



Mackenzie District Council

Annual Report Summary

2011—2012

Statement from the Mayor and CEO

The year under review was a busy and challenging one for both Councillors and staff. Work began in earnest on implementing the recommendation of the former Council (Annual Report 2009/10) to further review Council's rating policies to ensure the District's ongoing financial sustainability.

The community support for our efforts in the 2011 and 2012 CINTA surveys was gratifying. In particular, we need to highlight the value the community placed upon the autonomy we enjoy as a District. Our aim must be to actively pursue new ways of working with others to ensure we continue to provide good services at an affordable price.

In a busy year, there were numerous highlights. They included:

- The successful introduction of a new wheelie bin service for collection of refuse.
- A new set of all-weather tennis courts in Tekapo.
- Successful rezoning of Twizel and surrounds through Plan Change 15.
- Continuation of the highly successful Twizel greenway and walkway projects.
- Community fundraising to help heat the Strathconan Pool in Fairlie.
- A new cemetery in Tekapo ready to open.
- Road resealing and footpath surfacing undertaken in a shared contract with Timaru District Council.
- A contract let for enhanced treatment of Tekapo's Water Supply.
- A new rural fire tanker purchased for Tekapo.
- More ongoing water mains renewed in Fairlie.
- Eight minor safety improvements undertaken on District roads for a cost of \$275,000.
- Sale of the Tekapo Camping ground.

Capital Works Highlights

A total of \$2,938,000 of capital work was undertaken during the year which was 99% of the budget of \$2,960,000.

Work	Budget (\$'000's)	Actual (\$'000's)
Fairlie water supply pipeline renewal	180	319
Fairlie water supply treatment upgrade	140	24
Tekapo water supply treatment upgrade	174	22
Twizel water supply consenting and treatment upgrade	100	7
Twizel water supply – new headworks and reticulation	151	5
Twizel sewer – upgrading	53	31
Urban reseals	157	162
Rural reseals	381	488
Urban footpath surfacing	139	69
Metalling	373	445
Pavement rehabilitation	139	102
Minor safety works	283	275
Fire tanker	87	86
Tekapo tennis courts	-	211
Pukaki Airport development	-	42
Subtotal specified projects	2,357	2,288
Other capital expenditure	603	650
Total	2,960	2,938

Financial Overview

During the year ended 30 June 2012, net operating expenditure and operating revenue tracked well against budget but the operating deficit was impacted upon by several non-cash adjustments. The main reasons for the difference between the actual deficit of \$590,000 and the budgeted surplus of \$1,313,000 are given below:

Assets written off	\$317,000
Impairment of the loan to MTDT	\$233,000
Impairment of the value of Council's Carbon Units	\$45,000
Reduction in value of Council's forestry assets	\$191,000
Reduction in value of Council's investments	\$65,000

Inclusion of book value of land sold Tekapo Camping Ground	<u>\$2,555,000</u>
Add back loss recorded	\$3,406,000
Profits before non-cash adjustments	<u>\$590,000</u>
	\$2,816,000

The Council's net operating expenditure (excluding depreciation, asset impairment and asset write-off) was \$7,432,000, \$73,000 above the budget of \$7,359,000. The comparable figure in 2011 was \$7,044,000.

Operating revenue was \$10,909,000 compared with a budget of \$9,788,000 when sales of real estate and gains on sales of assets and other losses are taken into account. This figure exceeded budget by \$1,121,000 or 11.45%. The

comparable 2011 figure was \$9,737,000.

Governance

The major focus for all elected members was the comprehensive review of the Council's rating regime, which was driven by a desire to ensure financially sustainable sources of revenue for the future. The process began with workshops held from November 2011 and dominated the Council agenda until August 2012.

Key changes included:

- Changes to Twizel community rating boundaries
- Standardised rates for urban water, sewerage and stormwater
- Introduction of District-wide rating for roading
- A standardised solid waste charge for the new wheelie bin services
- Direct funding of Council overheads
- Greater use of funded depreciation
- New rates for cattlestops and for Twizel Community facilities
- Changes in the Council's internal interest rate regime
- Changes to the mode of rating for marketing and economic development.

Following consultation where 530 submissions were received, the Council decided not to proceed with the standardised rates for urban water, sewerage and stormwater. This was the change that attracted the most opposition. Council also dropped plans to increase the amount levied for Marketing and Economic Development and to alter that rating structure.

The consideration of various funding alternatives, the processing and hearing of submissions and the rethinking of Council's position on some issues was very time consuming. As a consequence the final Long-term Plan needed significant rewriting and the document was adopted on 10th August 2012, after the statutory deadline of 30 June 2012.

