Percentage
18 – 30 years	6	2%
31 – 45 years	43	16%
46 – 65 years	121	44%
Over 65 years	104	38%
Undisclosed/DK	1	0%
Total	275	100%

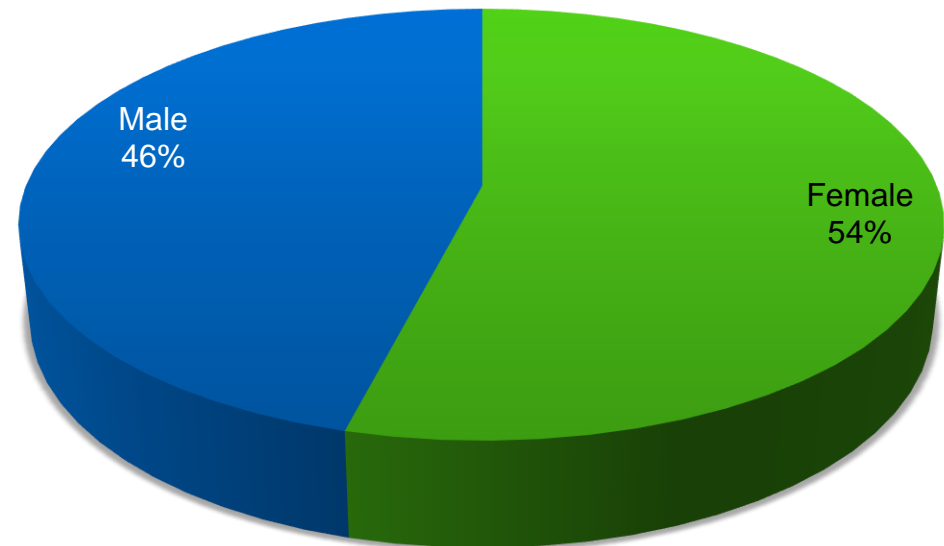
Just over a third of the sample (38%) was over the age of 65 years.



Gender

	Frequency	Percentage
Female	149	54%
Male	126	46%
Total	275	100%

Just over half the sample was female (54%)





**Mackenzie District Council
Ratepayers Opinion Survey 2016**

For more information please contact:
Fiona Hudson: Fiona@cinta.co.nz
Robyn Moore: research@cinta.co.nz

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: ALPINE ENERGY LTD ANNUAL REPORT 31 MARCH 2016

MEETING DATE: 30 AUGUST 2016

REF: FIN 9/3/3

FROM: CHIEF FINANCIAL OFFICER

PURPOSE OF REPORT:

To brief Council on the results for Alpine Energy Ltd full year to 31 March 2016.

STAFF RECOMMENDATIONS:

1. That the report be received and the contents noted.

PAUL MORRIS
CHIEF FINANCIAL OFFICER

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Appendix 1 – Alpine Energy Ltd Annual report to 31 March 2016.

BACKGROUND:

Council is a shareholder in the Alpine Energy Ltd (AEL) Group with a shareholding of 4.96%.

RESULTS OVERVIEW:

The network delivered 818Gwh against 806Gwh for the same period last year.

Annual capex totalled \$14.47 million compared with budget of \$13.67 million. With the top five areas of capex spend being: \$3.81 million on new connections and subdivisions, \$2.03 million on overhead line refurbishment and renewal, \$1.35 million on the Waihao Downs feeder, \$0.92 million on Pareoa sub-transmission line reconductoring and \$0.52 million on Replacement Ring Main Units.

AEL had a small number of potential serious harm incidents through the year.

Earnings from operations after tax were \$17.05 million which was 2.2% higher than the previous year of \$16.69 million. This represented a 13.4% return on shareholders' equity (13.9% in 2015 year).

Comprehensive income was \$16.03million compared to \$15.38 million in 2015.

Group revenue was \$63.85 million, 0.16% greater than the previous year of \$63.75 million.

Group expenses were \$40.67 million compared to \$41.76 million in 2015.

Four major event days during the year saw the reliability of supply exceed the targets with 1.13 SAIDI minutes over the regulatory threshold. This was due to the significant weather events experienced during the year.

The total SAIDI (System Average Interruption Duration Index) for the year was 155 minutes. By way of comparison SAIDI for 2015 was 140 minutes and 2014 was 275 minutes.

The total SAIFI (System Average Interruption Frequency Index) was 1.20 interruptions while AEL's allowable limit is 1.69.

Of particular satisfaction was the utilisation of AEL's new mobile generation and mobile substation. This was utilised in Fairlie during one of the major weather events, and after, while repairs were made. This also provided backup in Tekapo during scheduled maintenance.

Interim dividends of 4.10 cents per share were paid in September and December 2015 and March 2016. A final fully imputed dividend will be paid on 31 July 2016.

CONCLUSION:

AEL investment has performed solidly during the year.

Alpine Energy Annual Report 2015 - 2016





Earning from
operations after
tax were

\$17.05
MILLION

2.1%

higher than the
level achieved in
the previous year

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Chairman's Review

Alpine Group has delivered a strong result in the wake of continued network growth throughout South Canterbury. Results were ahead of budget with surplus after tax up 2.1% to \$17.05 million from \$16.69 million the previous year. Alpine's balance sheet remains strong and shareholder value continues to accrue satisfactorily.

Growth is expected to remain positive over coming years as we continue to pursue our vision as an integrated energy delivery solutions provider in strengthening our core distribution business along with securing opportunities through continued leadership in utilising new technologies and establishing commercial partnerships.

The largest growth across our network is expected from Waimate, Mackenzie, and Temuka regions. Waimate area alone on the back of developments at Oceania, Studholme, and Hunter Downs will necessitate the need for a new 220kV grid exit point with Transpower. After several years in the making progress is already well underway with Transpower with high level planning nearing completion.

Underpinning everything we do is our strong emphasis on health and safety; and this will continue under the new Worksafe legislation introduced from 1 April 2016. During the year we continued our health and safety campaigns, reaching through to staff and also their families, as well as to our contractors, subcontractors, our consumers, our schools, stakeholders and the general public.

We have long considered the electricity industry to be a safe industry, however we are very mindful that there are a lot of hazards and inherent risks which must be identified and systematically managed. The Board thank management and staff for their continued commitment to put health and safety first.

Four major event days during the year saw our reliability of supply exceed our targets with the year ending 1.13 SAIDI minutes over our regulatory threshold. This was a disappointing outcome given the extraordinary effort afforded over recent years to improve reliability, including the acquisition of mobile generators and substations. We will continue to work with both the regulator and consumers to ensure a prudent balance between reliability and

investment meets satisfactory levels of performance.

New technologies have featured prominently in media over the last 12 months, far more so than in previous years. We have agreed to the allocation of funds to trial a handful of technologies including leading the way with New Zealand's first Grid Tied battery storage unit, close-to-the-load off-grid wind generation, and Electric Vehicle rapid charging stations.

Within the Alpine Group Infratec continue to secure their presence in the South Pacific with renewable energy projects as well as partnering with EMC of Perth, Australia to deliver turnkey renewable energy solutions to existing and potential clients.

We continue progress of replacing aged analogue and digital type meters, which have reached the end of their useful life, with advanced metering assets. The overall project is behind schedule nationwide, however once complete our investment will for the first time in our company's history have real time, around the clock, access to power quality data of our low voltage network. Over time we expect to use this network data to significantly improve decision making in terms of network opex and network capex.

It is very pleasing to see the Group grow from strength to strength. Special thanks are extended to my fellow directors for their overall support and diligent contribution, and in particular on helping to set the strategic journey for the Group. Special thanks also to management and staff for their role in converting the Group's strategy into tangible outcomes.



S.R. Thompson
Chairman

Chief Executive's Review

I am very pleased to report another solid year for Alpine Group. Despite the challenges of four major event days throughout the year we managed to complete our budgeted network capex projects and additional third party new connection projects, and the majority of our budgeted network opex work.

The top five areas of network capex spend throughout the year included:

- \$3.81 million, New connections and subdivisions
- \$2.03 million, Overhead line refurbishment and renewal
- \$1.35 million, Waihao Downs feeder
- \$0.92 million, Pareoa sub-transmission line reconductoring
- \$0.52 million, Replacement Ring Main Units (RMUs)

Total Network capex spend was \$14.47 million against a budget of \$13.67 million.

Delivered energy across the network was 1.51% up on previous year at 818.17 GWh. Peak load of 134.4MW occurred in December 2015 which was a month earlier than the previous year's peak load of 125.7MW (January 2015).

Installation Control Points (ICPs), a measure of the number of connections to our network, increased by 0.83% to 31,936 from 31,672 the year before.

During the year we embarked on uplift in technical capability as we aligned our engineering resource functions to meet regulatory requirements of ISO 55,000 as well as knowledge and understanding of new technologies. By year end all but one senior management role had been filled.

Concurrent to building our technical capability we also continued our investment in new business support applications. Completed by year end and under budget was our new billing system AXOS and we also embarked on a new Asset Management, Finance and Payroll system.

Our pledge to 'zero harm' was dented slightly by a small number of potential serious harm incidents. Although our safety culture, as a measure of staff engagement, reporting levels, and proactive participation remains assessed as very high, we continually challenge ourselves to ensure health and safety is always our highest priority in everything we do. We are finding our critique and questioning moving away from processes and procedures which are very prescriptive and robust, to more of understanding the psyche of human behavior. From a 'Health' perspective we've increased the level of health initiatives to include family of

staff in some activities, mole mapping, suicide prevention, and general health awareness.

