



456TH MEETING OF THE
MACKENZIE DISTRICT COUNCIL

TO THE MAYOR AND COUNCILLORS OF THE MACKENZIE DISTRICT COUNCIL

Membership of the Council:

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

*Notice is given of an Extraordinary Meeting of the Mackenzie
District Council to be held on Friday, October 30, 2015, at
9.30am.*

VENUE: Council Chambers, Fairlie

BUSINESS: As per the attached agenda.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



MACKENZIE DISTRICT COUNCIL

Agenda for Friday, October 30, 2015, at 9.30am

OPENING AND APOLOGIES

DECLARATIONS OF INTEREST

REPORTS:

- A) ANNUAL REPORT 30 JUNE 2015 (ATTACHED)
- B) BENDROSE STATION PIPELINE REQUEST (ATTACHED)

PUBLIC EXCLUDED REPORTS:

- A) ALPINE ENERGY LTD INCREASE IN DIRECTOR'S FEES (ATTACHED)

PUBLIC EXCLUDED RESOLUTION:

Resolve that the public be excluded from the following part of the proceedings of this meeting namely Alpine Energy Ltd Increase in Director's Fees.

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 Ltd Increase in Director's Fees	Protect privacy of persons	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 Ltd Increase in Director's Fees under section 7(2)(a)*.

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL
SUBJECT: BENDROSE STATION IRRIGATION PIPELINE
MEETING DATE: 30 OCTOBER 2015
REF: LAN 15
FROM: NATHAN HOLE, PLANNING & REGULATIONS MANAGER

PURPOSE OF REPORT:

For Council to consider an application from Bendrose Farm 2014 Ltd to construct a 675mm irrigation pipeline across Pukaki Airport land to convey water to Bendrose Station.

STAFF RECOMMENDATIONS:

1. That the report be received; and
2. Council agrees to Bendrose Farm 2014 Ltd constructing an underground irrigation pipeline across Pukaki Airport and subject to agreement of specific terms.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

1. Letter dated 9 September from Irricon Resource Solutions Ltd
2. Maps titled "Bendrose Pipeline"
3. Letter from Derek Kirke, Pukaki Airport Board Chairman

BACKGROUND:

Bendrose Farm 2014 Ltd (Bendrose) through their agent Irricon Resource Solutions (IRS) has applied to Council for permission to construct an irrigation pipeline across land owned by Council, and managed as part of the Pukaki Airport.

Bendrose propose to irrigate their farm via a 675mm gravity fed pipeline sourcing water from the Pukaki Canal as shown on Figure 1.

The proposal originally sought to convey water across RS 4038 (Forestry Reserve), however, following enquiries regarding the use and the reserve status of the land it was considered easier to avoid to land.

Bendrose also considered laying the pipeline across the adjoining public conservation land, however, due to the conservation values present the Department of Conservation's preference is for the pipeline to cause the least amount of disturbance to the conservation land. This has led to their proposal to run the pipeline across the airport land.

Bendrose through their agent has discussed this proposal with the Pukaki Airport Board. A letter from the Chairman is attached supporting the proposal subject to some conditions.

Should Council agree to the proposal, Bendrose is also requesting an easement in their favour to protect the pipeline and the right to convey water.

POLICY STATUS:

N/A

SIGNIFICANCE OF DECISION:

This proposal does not trigger Council's Significance and Engagement Policy. The proposal has been assessed against the criteria for assessing significance in section 3.0 of the policy.

ISSUES & OPTIONS:

The Airport Board has considered the proposal from their perspective and support the proposal.

Constructing the pipeline on the inside of the Pukaki Airport boundary was considered by Bendrose and discussed with the Board. The Board's preference was the proposed

route as it was considered that would have the least impact in relation to any future development.

CONSIDERATIONS:

Legal

Council should carefully consider the implications of agreeing to an easement as it may effect Council's rights depending on how the airport develops in the future.

Financial

Council should consider whether or not a lease should be charged for the use of its land, and should also consider the financial implications to itself of granting an easement in favour of another party over its land.

Other

The pipeline will require resource consent as a restricted discretionary activity under the Utilities section of the District Plan as the pipeline will be constructed through a Site of Natural Significance. It is also a non-complying activity under the Airport Zone rules as it is an activity that does not relate to aviation.