Looking back, a lesson learned from the Long-Term Plan process was that ratepayers and residents desire to be fully informed of major changes in policy with adequate time allowed for consideration, debate and the opportunity to make informed submissions on proposals. This will be given priority when Council revisits the issue of sustainable funding in the future.

Another challenge for the Council was determining the fate of its subsidiary, the Mackenzie Tourism & Development Trust. The Trust had incurred significant losses in the previous year despite the injection of additional emergency funding during the year and the efforts of new

trustees to place it on a sounder financial footing. Following submissions on the Long-Term Plan, Council decided a different vehicle was needed to deliver marketing and economic development.

After balance date, Council entered into an interim arrangement with Christchurch and Canterbury Tourism to provide services under contract. Meanwhile, a working party was established to recommend sustainable ways of supporting these activities in the future.

During the year, there were no changes to the membership of Council and its Community Boards. An Audit & Risk Committee was established, as was a subcommittee to oversee Council's property development in Tekapo. Council also agreed, as a consequence of its funding changes, to set up a new Roothing Committee with rural and community representation. The committee commenced work in the 2012/13 year.

Council declined to make any changes to its current mode of representation and agreed to leave any review until 2015 in time for the election the following year.

A survey of residents opinion was held for the first time in nine years and revealed a good level of support for Council's activities and initiatives. After considering the results, Council agreed to:

- Examine the adequacy of its public toilets
- Review the satisfaction with rubbish collection once the wheelie bin service had been established
- Note that more money could be spent on roads and footpaths

It also agreed that there was good community support for upgrading medical facilities in Twizel.

The survey has been repeated in 2012/13.

Water Supplies

The work of implementing the Canterbury Water Management Strategy was advanced during the year with Council receiving zone implementation plans from both the Upper Waitaki and Orari Opihi Pareora Zone Committees which will be incorporated where applicable into our own work plans.

The programmed replacement of ageing pipes in the Fairlie reticulation continued with \$319,000 being spent.

Progress also continued in meeting the requirements of the Health (Drinking Water) Amend-

ment Act 2007. During the year, Public Health Risk Management plans were submitted to the Ministry of Health for both the Fairlie and Tekapo supplies and draft plans were prepared for Burkes Pass and Allandale. A similar plan for Twizel has been delayed pending the determination of a future source.

In Tekapo a contract was let for upgrading the treatment regime by providing ultra-violet disinfection but work was delayed in sourcing the treatment plant from overseas.

Twizel improvements depend on finalising the source of water and delays in completing test drilling affected planned progress. However a renewed resource consent for the existing source was obtained by August 2012.

Manuka Terrace investigations also fell behind schedule but test pumping was undertaken.

Sewerage

Limited progress was made in upgrading the treatment and disposal system at Twizel. Further work is dependent upon the obtaining of additional land. The disposal trench was fenced.

Solid Waste

The year saw the introduction of the wheelie bin system in October 2011 and the contracting out of the solid waste operation to Envirowaste Services Limited. The changeover proceeded smoothly and residents appeared to favour the phasing out of the bag collection system.

The Waste Management and Minimisation Plan was revised during the year but did not go out to public consultation until July 2012.

A new slogan was adopted to boost recycling – "Mackenzie – too good to waste – Recycle!"

Roothing

The capital works programme included eight minor safety improvement works being completed for a total cost of \$275,000. They were:

- Clayton Road seal widening Stage 2
- Nixon Road safety footpath Stage 2
- Ohau Road safety footpath
- Cricklewood Road traction seal
- McLeans Road traction seal
- Hamilton Road traction seal
- Clayton Road seal past houses
- Lake Alexandrina traction seal.

Resealing works totalled \$650,000 with \$488,000 spent in the rural area and \$162,000 in the urban townships. A further \$102,000 spent on sealed pavement rehabilitation.

Statement from the Mayor and CEO cont...

Metalling work was undertaken for a cost of \$445,000.

Limitations on the availability of sufficient NZTA funding is a concern and will extend the time-frame for Council to eliminate a 15km backlog of overdue sealed road resurfacing. Current budgets will allow 13-14kms per year of resealing which includes a catchup of 2-3km per year.

During the year about 16,000m³ of metalling was undertaken compared with 20,000m³ four years earlier. Funding restraints limiting the amount of metalling that can attract subsidy are of concern.

The planned change in road funding with a district-wide rate led to protocols being adopted to ensure a fair allocation of funding for minor improvement works.

A ten year programme of bridge renewals was agreed to and a NZTA technical audit was completed with only minor improvements being recommended.

Council joined forces with Timaru District Council in completing its resealing and footpath surfacing work by way of a variation to Timaru's existing contract.