As with previous years we contributed widely to the community through support of specific projects such as the Waimate Community Complex, and through personal development scholarships, and business and sporting sponsorship.

Our Alliance with NETcon continues to provide the expected benefits of working closer together to ensure price, quality, and productivity are competitive and fit for purpose. In addition to the Alliance work NETcon priced competitively for third party work and assisted Alpine with the roll-out of advanced metering infrastructure.

New technologies are at fever pitch in media worldwide and from own assessment we foresee potential benefits from their use in specific applications across our network. We will continue to evaluate new and emerging technologies as part of our AMP (Asset Management Plan), continued business improvement, and commercial opportunities.

We currently have on trial:

- Grid tied battery storage unit
- Nissan Leaf Electric Vehicle
- Electric vehicle rapid charging stations
- Photovoltaic arrays (one with storage), and
- Off grid micro scale wind turbine

Of particular satisfaction during the year was the utilisation of our new mobile generation and mobile substation. During one of the major weather events in the year we were able to connect our mobile substation at Fairlie substation and 'power-up' the town while repairs were made to parts of the main network damaged in the storm. Without the mobile units power would have remained off until repairs were complete. We were also able to provide back up to Tekapo during scheduled maintenance on Transpower assets.

In conclusion we were satisfied with the solid performance of the Group and are well placed to attend to the challenges ahead of us.



A.G. Tombs
Chief Executive

Governance & Management

The Group operates under a set of corporate governance principals designed to ensure the Group is effectively managed.

The Board of Directors

The Board is appointed by shareholders to oversee the management of the company and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of all shareholders, while respecting the rights of other stakeholders. The Board met 10 times during the year.

Operation of the Board - Responsibilities

The Board is responsible for the management, supervision and direction of the company. This incorporates the long-term strategic financial plan, strategic initiatives, budgets and policy

The Board is the governing body of Alpine Energy Limited and currently has five directors.

framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

Audit & Risk Committee

The Audit and Risk Committee, comprising three directors (Steve Thompson, Warren Larsen and Warren Bell), reviews the Company's financial statements and announcements. It also liaises with the external auditors and reviews internal controls which are relevant to financial reporting and related matters. This Committee is chaired by Mr Larsen.



Stephen Thompson
Chairman



Andrew Tombs
Chief Executive



Alister France
Director



Warren Bell
Director



Michael Boorer
Group Manager - Corporate Services



Sara Carter
General Manager - Commercial & Regulatory



Warren Larsen
Director



Rick Ramsay
Director



Willem Rawlins
General Manager - Network



Stephen Small
General Manager - Safety and Risk

Financial Summary

Trend Statement for the Group

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Financial Performance					
Operating Revenue	63,851	63,749	53,590	46,035	39,555
Associate Entities' Earnings	439	159	(37)	124	138
Operating Surplus before Tax	23,622	22,153	15,396	15,424	12,847
Taxation	(6,568)	(5,461)	(4,071)	(4,518)	(3,496)
Net Surplus	17,054	16,692	11,325	10,906	9,351
Shareholder Distribution	8,472	7,976	7,563	7,563	7,563
Financial Position					
Current Assets	7,978	9,420	6,893	3,827	3,500
Non-Current Assets	213,314	192,642	183,092	161,272	152,480
Total Assets	221,292	202,062	189,985	165,099	155,980
Liabilities	90,241	78,566	73,894	53,466	47,543
Net Assets	131,051	123,496	116,092	111,633	108,437
Share Capital	41,328	41,328	41,328	41,328	41,328
Retained Earnings & Reserves	89,723	82,168	74,764	70,305	67,109
Equity	131,051	123,496	116,092	111,633	108,437
Financial Ratios					
Net Surplus to Average Shareholders Equity	13.4%	13.9%	9.9%	9.9%	8.7%
Tangible Assets per Share	\$5.34	\$4.89	\$4.58	\$3.99	\$3.79
Earnings per Share (cents)	41.3	40.4	27.4	26.4	22.6
Dividend per Share (cents)	20.5	19.3	18.3	18.3	18.3
Statistics					
SAIDI (System Average Interruption Duration Index)	155	140	275	148	162
SAIFI (System Average Interruption Frequency Index)	1.18	1.16	2.00	1.30	1.26

Note: All financial figures have been prepared in accordance with NZ IFRS.

Directors' Report

Alpine Energy and its subsidiaries delivered another solid financial result for its shareholders.

General Disclosures

Principal Activities

The principal activity of Alpine Energy Limited (the Company) is ownership of its electricity distribution network. The Group, comprising Alpine Energy Limited and its subsidiaries (NETcon Limited Group and Timaru Electricity Limited) and associated entities (Rockgas Timaru Limited and On Metering Limited) also undertakes asset management and contract services. Alpine also has 12.5% shareholding in SmartCo Limited and further 6.25% through its associated entity On Metering Limited.

Review of Operations

Group Operating Revenue of \$63.85 million was achieved for the year, 0.16% greater than the previous year.

The Group Operating Surplus before tax for the year was \$23.622 million, 6.63% more than the previous year.

Review of Financial Performance

The financial statements presented have been prepared in accordance with the Accounting Policies forming part of these Financial Statements.

Results for the year ended 31 March 2016	Group	
	2016 \$'000	2015 \$'000
Profit before income tax	23,622	22,153
Income Tax	(6,568)	(5,461)
Net Surplus after Income Tax attributable to the Shareholders	17,054	16,692

Share Capital

Total issued and paid up capital as at the 31st March 2016 was 41,328,017 Ordinary Fully Paid Shares. There have been no movements in share capital during the year.

Dividends

Interim dividends, each of 4.10 cents per share, were paid in September and December 2015 and March 2016.

A fully imputed final dividend of \$3.389 million will be paid on 31st July 2016 to all shareholders on the company's register at the close of business on the 22nd July 2016. This dividend is included in the dividends for the year of \$8.472 million, and has been provided for.

Solvency certificates were completed in support of the interim dividend declarations on 24th September and 26th November 2015 and 25th February 2016, and the final dividend solvency certificate will be submitted to Directors for approval on the 28th July 2016.

The interim and final dividends relating to 2015/16 represent 52.86% of the Total Comprehensive Income for the Group, excluding customer contributions.

Return on shareholders' equity and state of affairs

The Group net surplus after income tax attributable to the shareholders for the year ended 31st March 2016 represents 13.40% return on average total shareholders equity.

The Directors are of the opinion that the state of affairs of the company is satisfactory.

Directors

Parent

Mr S.R. Thompson (Chairman), Mr R.D. Ramsay, Mr W.A. Larsen, Mr A.J. France, Mr W.J. Bell.

Subsidiaries

Mr S.R. Thompson (Chairman), Mr R.D. Ramsay, Mr W.A. Larsen, Mr A.J. France, Mr W.J. Bell, Mr M.F. Boorer

Associates

Mr R.D. Ramsay, Mr A. J. France, Mr A.G. Tombs, Mr M.F. Boorer

Directors Interests in Contracts

The following directors of companies within the Group have declared interests in identified entities as shareholder and/or director. The declaration serves as notice that the Director may benefit from any transactions between the Company or Group and the identified entities.

Mr S. R. Thompson

Name of Company/Entity	Interest
Abbey Field Construction Ltd	Shareholder
Andgra Limited	Shareholder
Aspiring Guides Ltd	Shareholder
Best View Limited	Director
Best View Limited	Shareholder
Cairnmuir Road Winery Ltd	Director
Cairnmuir Road Winery Ltd	Shareholder
Canterbury Aluminium Ltd	Director
EAL Investments Ltd	Shareholder
Ellisons Aluminium Ltd	Director
Ellisons Aluminium Central Ltd	Director
F.S. Investments Ltd	Director
Infratec Ltd	Director
Infratec Renewables (Rarotonga) Ltd	Director
Integrated Contract Solutions Ltd	Director
Keano's Trustee Company Ltd	Director
Kingsgate Properties Limited	Shareholder
McKenzie Architects Limited	Shareholder
Millenium Solutions Ltd	Director
NETcon Limited	Chairman
OB Horn Company Ltd	Shareholder
Owhiro River Limited	Director
Passmore Consulting Services Ltd	Director
Passmore Consulting Services Ltd	Shareholder
Richard E Shackleton Architects Ltd	Shareholder
Ripponvale Irrigation Company Limited	Shareholder
Southern Aluminium Joinery Ltd	Director
Timaru Electricity Ltd	Chairman
Thompson Bloodstock Ltd	Chairman
Thompson Bloodstock Ltd	Shareholder
Wanaka Bay Ltd	Director
Westminster Resources Ltd	Director
Whitestone Contracting Limited	Director

Mr R. D. Ramsay

Name of Company/Entity	Interest
Infratec Ltd	Director
Infratec Renewables (Rarotonga) Ltd	Director
NETcon Limited	Director
Pukaki Airport Board	Member
Rockgas Timaru Ltd	Director
Salmon Smolt New Zealand Ltd	Director

Mr A. J. France

Name of Company/Entity	Interest
Geraldine Bus Services Trust	Chairman
Geraldine Licensing Trust	Trustee
Holbrook Trust	Director
Infratec Ltd	Director
Infratec Renewables (Rarotonga) Ltd	Director
NETcon Limited	Director
Rockgas Timaru Ltd	Director
The Juicy Tree Co Ltd	Director