CONCLUSION:

The Pukaki Airport Board has considered and supports Bendrose's proposal. The proposed pipeline route has been selected by Bendrose to achieve a gravity feed while avoiding RS 4038, minimising disturbance to the adjoining public conservation land, and minimising the length of the pipeline required. However, Council should be cautious before agreeing to an easement in another party's favour over its operational land.

September 9, 2015

Mackenzie District Council
PO Box 52
Main Street
FAIRLIE
7949



To whom it may concern,

RE: Bendrose Farm 2014 Limited Irrigation Pipeline

Background

Bendrose Farm 2014 Limited have been granted resource consent from the Canterbury Regional Council to take water from the Pukaki Canal for irrigation purposes. This irrigation would expand on the area currently irrigated and will be used for cropping and sheep and beef finishing. A siphon will be used to gravity feed water from the canal through 650mm pipe to the irrigation area.

Issue

With consents granted the challenge is to convey the water from the Pukaki Canal to Bendrose Station. Several routes have been explored.

Initial plans were to run the pipeline as directly as possible from the canal to the irrigation area. Discussion with Nathan Hole regarding land parcel RS 4038 identified that the time and uncertainty in trying to gain an easement through this land, as it is administered through the Reserves Act, made this option prohibitive.

Meridian was amenable to the pipeline crossing their land and following the Pukaki River to Bendrose. However, the fall as the pipe moves east is not sufficient for a gravity fed system of this nature.

Running the pipe along SH8 to the bottom of land parcel RS 4038 before dropping down to Bendrose through conservation land was now considered the best option. Early consultation with the Department of Conservation (DOC) indicated that this was acceptable and an application for an easement concession was lodged with them. During this process as higher level DOC specialists have reviewed the application, reservations have been raised and Bendrose have been asked to reconsider the pipeline route.

A site meeting was held with DOC on Tuesday 25/08/2015 where alternatives were discussed. DOC were open to the pipeline passing through conservation land much lower down where conservation values are perhaps not as high and the entire conservation area would not be bisected by the works.

Pukaki Airport

As a result of the meeting it was obvious that in order to maintain fall and keep costs in check, passing through MDC land needed to be explored.

After the meeting with DOC, Rick Ramsey was very kindly able to meet with us in his capacity as a member of the Airport Board. In principle he was largely supportive of the idea with the obvious caveat that it would be required to be approved by the other members of the board as well as go to MDC Council for final approval.

In discussion, Rick's preference was that the pipeline cut across the top of the airport as opposed to underneath. This is due to longer term plans for development at the southern end and also

means that the entry to the airport would not need to be crossed by the pipeline. Rick also indicated that there is potential for a new runway along the eastern boundary and that following this may not be ideal. In addition, he also stated that the quarry at the top of the airport may be expanded and that any proposal should account for this before moving onto airport land.

Rick also mentioned the possibility of tapping into the line to irrigate the cross wind airstrip. This would require a variation to the ECan consent. If ECan will allow this change to the consent, Bendrose would be more than happy to accommodate this request.

Proposal

As a result of the outcomes of other options as outlined above and the preliminary discussion with Rick Ramsey, it is asked that the Airport Board and Mackenzie District Council give consideration to the pipeline passing through the airport as shown in the image that accompanies this letter.

Bendrose are more than happy to further discuss the route through the airport land, required depths and any remediation. Once agreed, a formal legal easement would be requested with the agreed conditions, at Bendrose's cost.

If you have any questions, please don't hesitate to contact me.

Yours sincerely,



Jack Christensen
On behalf of Bendrose Farm 2014 Limited.