In the townships, \$69,000 worth of footpath surfacing was completed. Planned streetscape improvements in Princes Street, Fairlie were deferred until the spring due to risks of disruption by poor weather.

Planning and Regulation

Plan Change 15 affecting zoning in and around Twizel was finalised early in the new year with no appeals.

An interim decision on Rural Plan Change 13 affecting the Mackenzie basin was released by the Environment Court in December 2011. In its preliminary findings, the Court moved some distance away from the earlier decision by Commissioners. The Court also concluded that the bulk of the Basin was an outstanding natural landscape.

The Court decision was appealed to the High Court and a decision had not been released at the time of writing this.

A new initiative, the Mackenzie Sustainable Futures Trust, was an attempt to find collaborative solutions to environmental issues in the Mackenzie Basin. After a series of meetings in which the Court was an active observer, a report was agreed to but this has still to be presented to either of the two District Councils or the Regional Council.

Work was undertaken on the planned review of Council's District Plan.

Processing timeframes were met for resource consents at 95% but just missed for Land Information Memoranda – of 123 LIMs processed, one was one day outside the processing time.

Building Consents were higher than anticipated. Processing targets were met and accreditation as a Building Control Authority was maintained for a further twelve months.

Community Services and Recreational Facilities

The major improvement work undertaken was the reconstruction of all weather tennis courts at Tekapo for a cost of \$211,000. Plans for the refurbishment of the Tekapo Community Hall were approved with the work to be completed in the 2012/13 year.

Local consultation was held to determine priorities for improvements to the Tekapo Domain including the planned footbridge. A safety footpath was constructed at Lakeside Drive.

In Twizel, another stage of the greenway and walkway project was completed. Council accepted that new toilets were required in Market Place, Twizel and these are planned to be built adjacent to the service centre. Work was commenced on renovating the portion of Market Place fronting Tasman Road.

In Fairlie, Strathconan Pool benefitted by the installation of additional heating funded by community fundraising. An \$8,000 grant was received from the Drama Society for upgrading the Community Hall and more work was completed on the Village Green.

The cemetery in Tekapo was ready to become operational, thanks to the efforts of a local group who financed most of the development work.

Commercial Activities

The sale of the Tekapo Camping Ground was concluded contributing significantly to Council's cash reserves. The gross sale proceeds of \$1.85m were less than the book value of the facility resulting in a loss on sale which Council accepted when it negotiated the sale believing the deal would stimulate further development and growth in the area.

No further sales of the Pukaki Airport subdivision were concluded but \$42,000 was spent on additional development, approved the previous year.

Work continued during the year on proposals to develop village centre land in Tekapo.

Performance Measures

Of the 102 performance measures reported against in the Plan, 67 were fully achieved, 23 were not achieved and 12 were either not measured, were not applicable or achieved in part. This result was broadly similar to that achieved in 2011 where the comparable figures were 101, 61, 25 and 15. The quality of measures has been enhanced and their number reduced for future reporting.

Staffing

During the year, long serving Building Control Manager, Dick Marryatt retired and Steve McLellan was promoted to fill that position. Christine Scannell joined the team as Building Control Officer after balance date.

Changes to the solid waste operation resulted in the redundancies of five staff:

Andrew Wood

Peter Brien

Jim Stocker

Jimmy Dagg

Michael Urquhart.

Manager Carl McKay was retained on a 12 month contract.

In the Planning area, Erin Hawke resigned and Anastasia Blignaut and Angie Taylor went on parental leave. The number of planning officers was reduced to one following a reduction in activity.

Casey Pridham resigned as Payroll Officer and Heather Kirk resigned as Administration Officer.

Nic Guerin was appointed as receptionist and Keri-Ann Little filled the administrative vacancy.



Glen Innes
Chief Executive Officer



Claire Barlow
Mayor

Group Activity Performance for the Year Ended 30 June 2012

Governance—for full detail of the results, refer page 16 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Council meets in accordance with predetermined schedule with at least nine meetings of Council and 20 meetings of Committees held.	Achieved	Achieved
Council meets in accordance with the Local Government Official Information and Meetings Act 1987 with no identified breaches of the Act.	Achieved.	Achieved
Effective consultation is held on the Long-Term Plan, Annual Plan and other significant issues with summaries sent to rate-payers annually.	Achieved. Consultation on the Long Term Plan attracted 530 submissions.	Achieved
Community Boards meet at least eight times a year and provide recommendations to Council on local issues.	Achieved	Achieved