Mr W. A. Larsen

Name of Company/Entity	Interest
Centreport Limited	Chairman
Centreport Properties Limited	Director
Centreport Property Management Limited	Director
Bostock Group Ltd	Director
Harbour Quays Property Ltd	Director
Larsen Consultancy Services Ltd	Principal
NETcon Limited	Director
NZAEL Limited	Chairman
Zespri Remuneration Committee	Member

Mr W. J. Bell

Name of Company/Entity	Interest
C.H.C. Properties Ltd	Director
Cyprus Enterprises Limited	Director
Glassons Ltd	Director
Glassons Australia Ltd	Director
Hallensteins (Australia) Ltd	Director
Hallenstein Bros Ltd	Director
Hallenstein Glasson Holdings Ltd	Director
Hallenstein Properties Ltd	Director
Meadow Mushrooms Group of Companies	Director
Meadow Mushrooms Ltd	Director
NETcon Limited	Director
Poraka Limited	Director
Poraka Limited	Shareholder
Retail 161 Ltd	Director
Retail 161 (Australia) Ltd	Director
Ryman Healthcare	Director
Sabina Ltd	Director
Selwyn District Council -	
Rolleston Industrial Park Committee	Member
St Georges Hospital	Chairman
Warren Bell Ltd	Director

Mr A. G. Tombs

Name of Company/Entity	Interest
New Zealand and Pacific Solar Council	Director
SC Chamber of Commerce	Vice President
Smart Co Ltd	Director

Mr M. F. Boorer

Name of Company/Entity	Interest
Rockgas Timaru Ltd	Alternative Director
Timaru Electricity Ltd	Director
On Metering Ltd	Director
Smart Co Ltd	Director
South Canterbury District Health Board	Member

No material contracts involving Directors' interests were entered into after the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in note 26 to the financial statements.

Indemnification and Insurance of Officers and Directors

The company continues to indemnify all directors named in this report against any liability to any person other than the Company or a related company for any act done or omission made in a Director's capacity as a Director of the Company, and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is criminal liability for breach of Section 131 of the Companies Act 1993.

During the financial year the Company paid insurance premiums in respect of directors, and officers' liability insurance. The policies do not specify the premium for individual directors and executive officers.

The directors' and officers' liability insurance provides cover against all costs and expenses

involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as director or executive officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Donations

Donations paid during the year totalled \$19,958 (2014/2015 \$17,630).

Use of Company Information

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors’ Remuneration and Benefits from the Company

	Parent	Subsidiaries	Joint Venture	Total
S.R. Thompson	83,784	-		83,784
R.D. Ramsay	44,342	-	1,875	46,217
W.A. Larsen	48,776	-		48,776
A.J. France	44,342	-	1,875	46,217
W.J. Bell	44,342	-		44,342
	265,586	-	3,750	269,336

Mr Boorer did not receive any remuneration directly related to the position of Director of a Subsidiary Company that he held for a period during the year.

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit, (other than a benefit included in the total emoluments received or due and receivable by Directors shown in the financial statements) other than those due in the ordinary course of business.

Employee Remuneration

Details of remuneration ranges for employees of the Group are:

Remuneration Range	Number of Employees
\$100,000-\$109,999	12
\$110,000-\$119,999	8
\$120,000-\$129,999	6
\$130,000-\$139,999	9
\$140,000-\$149,999	6
\$150,000-\$159,999	1
\$160,000-\$169,999	2
\$170,000-\$179,999	4
\$200,000-\$209,999	1
\$210,000-\$219,999	1
\$250,000-\$259,999	1
\$340,000-\$349,999	1

Auditors

In accordance with Section 45 of the Energy Companies Act 1992, the Auditor-General is responsible for the audit of Alpine Energy Limited. In accordance with Section 29 of the Public Finance Act 1977, the Auditor-General has contracted the audit of Alpine Energy Limited to Mark Bramley, using the staff and resources of PricewaterhouseCoopers. The audit fee for the Group for 2015/16 is \$109,061 (2014/15 \$88,648).

[Signature]

S.R. Thompson
Chairman
8 June 2016

[Signature]

A. J. France
Director

Directors Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group at 31 March 2016 and their financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company and Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates, and that all relevant reporting and accounting standards have been met.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the financial statements of Alpine Energy Limited and Group for the year ended 31 March 2016.

For and on behalf of the Directors.

[Signature]

S.R. Thompson
Chairman

[Signature]

A. J. France
Director



Financial Statements

Statement of Comprehensive Income for the year ended 31 March 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Revenue	5	63,851	63,749
Expenses	6		
Transmission		14,770	13,733
Depreciation Amortisation and Loss on Disposal		6,922	6,624
Contract Services		6,546	7,741
Employee Benefits		9,998	9,756
Interest	7	2,313	2,300
Other		119	1,601
		40,668	41,755
Operating Surplus		23,183	21,994
Share of Profit from Joint Ventures/Associates	10	439	159
Profit Before Income Tax		23,622	22,153
Taxation	11	6,568	5,461
Profit From Operations		17,054	16,692
Other Comprehensive Income for the Year			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on Revaluation of Land And Buildings	12	233	(89)
		233	(89)
Items that may be subsequently reclassified to profit or loss			
(Loss) on Interest Rate Swap		(1,260)	(1,223)
		(1,260)	(1,223)
Total Comprehensive Income for the Year		16,027	15,380

Statement of Changes in Equity for the year ended 31 March 2016

	Contributed Equity \$'000	Revaluation Reserve \$'000	Hedge Earnings \$'000	Retained Earnings \$'000	Total Equity \$'000
GROUP					
Balance as at 1 April 2014	41,328	2,295	62	72,408	116,092
Comprehensive Income					
Profit from Operations	-	-	-	16,692	16,692
Other Comprehensive Income /(Loss)	-	(89)	(1,223)	-	(1,312)
	-	(89)	(1,223)	16,692	15,380
Transactions with Owners					
Dividends	-	-	-	(7,976)	(7,976)
BALANCE AT 31 MARCH 2015	41,328	2,206	(1,161)	81,124	123,496
GROUP					
Balance as at 1 April 2015	41,328	2,206	(1,161)	81,124	123,496
Comprehensive Income					
Profit from Operations	-	-	-	17,054	17,054
Other Comprehensive Income /(Loss)	-	233	(1,260)	-	(1,027)
	-	233	(1,260)	17,054	16,027
Transactions with Owners					
Dividends	-	-	-	(8,472)	(8,472)
BALANCE AT 31 MARCH 2016	41,328	2,439	(2,421)	89,706	131,051

Balance Sheet as at 31 March 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Equity			
Share Capital	17	41,328	41,328
Reserves		17	1,044
Retained Earnings	18	89,706	81,124
Total Shareholders Equity		131,051	123,496
Current Assets			
Cash and Cash Equivalents	16	691	630
Trade and Other Receivables	15	2,756	3,436
Inventories	9	4,527	5,307
Work In Progress		4	47
Total Current Assets		7,978	9,420
Current Liabilities			
Trade and Other Payables	19	7,719	7,457
Employee Entitlements		1,467	1,419
Dividends Payable		3,389	3,191
Tax Payable		(248)	(33)
Total Current Liabilities		12,327	12,034
Net Working Capital		(4,349)	(2,614)
Non Current Assets			
Investments in Subsidiaries	8	-	-
Investments Accounted for Using the Equity Method	10	244	115
Property, Plant and Equipment	12	207,791	189,654
Intangible Assets	13	458	366
Related Party Loan	26	4,690	2,507
Investment		131	-
Total Non-Current Assets		213,314	192,642
Non Current Liabilities			
Net Deferred Tax	21	22,142	19,589
Derivatives	14	3,362	1,613
Loans	20	52,410	45,330
Total Non-Current Liabilities		77,914	66,532
Net Assets		131,051	123,496

Statement of Cash Flows for the year ended 31 March 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Cash Flows From Operating Activities			
Cash was provided from:			
Receipts from customers		65,266	60,559
		65,266	60,559
Cash was applied to:			
Payments to suppliers		(31,600)	(32,524)
Income Tax Paid		(3,785)	(3,453)
Net GST Paid		123	254
Interest Paid		(2,313)	(2,300)
		(37,575)	(38,023)
Net Cash Inflow From Operating Activities	22	27,691	22,536
Cash Flows From Investing Activities			
Cash was provided from:			
Proceeds from sale of fixed assets		102	96
Dividends Received		100	100
Cash was applied to:			
Purchase of Property, Plant and Equipment		(25,390)	(15,934)
Investment in Associated Entities		(1,248)	(14)
Net Cash Outflow From Investing Activities		(26,436)	(15,752)
Cash Flows From Financing Activities			
Cash was provided from:			
Loan from Bank		7,080	1,001
Cash was applied to:			
Dividend Paid		(8,274)	(7,810)
Cash Outflow From Financing Activities		(1,194)	(6,809)
Net Increase/(Decrease) In Cash Held		61	(25)
Add opening cash brought forward		630	655
Cash and Cash Equivalents at End of the Year		691	630





Notes to the Financial Statements

1. General Information

Alpine Energy Limited ("the Company") and its subsidiaries and joint arrangements (together, "the Group") own an electricity distribution network, and also undertake asset management contracting services.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 31 Meadows Road, Washdyke, Timaru.