Bendrose Pipeline

Proposed Pipe material: Glass reinforced plastic

Proposed Pipe Diameter: 675mm

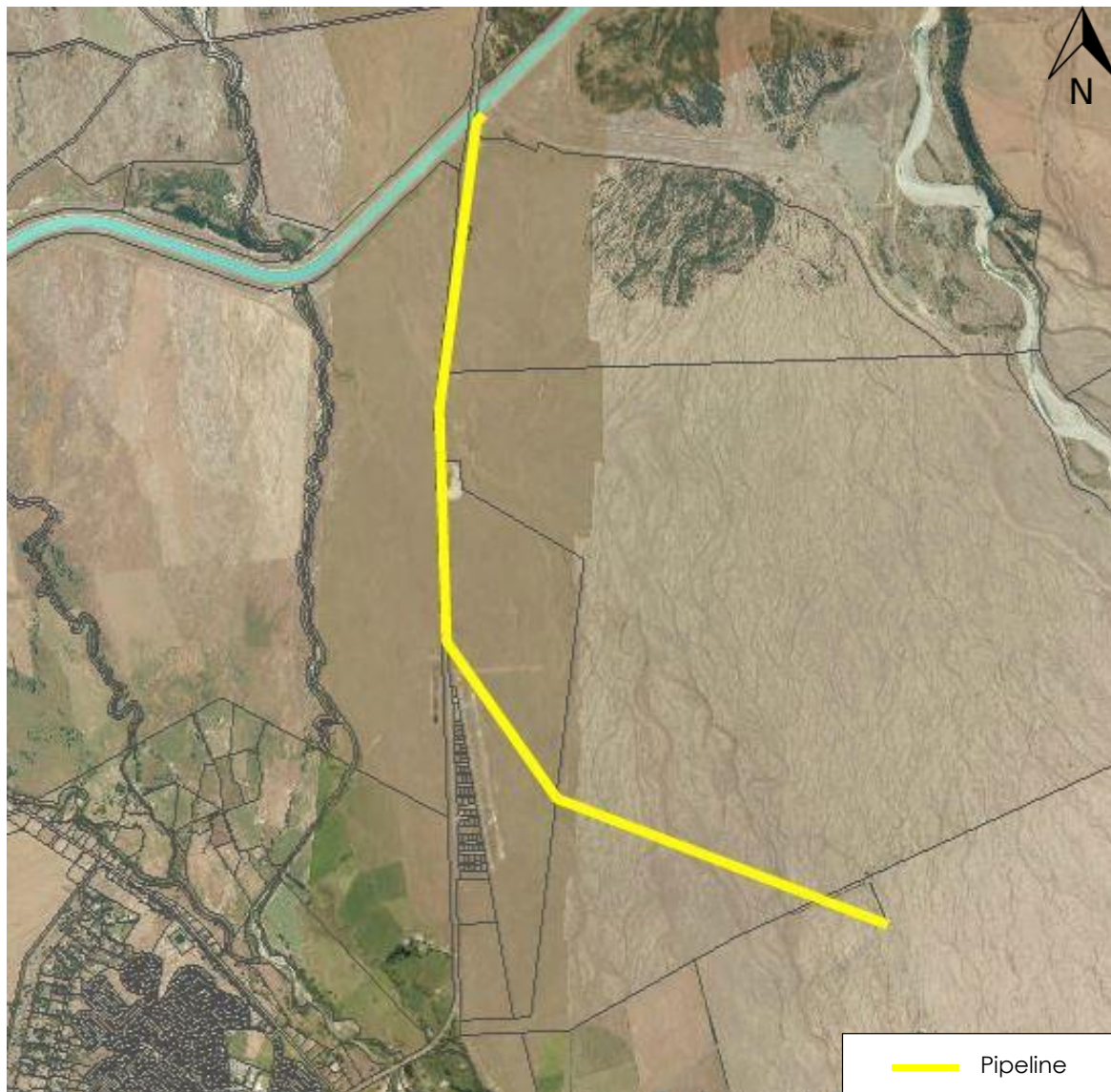


Figure 1: Overview

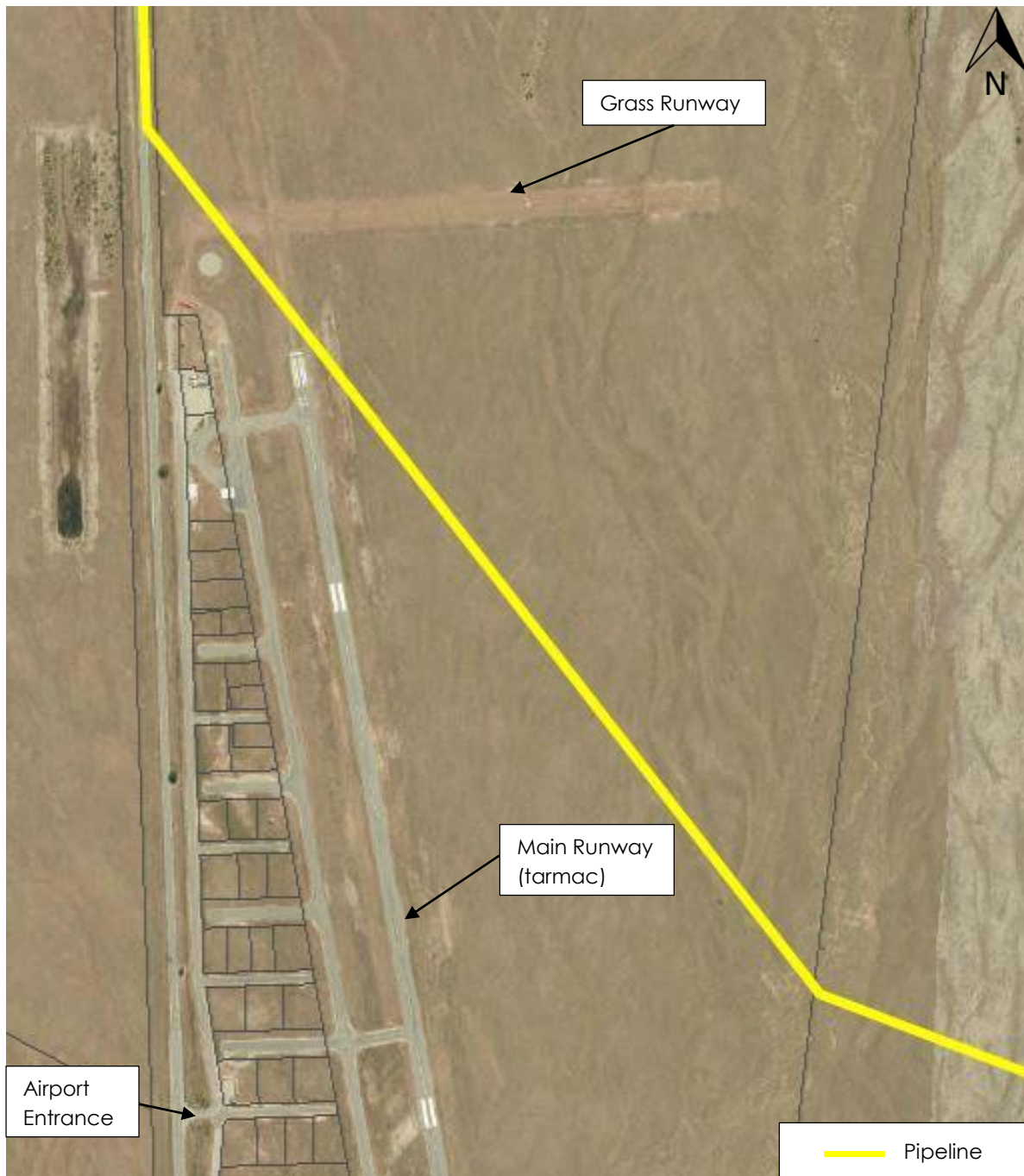


Figure 2: Pukaki Airport

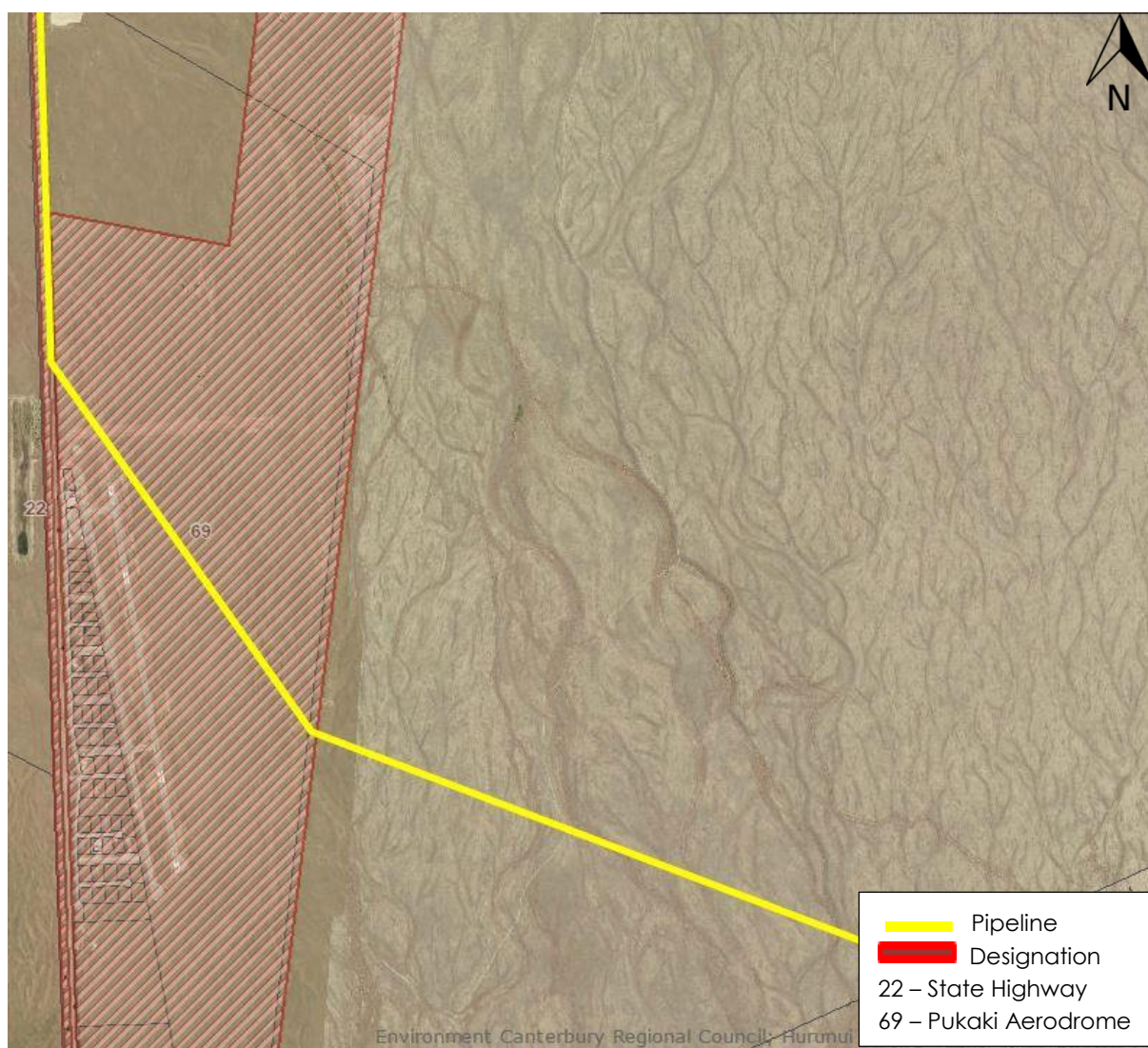


Figure 3: Designations

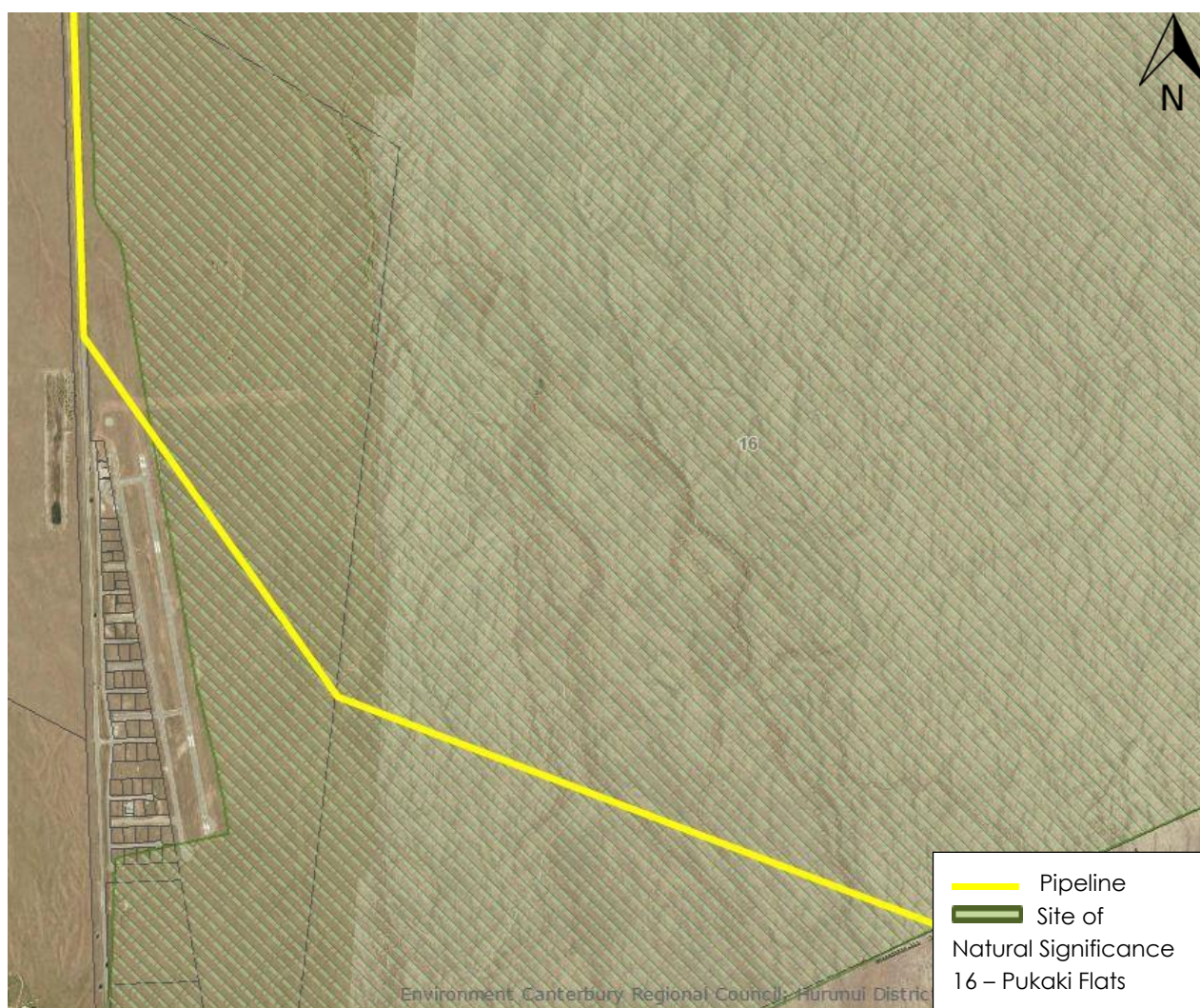


Figure 4: Sites of Natural Significance

Nathan Hole
 Planning & Regulations Manager
 Mackenzie District Council

26 Mataraki Place
 Wanaka 9305
 23rd October 2015

Dear Nathan, **Bendrose Farm 2014 Ltd Irrigation Pipeline**

Thank you for the letter from Irricon Resource Solutions and the map plan attached.