Water —for full detail of the results, refer page 20-24 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Monitoring of disinfected water supplies (Fairlie, Tekapo, Burkes Pass & Allandale) show no presence of E.coli.	Achieved	Achieved
Non-disinfected supplies (Twizel) are monitored for E.coli through scheduled testing.	Achieved.	Not Achieved
Boil water notices issued when hazards identified.	Not Achieved. Three consecutive transgressions when chlorination plant being installed at Twizel.	Achieved
Catchment Risk Assessments undertaken for five catchments and design parameters determined for new treatment plant in Tekapo.	Achieved	Not measured.
Network condition is maintained with a budget sufficient to provide for both planned and reactive maintenance.	Achieved.	Achieved.
Water is continuously available apart from programmed shutdowns and unexpected disruptions with: <ul style="list-style-type: none"> No disruption exceeding eight hours, and 90% of all disruptions being less than six hours. 	Achieved. Achieved.	Not Achieved. Achieved.
The planned works programme for the year is achieved within budget.	Not Achieved. Planned work in Tekapo, Fairlie, Twizel and Manuka Terrace was not fully completed	Not Achieved.
Supplies cause no environmental ill effects as measured by full compliance with resource consent conditions.	Not Achieved. The Twizel water take was exceeded over the summer but the new consent provides for increased volumes.	Not Achieved.

Sewerage —for full detail of the results, refer page 30-31 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Pump stations cope with effluent volumes with no sewage overflows.	Achieved	Achieved
System operates with minimal disruption with less than six blockages per 10 kms of sewer annually.	Achieved.	Achieved
Sewage effluent is treated to the required standards of resource consents with no breaches of consent conditions.	Not Achieved. Several instances of what the regional council has deemed as minor non compliances.	Not Achieved
Sewage is disposed of without significant disruption with repairs undertaken within 6 hours (during working hours) or 9 hours otherwise.	Achieved	Achieved

Group Activity Performance for the Year Ended 30 June 2012 continued...

Stormwater —for full detail of the results, refer page 35-36 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Specified flood event protection is monitored with no complaint about damage caused by flooding.	Achieved	Achieved
All resource consent conditions are met.	Partially Achieved. Sampling only undertaken once rather than twice yearly at Twizel and Tekapo.	Not Achieved.

Roading —for full detail of the results, refer page 39-41 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
The average roughness of urban roads is less than 100 NAASRA * counts	Achieved	Not Measured.
Less than 10% of all measures exceed 150 NAASRA counts.	Achieved.	Not Measured.
The average roughness of rural roads is less than 80 counts.	Achieved.	Not Measured.
Less than 10% of all measures exceed 110 NAASRA counts.	Achieved.	Not Measured.
Mackenzie's urban and rural sealed roads are smoother than the national average.	Not Measured.	Not Measured.
For 98% of audited sections of the roading network, contract specifications are fully met or identified defects are remedied within agreed time frames.	Achieved.	Achieved.
No fatal accidents due to road factors.	Achieved.	Achieved.
At least two minor improvement projects completed each year.	Achieved.	Achieved.
Less than 5% of the operating budget for roading is carried forward unspent to next financial year.	Achieved.	Achieved.
The network remains trafficable. Contractors are on site within 1.5 hours to begin reinstatement work following an emergency event.	Achieved. One instance of non compliance.	Not Achieved.

* National Association of Australian State Road Authorities (NAASRA) counts are generated utilising a laser profilometer fitted to a vehicle travelling at speed on the Districts sealed roads, which records the road profile and converts the results into a roughness count/kilometre. The higher the roughness count/kilometre, the rougher the road surface which may lead to reconstruction of the surface.

Solid Waste—for full detail of the results, refer page 46 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
100% of compliant refuse bags are collected from the kerbside.	Achieved	Achieved
70% of solid waste from recovery parks is diverted from landfill.	Not Achieved. 64%	Not Achieved.
1,000m ³ per annum of compost produced through the VCU using green and putrescible waste.	Not Measured. VCU has been disposed of.	Not Measured.
Waste is handled hygienically with full compliance with resource consent conditions.	Achieved.	Not Achieved.

Building Control—for full detail of the results, refer page 49 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
95% of building consents and property information memorandums are processed within the statutory timeframe.	Achieved.	Achieved
Accreditation is maintained as a Building Consent Authority.	Achieved.	Achieved.

Resource Management—for full detail of the results, refer page 52 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
An up to date District Plan is maintained by completing the Twizel Plan Change originally programmed for 2009/10.	Achieved.	Not Achieved.
To prioritise and complete other plan changes identified as necessary by Council.	Achieved.	Achieved.
To process 95% of non notified resource consents within the statutory timeframe of 20 working days.	Achieved.	Achieved.
To process all Land Information Memorandums within the statutory timeframe of 10 working days.	Not Achieved. 99% - 122/123 LIMS met timeframe.	Not Achieved.