These consolidated financial statements have been approved for issue by the Board of Directors on 8 June 2016.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the

consolidated financial statements are disclosed in note 4.

Entities reporting

The consolidated financial statements for the 'Group' are for the economic entity comprising Alpine Energy Limited, its subsidiaries and joint arrangements. The Company and Group are designated as profit oriented entities for financial reporting purposes.

Statutory base

Alpine Energy Limited is a company registered under the Companies Act 1993 and an Energy Company under the Energy Companies Act 1992. The financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992, and the Companies Act 1993. In accordance with the Energy Companies Act 1992 because group financial statements are prepared and presented for Alpine Energy Limited and its subsidiaries, separate financial statements for Alpine Energy Limited are no longer required to be prepared and presented.

2.1.1 Changes in accounting policies and disclosures

(a) New standards not yet adopted by the Group

The Group only adopts new accounting standards once they have been issued and are effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

NZIFRS 15: Revenue from contracts with customers (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for

revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

This standard may significantly impact the Group where long term or construction revenue contracts are entered into.

NZ IFRS 9: Financial Instruments (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 January 2018. The Group is yet to assess NZ IFRS 9's full impact.

NZ IFRS 16: Leases (Effective date: periods beginning on or after 1 January 2019)

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an

operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'.

The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the purchase method to account for business combinations. The consideration transferred for an acquisition of a subsidiary is measured as the fair value of assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred and non-controlling interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint Arrangements

The Group has applied NZ IFRS 11 to all joint arrangements as of 1 April 2013. Under NZ IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Alpine Energy Limited has assessed the nature of its two joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint venture are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed

where necessary to ensure consistency with the policies adopted by the Group. This has been applied from 1 April 2013.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented within 'Other (losses)/gains-net'.

2.4 Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets' original cost is transferred from 'other reserves' to 'retained earnings'.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The rates are as follows:

Reticulation system	1.00% - 36.00%
Meters and Relays	2.00% - 50.00 %
Plant and Equipment	1.00% - 94.40%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "Other (losses)/gains - net" in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

2.5 Intangible assets
(a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets have a finite useful life and are amortised over their economic useful life of 2-5 years.

(b) Easements

Assets sited on easements will normally be renewed at the end of their economic life in the same location that they are currently housed.

On this basis the easement itself has an infinite life. Easements are recorded at cost and are tested annually for any sign of impairment and whenever there is an indicator of impairment.

2.6 Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 Financial assets

2.7.1 Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets/liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents', and 'other investments' in the balance sheet.

(c) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(d) Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

2.7.2 Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sells the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other (losses)/gains-net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount

of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 Inventories

Inventories are stated at the lower of weighted average cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of work in progress comprises design costs, raw materials, direct labour, and other direct costs and related production overheads (based on normal operating capacity).

2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised at fair value.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the

temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associated and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

The Group has no post-employment schemes.

2.18 Provisions

Provisions for legal claims, service warranties and rental obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.19 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods supplied stated net of discounts, rebates and goods and services tax. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Network Lines Charges

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

(b) Sales of goods

Sales of goods are recognised when a Group entity has delivered a product to the customer. Retail sales are usually in cash or by bank transfer. The recorded revenue is the gross amount of sale.

(c) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(d) Construction contracting

Contract revenue and expenses related to individual construction contracts are recognised

as a percentage of completion of each contract on a monthly basis.

(e) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(f) Customer Contributions

Contributions from customers in relation to the construction of new lines for the network and donated assets are accounted for as income when the asset is connected to the network.

2.20 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.21 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 Leases

(a) Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.24 Construction contracts

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Contract work in progress is stated at cost less amounts invoiced to customers. Cost includes all expenses directly related to specific contracts.

2.25 Goods and services tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

3. Financial Risk Management

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group may from time to time purchase assets denominated in foreign currency. The policy is that Board approval is required for foreign currency denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the use of foreign exchange contracts.

(ii) Cash flow and fair value interest rate risk

The Group operates under the following policy which prescribes the proportion of fixed interest rate cover that it must hold in relation to its future borrowings. This proportion is calculated based on the actual fixed rate cover held and the forecast debt levels. The Group will have various interest rate financial instruments to manage exposure to fluctuations in interest rates. Any resulting differential to be paid or received on the instruments is recognized as a component of interest paid.

The following framework is utilised by the Group to determine the proportion of fixed rate interest rate cover it must hold.

Hedging profile

Period	Minimum Cover	Maximum Cover
0 – 1 year	25%	75%
1 – 3 years	25%	75%
3 – 5 years	25%	75%

The Board will determine the maximum and minimum percentages for each time period. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed. The Group has no cash on deposit.

Occasionally the Group also enters into fixed-floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates in excess of the target.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. General financial reserves of the Group may be invested with any bank registered under New Zealand law, or in government or local government stock, or with financial institutions holding a formal credit rating by Standard and Poors or Moody's of an "A" or better, or financial institutions that provide well supported first ranking security. Funds will be invested only for periods of time which reflect the projected cash flow requirements of the Group. The maximum investment in any one financial institution shall not exceed a sum equivalent to 5% of the Group's total assets, as disclosed in the statement of financial position published in the preceding annual report of the Group. Credit risk associated with trade receivables is limited through retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit is also limited with trade receivables by the requirement of a 50% upfront payment of the customer contribution for new connections before work is started.

(c) Liquidity risk

Liquidity risk management has the objective of maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet the short and long term commitments of the Group as they arise in an orderly manner. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities.

Liquidity risk

	Group	
	2016 \$'000	2015 \$'000
External funding arrangements Overdraft facility - BNZ	5,000	500
Long Term funding Maturing greater than 12 months Flexible Credit Facility (ANZ) Money Market Line (ANZ)	35,000 17,410	30,000 15,330

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The value of any financial instruments that are not traded in and active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Refer to note 14.

(e) Capital risk management

The Group's objective when managing capital (which comprises share capital plus retained earnings) is to safe guard the ability to continue as a going concern in order to provide returns to

shareholders, consumers, and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

During 2016, the Group's strategy, which was unchanged from 2015, was to maintain the Shareholders Equity to Total Asset ratio to be greater than 50%.

The Group is subject to the following externally imposed capital requirements, which are measured at balance date. They relate to bank covenants within the Company's external debt facility.

Capital risk management

	Group	
	2016 \$'000	2015 \$'000
Tangible Assets Total Equity	220,834 131,050	202,063 123,496
Shareholders Equity to Total Assets	59.3%	61.1%
EBIT Interest Cost	25,936 2,313	24,454 2,300
Interest Cover	11:1	11:1

(Shareholder Investment/Total Tangible Assets) x100 ≥ 50.00%

EBIT/Interest Costs ≥ 3.0

4. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make certain critical accounting estimates and judgements that affect the application of policies and reported amount of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Meters

The useful life of the legacy meters has been shortened to allow for the change to new smart meters. The depreciation has been accelerated to reflect this change.

(b) Property, plant and equipment

Network reticulation assets' depreciation rates are as stated in the ODV Handbook issued by the Commerce Commission in 2004. These rates are considered a reasonable estimate of useful lives.

4.2 Critical judgements in applying the entity's accounting policies

(a) Bamyan Renewable Energy Project Partnership

In the current year the final profit of \$209,000 has been recognised as the Groups share in the Partnership.

(b) Joint arrangements

Alpine Energy has two joint arrangements - Rockgas Timaru Limited and On Metering Limited. Alpine Energy holds 50% of the voting rights of each of its joint arrangements. The Group has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, both arrangements are classified as joint ventures.

5. Revenue

	Group	
	2016 \$'000	2015 \$'000
Network Lines Revenue	52,194	51,134
Meter Revenue	2,104	1,902
Contracting Revenue	2,576	6,225
Interest	1	2
Customer Contributions	5,831	3,470
Sundry	1,145	1,016
	63,851	63,749

6. Expenses

	Group	
	2016 \$'000	2015 \$'000
Audit Fee	98	89
Auditor's Other Services	-	40
- Non-assurance services	31	29
- Information Disclosure Audit	19	34
	148	192
Directors Fees	269	260
Bad Debts Written Off	19	87
Donations	20	17
Rent	56	56
Interest Expense	2,313	2,300
Depreciation of Property, Plant and Equipment		
Network Reticulation System	4,665	4,333
Meters and Relays	569	735
Land and Buildings	52	52
Fibre	146	147
Plant and Equipment	1,270	1,019
Total Depreciation	6,702	6,286
Amortisation	140	138
Loss on Disposal of Property, Plant and Equipment	80	200
Total Depreciation, Amortisation and Impairment	6,922	6,624

7. Finance Income and Costs

	Group	
	2016 \$'000	2015 \$'000
Interest expense:		
- Bank borrowings	2,313	2,300
Finance Costs	2,313	2,300
Finance income:		
- Interest income on short-term bank deposits	1	2
Finance income	1	2
Net Finance Costs	2,313	2,298

8. Investment in Subsidiaries

Subsidiary	Interest	Balance Date	Principal Activity
Timaru Electricity Limited	100%	31 March	Non-trading
NETcon Limited	100%	31 March	Lines construction and maintenance

9. Inventory

	Group	
Inventory on hand	2016 \$'000	2015 \$'000
Smart meters	3,156	4,127
Stock	1,371	1,180
Closing Balance	4,527	5,307

10. Investments Accounted for using the Equity Method

Joint Ventures include:	Interest	Balance Date	Principal Activity
Rockgas Timaru Limited	50%	31 March	Sale of LPG Gas
On Metering Limited	50%	31 March	Electricity meter leasing Company

Rockgas Timaru Limited is a joint venture to sell LPG in Timaru area. Rockgas Timaru Limited is owned by Alpine Energy Limited (50%) and Contact Energy Limited (50%) and formed on 29 March 1994.