The Pukaki Airport Board recommend that the Council agree to the proposal as per the letter and plan subject to the following conditions.

1. Bendrose Farm 2014 Ltd will allow the Pukaki Airport to extract sufficient water to irrigate the grass runway, (as outlined on the map). This would require Bendrose to apply for a variation to the Ecan Consent.
2. The preferred pipeline route will be as outlined by the red line, provided it is well clear of the runway tarmac.
3. The pipeline will be at sufficient depth that any extension to the existing runway will be possible without disturbing the pipeline, and also across the area of a possible long term runway. The depth requirements there will be as would be required for a heavy jet aircraft runway.
4. Bendrose Farm 2014 Ltd will agree to not oppose airport noise control boundaries which may be registered in a future District Plan for the existing airport runway operation and for a future runway if it is developed.
5. All land disturbed will be reinstated to previous condition, especially on the grass runway and in the take-off threshold area at the end of the Tarmac runway. These areas must be properly consolidated and heavy rolled. Bendrose are anxious to progress this as soon as possible so that they do not miss a production season.

Yours faithfully
 Derek Kirke (Chairman Pukaki Airport Board)

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL
SUBJECT: ANNUAL REPORT 30 JUNE 2015
MEETING DATE: 30 OCTOBER 2015
REF: ANNUAL REPORT/2015
FROM: MANAGER FINANCE AND ADMINISTRATION

PURPOSE OF REPORT:

For Council to approve and adopt the Annual Report 2015.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the Annual Report 30 June 2015, be approved.
3. That the Mayor and Chief Executive Officer be given approval to sign the Letter of Representation for the Annual Report for the year ended 30 June 2015.
4. That the Annual Report for 30 June 2015 be adopted.

PAUL MORRIS
MANAGER – FINANCE AND ADMINISTRATION

ATTACHMENTS:

Annual Report 30 June 2015.