Group Activity Performance for the Year Ended 30 June 2012 continued...

Regulatory Services—for full detail of the results, refer page 56 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
All known dogs in the District are registered and the national database is kept up to date.	Not Achieved. 43 known dogs unregistered as at 31 August 2012.	Not Achieved
All registered dogs are on the national database.	Achieved.	Achieved.
Effective and efficient Civil Defence emergency responsiveness maintained through holding two civil defence training sessions per annum with staff and volunteers.	Not Achieved. One training session held.	Not Achieved.
Fire control measures promoted and carried out through all volunteer fire teams being registered with National Rural Fire Authority and meeting industry standards.	Not Achieved. Training needed for Burkes Pass crew.	Not Achieved.
All premises selling liquor are licensed and all registered food premises are licensed.	Achieved.	Achieved.

Community Services—for full detail of the results, refer pages 60-61 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Pensioner housing is maintained at greater than 95% occupancy.	Achieved.	Achieved.
No pensioner housing rentals exceed 80% of market value and no increase exceeds \$5 per week.	Achieved.	Achieved.
Pensioner housing Units are well maintained through completion of programme of planned maintenance.	Achieved.	Achieved.
Medical Centre buildings provided and maintained in compliance with planned building maintenance programme.	Achieved.	Achieved.
Public Toilets are maintained in line with contract specifications as revealed by quarterly audits and fewer than 12 complaints received each year.	Achieved.	Achieved.
Cemetery charges cover 75% of operational costs.	Not Achieved. 62%	Achieved.
Cemeteries maintained in line with contract specifications as revealed by quarterly audits.	Achieved.	Achieved.
All contractual requirements attaching to grants made to Resource Centres in Fairlie and Twizel are met.	Achieved.	Achieved.
Sports and Recreation New Zealand and Creative New Zealand funds allocated to local organisations comply with the rules of the granting organisations.	Achieved.	Achieved.
Sport South Canterbury fulfils an agreed work programme on behalf of Council and submits a satisfactory report.	Not Achieved. Report not received until October 2012.	Achieved.

Recreational Facilities—for full detail of the results, refer pages 65-67 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Swimming Pools —Pools available for use, with no loss of planned opening hours.	Achieved.	Achieved.
Pool water quality fully meets appropriate New Zealand Standard.	Achieved.	Achieved.
Usage outside of public hours increases on average by 2 hours per week.	Achieved.	Achieved.
Halls and Community Centres —Facilities are kept clean and always available for use.	Achieved.	Not Achieved.
Fees and Charges are reviewed annually to ensure they move in line with operational costs.	Achieved.	Achieved.
Buildings are maintained in line with the building maintenance plan through completion of programmed work.	Achieved.	Achieved.
Parks, Reserves and Amenity Areas —Walkways are adequately maintained in line with the national standard.	Achieved.	Achieved.
All new or upgraded playgrounds meet appropriate safety standards.	Not Applicable. (No playgrounds during 2011-12 were upgraded or new)	Achieved.
No significant breaches of maintenance contract specifications as determined by regular audits.	Not Achieved. (Specific Audits were not undertaken)	Not Achieved.
Libraries —Use of library is maintained as measured by at least 12.66 issues of books per ratepayer.	Not Achieved. 10.25 issues per ratepayer.	Not Achieved.
Agreed opening hours are met without exception.	Achieved.	Achieved.

Group Activity Performance for the Year Ended 30 June 2012 continued...

Commercial Activities—for full detail of the results, refer page 71-72 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
Investments Cash investments portfolio outperform benchmark portfolio each quarter. Council reviews the Statement of Intent (SOI) and Annual Report for its investment in Alpine Energy Ltd on an annual basis.	Not Achieved. Benchmark outperformed in only two quarters. Not Achieved. Council reviewed the SOI but not the Annual Report.	Not Achieved Not Achieved
Mackenzie Forestry Board Statement of Intent is approved by Council prior to 30 June each year. All new planting to achieve a minimum internal rate of return of 7% pre-tax. Council's forestry estates to achieve 900 planted hectares.	Not Achieved. Not Applicable. No new planting undertaken. Achieved.	Achieved. Not Applicable. Achieved.
Real Estate Market Analysis is undertaken on any land identified for disposal and sales progressed. A full land rationalisation process was planned for June 2010 to identify further land deemed surplus to requirements.	Achieved. Not Achieved.	Achieved. Not Achieved.
Rental Properties All commercial lease arrangements are reviewed on a regular basis to ensure their terms are adhered to.	Achieved.	Achieved.
Pukaki Airport Board The Board will report to Council on a regular basis on its progress to towards meeting the goals as set down in its Statement of Intent.	Achieved.	Achieved.