Infratec Ltd, a wholly-owned subsidiary of NETcon Limited, has a 30% share of a partnership with SESI International (2011) Limited to construct a solar power project in Bamyan City in Afghanistan.

On Metering Limited is a joint venture to install advanced meters in the Mainpower network area in North Canterbury. OnMetering Limited is owned by Alpine Energy Limited (50%) and Network Tasman Limited (50%) and formed on 06 June 2013.

The project is being funded by the New Zealand Government through the Ministry of Foreign Affairs and Trade. The partnership is accounted for as an associate investment. \$209,723 of profit has been recognised within the partnership in the current year (2015: nil).

10. Investments Accounted for using the Equity Method (continued)

Rockgas Timaru Limited	2016 \$'000	2015 \$'000
Assets	768	660
Liabilities	277	226
Revenues	2,358	2,225
Profit	258	233
Opening Balance	220	204
Share of Profit	129	116
Dividends Received	(100)	(100)
Closing Balance	249	220
Represented as:		
Shares	5	5
Retained Earnings	24	215
	249	220
On Metering Limited	2016 \$'000	2015 \$'000
Assets	8,861	4,473
Liabilities	8,872	4,683
(Loss)	(10)	(211)
Opening Balance	(105)	(148)
Share of Profit	100	43
Closing Balance	(5)	(105)
Represented as:		
Retained Earnings	(5)	(105)
	(5)	(105)
Bamyan Renewable Energy Partnership	2016 \$'000	2015 \$'000
Opening Balance	-	-
Share of Profit	210	-
Closing Balance	210	-
Total Share of Profit from Joint Ventures/Associates	439	159

11. Income Tax Expense

	Group	
	2016 \$'000	2015 \$'000
Operating Surplus Before Income Tax	23,622	22,153
Taxation @ 28 Cents	6,614	6,203
Movement in Income Tax Due to:		
Permanent Tax Differences		
Non Assessable Income	(76)	(54)
Non Deductible Expenses	60	37
Prior Period Adjustments	(30)	(725)
Tax Expense for Period	6,568	5,461
Made up of:		
Income Tax Liability in Respect of Current Year	3,794	4,376
Prior Period Current Tax Adjustment	(178)	(398)
Prior Period Deferred Tax Adjustment	148	(327)
Deferred Taxation	2,804	1,810
	6,568	5,461
The tax (charge)/credit relating to components of other comprehensive income is as follows:		
Gain/(Loss) on Revaluation of Land And Buildings Before Tax	323	(124)
The tax (charge)/credit on Revaluation of Land And Buildings	(90)	37
Gain/(Loss) on Revaluation of Land And Buildings After Tax	232	(87)
Gain/(Loss) on Interest Rate Swap Before Tax	(1,749)	(1,675)
The tax (charge)/credit on Interest Rate Swap (including Prior Period Adjustment)	489	452
Gain/(Loss) on Interest Rate Swap After Tax*	(1,260)	(1,223)
Imputation Credit Account Group and Parent		
Opening Balance	2,519	1,603
Prior Period Adjustment		
Income Tax Paid/Payable	5,211	4,137
Income Tax Refunded/Refundable	(1,580)	(154)
Imputation Credits Received	39	35
Imputation Credits Allocated and to be Allocated to Dividends	(3,362)	(3,102)
CLOSING BALANCE	2,827	2,519

* Unrealised Market to Market Loss

12. Property, Plant and Equipment

	Network Reticulation System \$'000	Meters and Relays \$'000	Land and Buildings \$'000	Fibre \$'000	Plant and Equipment \$'000	Total \$'000
GROUP						
Year Ended 31 March 2015						
Opening Net Book Amount	165,546	1,481	6,262	3,134	4,146	180,569
Revaluation	-	-	(124)	-	-	(124)
Additions	12,115	3	329	-	3,339	15,786
Disposals	(232)	-	-	-	(64)	(296)
Depreciation Charge	(4,333)	(735)	(52)	(147)	(1,014)	(6,281)
Closing Net Book Amount	173,096	749	6,415	2,987	6,407	189,654
At 31 March 2015						
Cost	216,493	4,979	6,448	3,611	13,930	245,461
Accumulated Depreciation	(43,397)	(4,230)	(33)	(624)	(7,523)	(55,807)
Net Book Amount	173,096	749	6,415	2,987	6,407	189,654
Year Ended 31 March 2016						
Opening Net Book Amount	173,096	749	6,415	2,987	6,407	189,654
Revaluation	-	-	322	-	-	322
Additions	17,737	4,688	716	-	1,557	24,698
Disposals	(87)	-	-	-	(94)	(181)
Depreciation Charge	(4,665)	(569)	(52)	(146)	(1,270)	(6,702)
Closing Net Book Amount	186,081	4,868	7,401	2,841	6,600	207,791
At 31 March 2016						
Cost	234,143	9,667	7,486	3,611	15,393	270,300
Accumulated Depreciation	(48,062)	(4,799)	(85)	(770)	(8,793)	(62,509)
Net Book Amount	186,081	4,868	7,401	2,841	6,600	207,791
					2015 \$'000	2016 \$'000
Included in the closing Net Book Value is Capital Work in Progress					7,411	9,038

Revaluation of Land and Buildings

An independent valuation of the Group's land and buildings was performed by G. A. Morton, an independent registered, public valuer, to determine the fair value of the land and buildings as at 31 March 2016 and 2015. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is included in 'Revaluation Reserves' in equity.

Level 2 fair values of land and buildings have been derived using the market approach. This approach takes sales prices of comparable land and buildings in close proximity and adjusts for differences in key attributes such as property size. The market approach also takes into account rental income from the current lease agreements for the property.

13. Intangible Assets

Group	Easements	Computer Software	Total
Year Ended 31 March 2015			
Opening Net Book Amount	60	132	192
Additions	-	312	312
Disposals	-	-	-
Amortisation	(1)	(137)	(138)
Closing Net Book Amount	59	307	366
At 31 March 2015			
Cost	99	1,023	1,122
Accumulated Amortisation	(40)	(716)	(756)
Net Book Amount	59	307	366
Year Ended 31 March 2016			
Opening Net Book Amount	59	307	366
Additions	-	232	232
Disposals	-	-	-
Amortisation	(1)	(139)	(140)
Closing Net Book Amount	58	400	458
At 31 March 2016			
Cost	99	1,255	1,354
Accumulated Amortisation	(41)	(855)	(896)
Net Book Amount	58	400	458

14. Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Group	Derivatives used For Hedging	Loans and Receivables	Total
As at 31 March 2015			
Related Party Loan	-	2,507	2,507
Receivables	-	3,436	3,436
Cash and Cash Equivalents	-	630	630
Interest Rate Swap	-	-	-
	-	6,573	6,573
As at 31 March 2016			
Related Party Loan	-	4,690	4,690
Receivables	-	2,755	2,755
Cash and Cash Equivalents	-	691	691
Interest Rate Swap	-	-	-
	-	8,136	8,136
As at 31 March 2015			
Trade and Other Payables	-	(7,457)	(7,457)
Interest Rate Swap	(1,613)	-	(1,613)
Long Term Borrowings	-	(45,330)	(45,330)
	(1,613)	(52,787)	(54,400)
At 31 March 2016			
Trade and Other Payables	-	(7,719)	(7,719)
Interest Rate Swap	(3,362)	-	(3,362)
Long Term Borrowings	-	(52,410)	(52,410)
	(3,362)	(60,129)	(63,491)

14. Financial Instruments (continued)

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant input required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. The effects of discounting are insignificant for these derivatives.

Trade receivables, trade payables, related party loans and advances and term loans are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to, or approximate their fair value.

15. Trade and Other Receivables

	Group	
	2016 \$'000	2015 \$'000
The balance of Accounts Receivable comprises:		
Trade Receivables	2,430	3,220
Provision for Doubtful Debts	(2)	(25)
Prepayments	147	7
Accruals	61	(205)
Due by Other Related Parties	57	366
Due by Joint Arrangements	9	8
Due by Shareholders District Councils	54	72
Derivative Financial Statements	-	(8)
Balance at End of the Year	2,756	3,436
Trade receivables less than 90 days old	2,462	2,795
Trade receivables greater than 90 days old	90	864
	2,552	3,659
Trade receivables which are neither past due nor impaired	2,102	2,525
Trade receivables which are past due and not impaired	450	1,134
	2,552	3,659

16. Cash and Cash Equivalents

	Group	
	2016 \$'000	2015 \$'000
Cash at bank and in hand	691	630
Short-term bank deposits	-	-
Cash and cash equivalents (excluding bank overdrafts)	691	630
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	691	630
Cash and cash equivalents	691	630

17. Share Capital

Paid Up Capital: 41,328,017 Ordinary Shares. The shares have a values of \$1.00 per share. There are no unpaid or uncalled shares. All shares rank equally for voting rights and dividend distributions.