Corporate Services—for full detail of the results, refer page 76 of the full Annual Report.

Key Levels or Measure of Service and Performance Measures	Result for Current Year	Result for Previous Year
All plans and reports completed in accordance with the Local Government Act 2002. <ul style="list-style-type: none"> Annual Report completed by 31 October each year, Long-Term Plan adopted by 30 June every three years, Annual Plans adopted by 30 June in the intervening years 	Achieved. Not Achieved. Plan adopted on 10 August 2012. Not Applicable.	Not Achieved Not Applicable Achieved.

For full details of the Performance Measures, please refer to our website www.mackenzie.govt.nz/publications.

Going forward, the Council proposes to include details of its activity performance results for those performance measures included in its summary Annual Report.

Statement of Comprehensive Income for the year ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		REVENUE			
1,259	1,259	General Rates	1,158	1,241	1,241
4,336	4,336	Targeted Rates	4,459	4,537	4,537
1,365	1,365	Subsidies & Grants	1,726	1,640	2,540
1,012	1,013	Investment Income	942	1,093	1,094
1,643	2,072	Other	1,370	1,982	2,088
-	-	Real Estate Sales	1,762	-	-
95	95	Financial/Upgrade Contributions	33	325	325
27	27	Reserve Contributions	-	91	91
-	-	Gain on Sale Assets	-	30	30
(1)	(1)	Other – Gains/(losses)	-	(920)	(920)
9,736	10,166	Total Revenue	11,550	10,019	11,026
		OPERATING EXPENSES			
1,749	2,165	Employment Expenses	1,783	1,598	1,907
276	276	Member Expenses	302	278	278
554	554	Consultancy Expenses	382	629	629
762	833	Administration	610	891	942
2,575	2,617	Operational & Maintenance Expenses	3,026	2,872	3,706
1,101	1,101	Roading Expenses	1,256	1,163	1,163
2,907	2,916	Depreciation and Amortisation	2,878	2,844	2,851
27	27	Cost of Sales Real Estate	-	-	-
112	112	Loss on Sale and Assets Written Off	-	317	317
358	358	Asset Impairment	-	277	45
10,421	10,959	Total Expenditure	10,237	10,870	11,837
(685)	(793)	OPERATING SURPLUS (DEFICIT)	1,313	(851)	(811)
-	-	Vested Assets	-	261	261
(685)	(793)	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION	1,313	(590)	(550)
-	-	Provision For Taxation	-	-	-
(685)	(793)	OPERATING SURPLUS (DEFICIT) AFTER TAXATION	1,313	(590)	(550)
9,565	9,565	Increase/(Decrease) in revaluation reserves	3,341	(166)	(166)
8,880	8,772	Net Comprehensive Income	4,654	(756)	(716)

Statement of Changes in Equity for the Year Ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/2012 \$000's	Council Actual 2011/2012 \$000's	Group Actual 2011/2012 \$000's
175,176	175,162	Equity at the start of the Period	175,983	184,056	183,934
8,880	8,772	Net comprehensive income	4,654	(756)	(716)
184,056	183,934	Total Equity at the End of the Period	180,637	183,300	183,218

Statement of Financial Position as at 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/2012 \$000's	Council Actual 2011/2012 \$000's	Group Actual 2011/2012 \$000's
93,147	92,994	Accumulated General Funds	96,286	95,931	95,849
457	457	Capital Reserves	(850)	1,123	1,123
(33)	(33)	Operational Reserves	-	(1,076)	(1,076)
6,533	6,533	Special Funds	7,506	6,355	6,355
50	50	Other Reserves	50	50	50
83,902	83,902	Asset Revaluation Reserve	77,644	80,917	80,917
184,056	183,934	PUBLIC EQUITY	180,636	183,300	183,218
		NON CURRENT LIABILITIES			
61	61	Accrued Landfill Closure Costs	45	61	61
61	61	Total Non Current Liabilities	45	61	61
		CURRENT LIABILITIES			
1,249	1,363	Trade & other payables	1,378	1,265	1,469
154	199	Employee Entitlements	200	146	172
-	25	Other Liabilities	-	-	21
1,403	1,587	Total Current Liabilities	1,578	1,411	1,662
185,520	185,582	TOTAL PUBLIC EQUITY & LIABILITIES	182,259	184,772	184,941
		NON CURRENT ASSETS			
161,461	161,493	Property, Plant & Equipment	151,408	158,572	158,602
120	120	Intangible Assets	-	163	163
2,388	2,388	Forestry	2,306	2,197	2,197
11,549	11,499	Investments	13,178	10,182	10,182
175,518	175,500	Total Non Current Assets	166,892	171,114	171,144
		CURRENT ASSETS			
1,368	1,394	Trade & other receivables	2,719	2,498	2,566
1,349	1,374	Inventories	44	3,845	3,854
3,602	3,631	Cash and Cash Equivalents	3,366	4,809	4,871
2,650	2,650	Current Portion Properties Identified for Disposal	9,238	105	105
1,033	1,033	Current portion of Investments	-	2,401	2,401
10,002	10,082	Total Current Assets	15,367	13,658	13,797
185,520	185,582	TOTAL ASSETS	182,259	184,772	184,941

Lake Tekapo Winter—Photo : George Empson



Statement of Cashflows for the Year Ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/2012 \$000's	Council Actual 2011/2012 \$000's	Group Actual 2011/2012 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
5,595	5,595	Rates	5,717	5,778	5,778
2,780	3,317	Other Income	5,034	3,632	4,601
607	608	Interest Received	563	696	696
390	390	Dividends Received	379	381	381
64	70	Goods and services tax (net)	-	(129)	(124)
9,436	9,980		11,693	10,358	11,332
		Cash was Applied To:			
6,177	6,789	Payment to Suppliers and Employees	7,286	6,956	7,842
3,259	3,191	Net Cashflow from Operating Activities	4,407	3,402	3,490
		INVESTING ACTIVITIES			
		Cash was Provided From			
-	-	Sale of Assets	-	925	925
64	64	Sale of Investments	-	-	-
64	64		-	925	925
2,554	2,537	Applied to: Purchase assets	2,963	3,120	3,125
447	398	Purchasing of Investments	2,150	-	50
(3,001)	(2,935)		5,113	3,120	3,175
(2,937)	(2,871)	Net Cashflow from Investing Activities	(5,113)	(2,195)	(2,250)
		FINANCING ACTIVITIES			
-	-	Applied to: Debt repayment	8	-	-
-	-	Net cashflow from Financing Activities	(8)	-	-
		SUMMARY OF NET CASHFLOWS			
3,259	3,191	Net cashflow from Operating Activities	4,407	3402	3,490
(2,937)	(2,871)	Net cashflow from Investing Activities	(5,113)	(2,195)	(2,250)
-	-	Net cashflow from Financing Activities	(8)	-	-
322	320	Net increase/(decrease) in cash & cash equivalents	(714)	1,207	1,240
3,280	3,311	Cash & cash equivalents at beginning of period	4,080	3,602	3,631
3,602	3,631	Cash & cash equivalents at end of period	3,366	4,809	4,871

Statement of Accounting Policies and notes to the Financial Statements for the Year Ended 30 June 2012

NOTES

- The financial statements of Mackenzie District Council on which this summary is based, have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.
- The financial statements have been prepared on an historical cost basis, modified by the revaluation of land, buildings and certain infrastructural assets, properties identified for disposal and biological assets.
- The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$'000). The functional currency of Mackenzie District Council is New Zealand dollars.
- The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 30 October 2012. This summary has been prepared in accordance with FRS 43: Summary Financial Statements.
- The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. The full annual report dated 30 October 2012 has received an unmodified audit report. A copy of the annual report may be obtained from the Council's offices or on the Council's website (www.mackenzie.govt.nz).
- This summary annual report has been examined by the auditor for consistency with the full annual report. An unmodified auditor's report is included with this summary.
- The Council has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities.
- The information included in the Summary Annual Report has been extracted from the audited full annual report and authorised for issue by Council's Manager—Finance and Administration on 9 November 2012.
- The Group consists of Mackenzie District Council and its subsidiary Mackenzie Tourism and Development Trust.

Notes to the Accounts

Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2011/12 Annual Plan are as follows:

Statement of Comprehensive Income

The net operating deficit of \$590,000, was below the budget surplus of \$1,313,000 due to the following reasons:

Subsidies and grants were \$1,640,000; \$86,000 below the budget of \$1,726,000. This is mainly due to reduced level of roading expenditure undertaken compared to budget for the year.

Investment income of \$1,093,000 was more than budget of \$942,000 due to greater cash reserves earning a higher than anticipated interest rate. Council's budgets were based on an on-call rate of 2.5% while it has been able to earn 1-2% higher on its on-call investments.

Other income of \$1,982,000 was more than budget of \$1,370,000. This is due mainly to the inclusion of insurance proceeds from the Old Library Cafe fire of \$505,000. Council expects to commence repairs in the 2012/13 year. Council impaired, in the 2011/12 year, the value of the Old Library building totalling \$166,000. Contributions (including Reserve Contributions) total \$416,000 compared to a budget of \$33,000. This is due to developers in Twizel furthering their subdivision and payment by a developer in Tekapo. These types of revenue are dependent on the level of economic activity during the year.