The Company is owned as follows:	No. of shares	
Timaru District Holdings Limited	19,630,808	47.50%
Waimate District Council	3,116,132	7.54%
MacKenzie District Council	2,049,870	4.96%
LineTrust South Canterbury	16,531,207	40.00%
	41,328,017	100.00%

There were no changes to shareholdings during the year.

18. Retained Earnings

	Group
	\$'000
At 1 April 2015	72,408
Profit for the year	16,692
Dividends paid	(7,976)
At 31 March 2015	81,124
At 1 April 2016	81,124
Profit for the year	17,054
Dividends paid	(8,472)
At 31 March 2016	89,706

19. Trade and Other Payables

	Group	
	2016 \$'000	2015 \$'000
The balance of Accounts Payable comprises:		
Trade Payables	4,257	3,576
Balance Date Accruals	2,601	1,770
Capital Contributions in Advance	803	2,154
Due by Associated Entities	47	(46)
Due by Shareholders District Councils	11	4
Balance at End of the Year	7,719	7,457

20. Loans

The Group has a loan facility with the ANZ Bank to draw down a maximum of \$65,000,000 (2015:\$50,000,000). The loan facility is an interchangeable arrangement between a Flexible Credit Facility and a Money Market Line. At balance date the following amounts were drawn down.

	2016 \$'000	2015 \$'000
Flexible Credit Facility	35,000	30,000
Money Market Line	17,410	15,330
Total	52,410	45,330

The termination date of the total facility is 16 August 2018. The loan is subject to a negative pledge. Five \$7 million interest rate swap transactions had been entered into, effective 21 December 2015, borrowed against the Flexible Credit Facility for a period of two years, four years, six years, eight years and ten years. The interest rate applied to borrowings against the Money Market Line facility is linked to the Reserve Bank of New Zealand Official Cash Rate. A movement of 1.0% in this rate would result in a movement of \$174,100 (2015: \$153,300) in the interest expense for the year. The covenants governing the loan have not been breached during the year.

Bank Overdraft	-	-
The Group has the following undrawn borrowing facilities:		
Floating rate:		
Expiring within one year	-	-
Expiring beyond one year	12,590	4,670
Fixed rate:		
Expiring within one year	-	-
Total	12,590	4,670

21. Deferred Income Tax

	Group	
	2016 \$'000	2015 \$'000
The gross movement on the Deferred Income Tax Account is as follows:		
At 1 April	(19,589)	(18,595)
Tax (charge)/credit Relating to Components of Comprehensive Income	(2,949)	(1,483)
Tax (charge)/credit directly to Equity	396	489
AS AT 31 MARCH	(22,142)	(19,589)
The Movement in Deferred Income Tax Assets and Liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:		
Deferred Tax Liabilities	Accelerated Tax Depreciation \$'000	Total \$'000
At 1 April 2014	(19,550)	(19,550)
Charged/(Credited) to the Statement of Comprehensive Income	(1,952)	(1,952)
Charged/(Credited) to the Statement of Changes in Equity	489	489
At 31 March 2015	(21,013)	(21,013)
Charged/(Credited) to the Statement of Comprehensive Income	(3,722)	(3,722)
At 31 March 2016	(24,735)	(21,013)
Deferred Tax Assets	Provisions \$'000	Total \$'000
At 1 April 2014	954	954
Charged/(Credited) to the Statement of Comprehensive Income	470	470
At 31 March 2015	1,424	1,424
Charged/(Credited) to the Statement of Comprehensive Income	770	770
Charged/(Credited) to the Statement of Changes in Equity	396	396
At 31 March 2016	2,590	2,590

22. Reconciliation of Operating Surplus with Cash Flows from Operating Activities

	Group	
	2016 \$'000	2015 \$'000
Operating Surplus After Income Tax	17,054	16,692
Add/(Deduct) Non Cash Items		
Depreciation and Amortisation	6,922	6,624
Increase in Deferred Tax Liability	2,554	994
Net Movement in Non Cash Items	9,476	7,618
Add/(Deduct) Movements in Working Capital Items		
(Increase)/Decrease in Accounts Receivable	725	1,221
(Increase)/Decrease in Inventories and Work in Progress	780	(4,359)
(Increase)/Decrease in Associated Entities Profit	(439)	(59)
Increase/(Decrease) in Creditors and Employee Entitlements	311	867
Increase/(Decrease) in Provision for Tax	(215)	556
Net Movement in Working Capital Items	1,161	(1,774)
Net Cash Flows From Operating Activities	27,691	22,536
In the statement of cash flows, proceeds from sale of PPE comprise:		
Net Book Amount	181	296
Profit/(loss) on Disposal of PPE	(80)	(200)
Proceeds from Disposal of PPE	101	96

23. Contingencies

The Group has a contingent liability as at 31 March 2016 of \$76,810 to cover a performance guarantee to cover the solar power project in Funafuti in Tuvalu (2015 \$US 693,591 to cover a performance guarantee to cover the solar power project in Bamyang City in Afghanistan).

24. Commitments

	2016 \$'000	2015 \$'000
(a) Capital Commitments	3,178	2,939
(b) Lease commitments as lessee:		
Within one year	152	150
Between one and five years	250	241
Over five years	-	-

The Group has other commitments totalling \$1,591,626 per annum relating to new investment contracts with Transpower. The contracts generally have a term of 20 years, and the existing contracts have expiry dates ranging from 2017 until 2029.

25. Operating Leases

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

		2016 \$'000	2015 \$'000
Lease of fibre network	Within one year	523	540
	Between one and five years	2,558	2,570
	Over five years	6,991	7,502
Rentals from building lease agreements	Within one year	173	170
	Between one and five years	360	644
	Over five years	21	53

26. Related Parties

Shareholders

All transactions between the Company and its Shareholder District Councils have been conducted on a commercial basis. Charges between the parties are made for services provided as part of the normal trading activities of the Company, and as such have been incorporated into the operating costs and revenues of the Company.

	Group	
	2016 \$'000	2015 \$'000
Revenues from Shareholder District Councils - Contracting Activities		
MacKenzie District Council	308	255
Timaru District Council	454	357
Waimate District Council	32	30
Payments to Shareholder District Councils - Rates		
MacKenzie District Council	16	16
Timaru District Council	90	79
Waimate District Council	12	11

Balances due from and to Shareholder District Councils are shown in note 15 and 19.

Parties Associated with Directors

The Group contracted with parties associated with certain directors of Alpine Energy Limited. These transactions involved consulting services and were at normal commercial rates.

	Group	
	2016 \$'000	2015 \$'000
Deloitte (S.R. Thompson)	421	207

Transactions with Joint Ventures

Transactions with joint ventures include:

Charges to Rockgas Timaru Limited for property rentals and financial services.

	Group	
	2016 \$'000	2015 \$'000
Revenues from Rockgas Timaru Limited	41	43

	Group	
	2016 \$'000	2015 \$'000
Revenues from On Metering	58	58

Balances due from and to joint ventures are shown in notes 15 and 19.

Transactions with Other Related Parties	Group	
	2016 \$'000	2015 \$'000
Revenues from BREP	133	271
Payments to BREP	-	-

Balances due from and to other related parties are shown in notes 15 and 19.

Key Management Compensation	Group	
	2016 \$'000	2015 \$'000
Salaries	2,097	2,013

Loans to Related Parties	Group	
	2016 \$'000	2015 \$'000
Shareholder loan to NETcon Limited	-	-
Shareholder loan to On Metering Limited	4,475	2,375
Shareholder loan to SmartCo	215	132
Balance at end of year	4,690	2,507

Shareholder loan to On Metering has no fixed term and is not subject to interest.

There is no provision for doubtful debts or bad debt expenses for related parties

Guarantees to Related Parties	Group	
	2016 \$'000	2015 \$'000
Alpine Energy Limited guarantee to NETcon Limited	2,948	2,948
NETcon Limited guarantee to Infratec Limited	125	125

27. Events after the Reporting Period

The Directors are not aware of any matter or circumstance since the end of the financial year not otherwise dealt with in this report that has significantly affected or may significantly affect the operation of the Company or Group, the results of those operations or the state of affairs of the Company or Group.



Performance Report

Performance targets were set in the Statement of Corporate Intent approved by Directors.

	Group	
	2016	2015
Financial Information		
Ratio of Net Surplus attributable to the Shareholders to Average Shareholders Equity:		
Target	12.0%	10.9%
Result	13.4%	13.9%
Tangible Assets per Share:		
Target	\$5.42	\$5.07
Result	\$5.34	\$4.89
Earnings per Share:		
Target	\$0.384	\$0.328
Result	\$0.413	\$0.404
Ratio of Shareholders' Equity to Total Assets:		
Minimum Target	59.0%	50.0%
Result	59.3%	61.1%

Average Interruption Duration (SAIDI) and Average Interruption Frequency (SAIFI)
The performance target relating to SAIDI and SAIFI reliability in the Statement of Corporate Intent was for the Company to not breach the reliability limits as set out in the Default Price Path Annual Compliance Statement. The audited Default Price Path Annual Compliance Statement for the year to 31 March 2016 shows that the Company has breached the SAIDI limit and met the SAIFI limit due to the significant weather events experienced during the year.