Other gains/losses recorded a loss of \$920,000. This relates mainly to real estate sales but includes reduction in value of forestry assets (\$191,000) and Councils investment portfolio (\$65,000). Real estate losses attributable mainly to the sale of the Tekapo Camping Ground amounted to \$697,000. This should be compared to real estate sales budget of \$1,726,000. The actual include the value of land sold at \$2,555,000 while the budget, prepared for management purposes did not. The sale price of the land recorded was \$1,850,000 compared to a budget of \$1,726,000.

Member expenses were \$278,000; \$24,000 below the budget of \$302,000 due mainly to lower than expected loss incurred in relation to water zone committees. Expenses paid to the members of the Pukaki Airport Board were lower than budgeted by \$9,000 as the fees paid to those members were reduced to reflect the organisation moving to a less development-focused body. However, this was offset by unbudgeted members fees (\$9,000) paid to the Mackenzie Tourism & Development Trust) for the period.

Employment expenses of \$1,598,000 were \$185,000 below budget due mainly to staff taking parental leave during the year and not being able to be replaced and the change in solid waste delivery resulting in solid waste staff being made redundant in October 2011.

Consultancy expenses of \$629,000 were \$247,000 more than the budget of \$382,000. The main increases relate to the appointment of CINTA Research to undertake the first of an annual survey to measure customer satisfaction totalling \$21,000 and \$101,000 increase in budget to undertake preliminary development expenses for the Tekapo lake front land and \$30,000 due to valuation costs for land and building revaluations for the 2011 year.

Administrative costs are \$891,000; \$281,000 above the budget of \$610,000. The main areas are due to the cost of the Long-Term Plan audit. \$101,000 compared to budget of \$25,000. Council in the intervening years between long-term plans provide for a share of the costs over the three year cycle. \$50,000 would have been budgeted in 2010 and 2011. The balance of \$26,000 is due to additional costs associated with auditing the document after consultation due to the large number of submissions. Audit costs are \$38,000 above budget. Council insurance costs of \$140,000 are \$38,000 higher than the budget of \$102,000. This is an obvious market reaction to the situation in Christchurch.

Roading expenses are \$1,163,000 which is \$93,000 below budget of \$1,256,000. Bridge maintenance costs were lower than budget by \$27,000 along with lower than anticipated street cleaning costs of \$26,000, street lighting electricity costs of \$8,000 and street lighting maintenance costs of \$24,000. Sealed pavement maintenance costs were higher than budget by \$100,000. However, this was offset by a reduction in unsealed pavement maintenance costs of \$102,000. Snow and ice control exceeded budget by \$27,000 due to snowfalls at the beginning and end of the financial year.

Loss on sale and assets written off and asset impairment were \$317,000 and \$277,000 respectively. The loss on sale of \$317,000 relates to the write off of the contribution to the Mackenzie Library which was erroneously capitalised. The cost in relation to the asset impairment is made up of two components – the first being the reduction in value of Council's carbon credit assets \$45,000, the second being the impairment of the loan to the Mackenzie Tourism and Development Trust by \$233,000.

The activity net operating deficit for the year was \$590,000. By adding back all of the extraordinary items such as:

Reduction in Council's Forestry Value	\$191,000
Reduction in Council's Investment Portfolio	\$65,000
Assets written off	\$317,000
Asset impairment	\$278,000
Book Value Land Sold	\$2,555,000
Operating Deficit	<u>(\$590,000)</u>
Total	\$2,816,000

A more accurate comparison to the budgeted surplus of \$1,313,000 can be made.

Events after Balance Date

Council, as a result of public consultation through its Long-Term Plan 2012-2022, has decided to cease funding the Mackenzie Tourism & Development Trust as the vehicle used to provide Tourism and Development services in the Mackenzie. Council has appointed a working party of interested people to develop a way forward for delivery of the tourism and development activity. In the meantime, Council has appointed Christchurch and Canterbury Marketing for one year to undertake the role performed by the Trust.

Council has also provided an extra \$55,000 in loan money to the Mackenzie Tourism & Development Trust at the end of July 2012.

**To the readers of
Mackenzie District Council and group's
Annual report
For the year ended 30 June 2012**

We have audited the summary of the annual report (the summary) as set out on pages 1 to 11, which was derived from the audited statements in the annual report of the Mackenzie District Council (the District Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 30 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's groups of activities statements and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 30 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor, which includes obligations to carry out the audit of the annual report and the audit of the long-term plan, we have no relationship with, or interests in, the District Council or any of its subsidiaries.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
9 November 2012