INDEPENDENT AUDITOR’S REPORT

TO THE READERS OF
ALPINE ENERGY LIMITED GROUP’S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

The Auditor-General is the auditor of Alpine Energy Limited. The Auditor-General has appointed me, Mark Bramley, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and the performance information of the Group consisting of Alpine Energy Limited and its subsidiaries and other controlled entities (collectively referred to as ‘the Group’), on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 19 to 51, that comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 53.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 31 March 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards, as defined in the Financial Reporting Act 2013.
- the performance information of the Group presents fairly, in all material respects, the Group’s achievements measured against the performance targets adopted for the year ended 31 March 2016.

Our audit was completed on 8 June 2016. This is the date at which our opinion is expressed.

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

PricewaterhouseCoopers
5 Sir Gil Simpson Drive, Canterbury Technology Park, PO Box 13244, Christchurch 8053, New Zealand
T: +64 3 374 3000, F: +64 3 374 3001, pwc.co.nz



Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers’ overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group’s financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the performance information within the Group’s framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards, as



defined in the Financial Reporting Act 2013, and generally accepted accounting practice, and for the preparation and fair presentation of performance information for the Group.

The Board of Directors’ responsibilities arise from the Energy Companies Act 1992.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out assignments in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012, Electricity Distribution Services Default Price-Quality Path Determination 2015, other regulatory requirements of the Commerce Act 1986 and tax compliance services for an associate of the Group. Other than the audit and these assignments, we have no relationship with or interests in the Company or any of its subsidiaries.

A handwritten signature in blue ink, reading 'Mark Bramley'.

Mark Bramley
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand





Alpine Energy Limited

PO Box 530, Washdyke 7940, Timaru
31 Meadows Rd, Washdyke 7940, Timaru,
South Canterbury, New Zealand

P: 03 687 4300

E: mailbox@alpineenergy.co.nz

www.alpineenergy.co.nz

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FUNDING REQUESTS LAKE ALEXANDRINA
MEETING DATE: 30 August 2016
REF: LAN 10/2
FROM: GARTH NIXON COMMUNITY FACILITIES MANAGER

PURPOSE OF REPORT:

For Council to consider requests from Lake Alexandrina South End Hut Holders.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. Council establish a working group made up of representatives from Council, Middle and Southern Hut groups to determine and agree on future projects for inclusion in the annual or long term plans.
3. The Finance Committee approve the estimated \$70,000 unbudgeted expenditure to seal approximately 300m of the Lake Alexandrina South End access road from the camp 300 metres back. Subject to sign off from hut holder groups.
4. That the Finance committee approve a \$15,000 grant toward the Lake Alexandrina Conservation Trusts Project.
5. Council amend the current policy (item 3) by removing the Long Term Plan requirement and replacing with projects being included in the annual plan.

GARTH NIXON
COMMUNITY FACILITIES MANAGER

ATTACHMENTS:

2015 request from South End Hut Holders
Lake Alexandrina Conservation Trust request and quotation for works

BACKGROUND:

Council has received two request for funding from the Lake Alexandrina Capital Reserve.

The first request was received last year and the work was not able to be included in the roading work programme. The Roading Manager estimated this work to be in the region of \$60,000 to \$70,000 and that it should be undertaken under the roading contract rates.

The second request is from the Lake Alexandrina Conservation Trust is for assistance in the annual projects which include ongoing planting Outlet creek enhancement project and spraying. Council has contributed to this project on an ongoing basis as shown in the table below

No specific budget is provided for this either of these works. However Council accumulates funds in a capital reserve which is funded from of the Lake Alexandrina Hut rentals

POLICY STATUS:

Council's Policy in relation to allocating this funds states

1. That Council maintain a balance in the reserve equal to 15% of the accumulated income earned during the preceding three years as an emergency fund and be considered Priority 1.
2. That Council continue to fund Rural Township Reserve expenditure and be considered Priority 2.
3. That any projects of planned improvements to the Lake Alexandrina Reserve as consulted with the two Lake Alexandrina groups and included in Councils Long-Term Plan have call on the funds after satisfying recommendations 1 and 2 above.
4. That Council fund other community reserve expenditure for capital projects where the community concerned funds 50% of the cost from local sources.

Neither of these requests meets the point three of the policy in that we have not consulted with both huts groups and neither project is identified in the long term plan.

The Long Term Plan requirement removes a level of flexibility and restricts the ability to respond to requests. That said it does encourage better planning.

SIGNIFICANCE OF DECISION:

Not considered to be a significant decision under the significance and engagement policy.

ISSUES & OPTIONS:

The issue here is that neither project fully comply with the policy in that both Hut holder groups have not been consulted.

- Option 1 Decline both requests and consult with hut holder groups and include projects an annual plan for the following year.
- Option 2 Fund road improvements \$ 70,000 subject to agreement from meeting hut holder representatives.
- Option 3 Part fund Conservation Trust shortfall short fall Work is programmed for March this leave the door open for other funding opportunities
- Option 4 Approve both requests in full acknowledging that this is not consistent with the Policy

CONSIDERATIONS:

Legal

N/A

Financial

The current balance of the Lake Alexandrina Reserve fund is \$ 368,000. The Policy required that we maintain a balance in the region of \$ 31,500 being 15% of the income over the last 3 years.

The Lake Alexandrina Conservation Trust received \$17,350 as a grant last year. Council also allocated approximately \$15,000 to fund maintenance of Opuha reserve and toilets from this account.

Since 2010 Council has contributed \$157,250 to various projects at Lake Alexandrina as outlined in the table below but still the reserve continues to grow.

Project	Value
2015 Lake Alexandrina Conservation Trust project	\$17,350
2012 South end Camp improvements sign	\$ 1,500
2012 Local Share sealing outlets camp	\$ 33,000
2011 Toilets South End	\$ 15,000
2011 Lake Alexandrina Conservation Trust project	\$ 10,400
2010 Replace Bridge Outlet Creek	\$ 80,000
Total	\$ 157,250

The road project is specific as to the requested funding \$70,000
The Conservation Trust is asking for a contribution to their shortfall of \$ 44,000

In addition to this other calls on this funding could include
Fire Fighting Grant pending \$ 8000.00
Reserve Management Plan (cost unknown)

Other

Last year the roading works was unable to proceed due to the contractor's programme of works. This work would see 300 metres of seal from the camp back up the hill improving access and reducing dust in the camp. Council received the request however the work was not included in the long term plan or included in an annual plan.

Last year Council funded the entire shortfall of the Lake Alexandrina Conservation Trust request this year the shortfall is \$44,000. Discussions with the Conservation Trust suggested that any contribution would be gratefully received. They plan to undertake this work in March so there is time to seek other funding. Having Council as a backer will likely assist with sourcing other funders.

The Conservation Trust has a resource consent for this work which has approximately three years left to run. The work proposed is the final stage of the stream bed enhancement.

The Conservation trust is made up of representatives from South Huts, Middle Huts, Northern Huts and Outlet Camp so has a fair level of representation from the area.

Council will be in control of the roading project and the Conservation Trust in Control of their works.

ASSESSMENT OF OPTIONS:

Fully funding the roading project is the a preferred option as it would see a significant improvement provided to the hut holders and day trippers to this site.

The work would make a significant improvement by sealing the steep section improving safety and reducing dust in the proximity of the settlement. This work can be undertaken at our existing rates through the Whitestone Roding contract.

Council has previously supported the Lake Alexandrina Conservation Trust with two other projects. Last year Council fully funded their request of \$17,350. This years requested stated shortfall is \$44,000. I believe council should support ongoing improvements at the Lake but believe a better understanding of where the funds are being used. I consider the enhancement of the fishery to be a project that would attract funding from other sources. Council should support this but I believe there are other potential sponsors to contribute to this work and. The Reserve fund should not be the principle sponsor.

CONCLUSION:

Council needs to establish a working group made up of representatives from both groups and Council to determine future works to be included in the annual or long term plans and to agree on various works.

The roading project could be funded this year with council approval and sign off from the hut holder groups.

Council could also part fund the Conservation Trust Project subject to other additional funds being raised.

The Current Policy may be setting the bar too high with its requirement for project inclusion in the long term plan. Council should consider amending the policy to remove the Long Term Plan requirement there by allowing a greater level of flexibility.

Proposed location of sealing



Lake Alexandrina
Conservation
Trust



86 Pukatea Street
Glenwood
Timaru

04 AUG 2016

Phone (03) 6861767
Email hotcurrie@extra.co.nz

26 July 2016

Mackenzie District Council
Main Street
PO Box 52
Fairlie 7949
New Zealand

The Mayor: Claire Barlow

Dear Claire

We would like to take this opportunity to thank the Mackenzie District Council for their support last year which was greatly appreciated and put to good use. As per our funding application we undertook all of the planned projects to the full budget amount.

At our recent AGM meeting the following projects were approved for the next 12 months. One of these projects is to undertake 100m of spawning enhancement in the Outlet Creek at Lake McGregor. This section of creek was unable to be completed with previous enhancement works 6 years ago because of high water levels so we are keen to complete this spawning work being well into the period of the Resource Consent. The approximate rock and shingle quantities for this project are 300 tonne of rock and 300 tonne of spawning shingle.

We understand that funding is available for suitable projects within the Lake Alexandrina/McGregor Reserve and therefore make application for the following projects.

Projects for the following 12 months are:

- | | | |
|---|---|----------------|
| 1 | On-going - plants for spring planting. Order for 500 Carex at 95c/each | \$475 |
| 2 | Work day costs for 5 annual workdays @\$300/workday | \$1,500 |
| 3 | Outlet Creek Project - Completion of additional 100m between previous enhancement and Lake McGregor (as per attached quote) | \$48,300 |
| 4 | Contract spraying of Briar regrowth – area two @ \$1,000/day machine and operators for 2 days | <u>\$2,000</u> |
| | Total (GST incl) | \$52,275 |

Lake Alexandrina
Conservation
Trust



We have sponsor commitment for 3 work days @ \$300/work day
Trust funds currently available

\$900
\$7,000
\$7,900

Leaving a shortfall of \$44,375

We would like to be considered for any assistance and support that the Council can provide. Any contribution that the Mackenzie District Council can make to our shortfall would be greatly appreciated.

On Saturday 3rd September 2016 between 10.00am and 1.00pm in conjunction with Fish and Game we are having a public open day for fish tagging, at the Outlet Creek between Lake Alexandrina and Lake McGregor. This would be a great opportunity for Councillors, staff and families to understand the benefits of our spawning upgrade and proposed works.

Our Trust has been operating for 11 years with projects completed thanks to the work of volunteers and \$239,000 of charity funding. The projects include fishery enhancement, wilding pine/briar control and restoration work within the Lake Alexandrina Reserve and around the 17.6 kilometres of the Lake using contractor and volunteer resources. We are continuing with a programme of maintenance spraying and cutting of briar and wilding pines.

Future work associated with the above projects also includes on-going planting of native flora.

As a voluntary group the Trust relies on donation funding for all budget requirements therefore we look forward to your favourable consideration of our request for assistance.

Yours faithfully

Alister Clarke
Chairman

12 AUG 2016

July 12, 2016

Alister Clark
12 Waitaki Street
Timaru



Quote for Lake Alexandrina Spawning Creek Works Inlet To Lake McGregor 100m section.

Dear Alister,

Thank you for the opportunity to provide a quotation for the above works. Below is our price to complete the remaining works as per our original quotation as previously discussed.

\$42,000.00 + GST

Works to be undertaken:

- Source and supply 200-500mm rock for bank protection*
- Excavate creek bed to remove any silting that has built up.
- Bring boulders to site.
- Place boulders in stream.
- Place bedding gravel in creek bed.
- Tidy up site and reinstate.
- Includes relocation fees for equipment

*Due to the need of this work to be completed in March we would need to commence stockpiling of materials prior.

Terms

1. Our prices are valid for 30 days and are subject to our current workload at the time that you place an order.
2. Our prices exclude GST.
3. Payment terms are to be strictly 20th of the month following invoice.
4. Our price excludes the cost of any resource or building consents.
5. Our prices exclude working around or dealing with any services.
6. Our prices exclude provision for dealing with contaminated material.
7. Our prices are based on continuous production. Any delays, including those waiting for site access or decisions from the client may be charged at standby rates.
8. We shall not take responsibility for any damage, movement, settlement or vibration etc of adjacent services, structures and the like.

Should you have any further questions please do not hesitate to contact me.

Your Sincerely,
Metres Cubed Ltd

Andrew Bailey
General Manager
021 29 69 111

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: MACKENZIE HIGHLAND PIPE BAND GRANT REQUEST

MEETING DATE: 30 AUGUST 2016

REF: WAS 3/6

FROM: GARTH NIXON, COMMUNITY FACILITIES MANAGER

PURPOSE OF REPORT:

For the Finance Committee to consider the request for financial assistance regarding travel expenses from the Mackenzie Highland Pipe Band.

STAFF RECOMMENDATIONS:

1. That the report be received and the information noted.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

1. Application Letter
2. Grants Policy
3. Grants Evaluation Criteria
4. Grant Application Form

BACKGROUND:

The request was received and acknowledge in June 2016. The applicant had not completed an application form as per policy. Mr Nixon had contacted the applicants and asked that a form be completed before the Committee meeting.

POLICY STATUS:

The Policy states that all requests should be on the Application or a Donation form and that they shall be assessed by the criteria. By using the Grants policy and Criteria it puts all requests on a level playing field and requires the applicants to justify their request and hopefully provides sufficient information to assist the Committee in making their decision.

SIGNIFICANCE OF DECISION:

Not significant under the significance policy

ISSUES & OPTIONS:

The applicant had been asked to complete the grant application form following their initial request. What is often missing in these requests is the background financial information which can separate the needy from the not so needy.

CONSIDERATIONS:

Legal

Not applicable

CONCLUSION:

The Finance Committee should assess these requests against the policy and criteria and make appropriate determinations



MACKENZIE DISTRICT COUNCIL GRANT EVALUATION CRITERIA

1. Does the application assist the Council to achieve its strategic direction (applicant must make specific reference to the Strategic Plan and support that reference with reasoned arguments).
2. Will the grant *directly* benefit ratepayers/residents in the Mackenzie District? If so, how many?
3. Are there any other bodies which are specifically designed to cater for these requests e.g. Creative New Zealand, Mid-South Canterbury Trust, and Lottery Grants Commission?
4. Has the organisation received, or have they applied for funds from other organisations for the same project? If so, how much?
5. How much of their own funds does the organisation have to put toward this request/project?
6. Is the organisation/individual a non-profit body and able to accurately account for any funds granted?
7. Has the organisation supplied all information on the application form including a set of accounts?
8. What is the effect on the individual/organisation if the Council does not support the application?

MACKENZIE DISTRICT COUNCIL

GRANTS

RATIONALE

From time to time Council and community boards provide grants budgets from which financial support for general purposes can be funded, eg for a donation to a worthy cause such as flood relief. Council also has budgets for specific purposes, eg the Heritage Protection Fund.

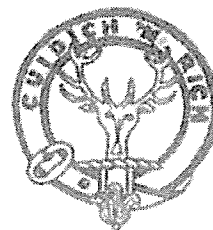
When Council is requested to provide financial support by remitting rates, fees or charges, transparency can be preserved if the request is approved, by making a grant funded from the affected cost centre. For example, if a request by the Fairlie Ice Skating Club for remission of excess water charges is approved, a grant funded from the Fairlie Water Supply Account will ensure that the cost of the remission actually falls where it should lie.

GUIDELINES:

1. All requests for financial assistance are to be submitted on an “Application for Donation” form to the Council.
2. All requests for financial support are to be dealt with as requests for grants.
3. Requests for grants from clubs, groups or organisations are to be accompanied by full financial information.
4. Applications for grants are to be evaluated in terms of
 - the direct benefit of the grant to ratepayers/residents of the District
 - the availability of funds from other sources for the project
 - the level of contribution to the project made by the applicant
5. Recipients are to be required to account accurately for grants.

(See Grant Evaluation Criteria)

· MACKENZIE HIGHLAND PIPE BAND (Incorporated)



The Mayor,
Mackenzie District Council,
Council Chambers
53 Main Street,
Fairlie.

24 JUN 2016

Dear Mrs Barlow

The Mackenzie Highland Pipe Band has played an active part in, and been regarded as an integral part, of the social life of the Mackenzie District for the past 104 years. Over that time it has received generous financial support from the public by way of donations, bequests, and more recently, grants from community trusts. The monies received have been used for uniform and instrument maintenance and/or upgrade, band room maintenance, and extra player tuition. On top of this, bandsmen and women go to considerable expense travelling each week to practice (some over 60kms), owning pipes, and paying for private individual tuition. These are expenses regarded as part of normal band membership.

When band members are asked to provide music for special district events e.g. the opening of the Tekapo walking bridge, we ensure that the request is met, without charge. Donations are always gratefully accepted but not demanded. However, with the cost of travel continually increasing, it is becoming a greater burden to meet requests at the outer extremities of the district e.g. Tekapo, Pukaki, Twizel.

The band would be grateful if the Mackenzie District Council would consider financial support by way of travel expenses to district functions outside Fairlie where the presence of the band would add to district identity. In addition to this, the band would welcome a conversation with your council on ways in which it could support any official events the council may wish to run when promoting the Mackenzie District.

Yours faithfully,

Ivon Hurst

Pipe Major

ppr Michelle Wilson



APPLICATION FOR GRANT

1. **Name of Organisation/Individual:**

2. **Address:**

Telephone: _____

Fax: _____

Email: _____

3. **Contact Person:** _____

Position: _____

Phone: Business: _____

Phone: Home: _____

4. **Please specify the legal status of your organization – trust/Incorporate Society/other.**

5. **Is your organisation recognised as a non profit body by the Inland Revenue Department?**

Yes/No

6. **Name of principal officers:**

Chairperson/President: _____

Secretary: _____

Treasurer: _____

7. State your organisation's purpose and objectives:_____

8. How long has your organisation existed?

9. Is your organisation responsible to or controlled by any other organisation/authority?

Please specify:_____

10. What level of funding does your organisation request from the Mackenzie District Council?

11. State the purpose for which the grant is requested:

12. State the number whom you expect will benefit from the grant you are requesting:

Members:_____ Others:_____

13. Has your organization received a donation during the past five years?

Yes/No

If yes, please detail how your most recent donation was used	Received from	Year	Amount of Donation
		TOTAL	

14. If your organisation is registered for GST, please supply your GST number:

15. Please supply a copy of your latest audited financial statements.

DECLARATION

I hereby declare that the information supplied here on behalf of my organisation is correct:

Name: _____

Position: _____

Signature: _____

Date: _____