BACKGROUND:

Council is required to produce an annual report each year that complies with the International Accounting Standards and the Local Government Act 2002. These accounts are required to be audited. The audit process provides a level of comfort that the Council's assets both financial and non-financial are being prudently managed.

The accounts are required to be adopted by Council (including Audit Opinion) no later than 31st October 2015.



2014-2015 ANNUAL REPORT SUMMARY

INTRODUCTION BY THE MAYOR AND CEO

We are pleased to introduce the Annual Report of the Mackenzie District Council for 2014/2015. It has certainly been a very busy and a very satisfying year with a number of larger projects coming to fruition, it is amazing to see the progress that has been made.

It has also been a challenging year. Council has needed to make some significant and difficult decisions and our members have not always agreed on the best way forward, however all members have contributed to the debate and shouldered the responsibility of making progress for the District. It is a measure of the calibre of our Councilors that they have been able to work through the tough calls and keep their eyes on what is best for the Mackenzie.

This year we have seen completion of new public toilets at Twizel, a new car park at the Tekapo Community Centre, a significant upgrade of the Council office courtyard and the reopening of the Old Fairlie Library building. These are all significant improvements that make the Mackenzie an even better place.

In addition to these completed works construction is now well underway on upgrading the Twizel Water Supply and Treatment Plant and the Tekapo Lakefront Commercial Development. These are major projects that have taken a significant amount of planning and preparation. We are very pleased with the progress that these works represent for our District.

Construction is also underway on several major projects in which Council is acting in partnership with the community or acting to enable the activity. The new Meridian Office Building at Twizel is well advanced and while the siting of the building has been controversial, the presence of Meridian within the township is well supported and we look forward to welcoming the approximately 60 workers into the business area.

The High Country Medical Trust is to be congratulated on the construction progress being made on their new building at Mackenzie Drive at Twizel. Council is very pleased to be assisting this project through both the provision of land and direct funding.

A further significant community project that is progressing within the district is the Tekapo Footbridge. The Tekapo

Community Board has provided direct funding to this project and Council has assisted with liaison to obtain funding from New Zealand Transport Agency. The superstructure for the bridge is currently being fabricated and is due to be placed in spring.

A further significant project undertaken this year is the production of a new Council Long Term Plan. This involves a full review of our activities and the services we provide as well as our financial planning and management documents. These documents are then used to formulate a comprehensive plan covering all of our activities for the next ten years. In addition to this already significant undertaking, this year there were additional new Long Term Plan requirements arising from the latest amendment to the Local Government Act. The total work requirement has been huge and we wish to thank our staff for their tireless efforts throughout the year.

In parallel with the high profile and visible projects noted above we have been progressing a number of important operational projects to make sure we keep up with legislative requirements, improve the way we provide services to our community and lift our efficiency in that delivery. These projects include updating processes to comply with new financial and non-financial regulations, improving the standard of documentation and format used for consulting with our community and working with neighboring Councils to develop a coordinated approach to road maintenance activities.

All the while we need to “keep up with the day job”, building activity is still strong and our Building Officers need to keep pace to ensure confidence in work quality is maintained. Tourism growth and business interest have been strong throughout the year which has kept up demand for the contracted services of our tourism and business development providers. Our infrastructure team have replaced water mains, sewage pumps and three bridges. The planning department has needed to meet requirements associated with Plan Change 13 and the District Plan review which continue unabated.

It is very satisfying to reflect on the achievements of this year as an on-going contribution to our community. We would like to extend a very big thank you to staff and elected members for their tireless efforts and contribution throughout 2014/2015. It has been a big year for us all and there have been some fantastic outcomes for our communities.



Claire Barlow
Mayor



Wayne Barnett
Chief Executive

SUMMARY STATEMENTS OF SERVICE PROVISION

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Governance

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	<p>Council and its committees generally meet every six weeks.</p> <p>Meetings comply with the Local Government (Official Information and Meetings) Act 1987.</p>	<p>At least nine meetings of Council held during the year, and 20 meetings of Council committees.</p> <p>No identified breaches of the Local Government (Official Information and Meetings) Act 1987.</p>	<p>Achieved Council continued to meet on a 6 weekly cycle. In 2014/15 there were 15 meetings of the full Council and 24 meetings of Council Committees. A total of 39 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>	<p>Achieved Council continued to meet on a 6 weekly cycle. In 2013/14 there were 14 meetings of the full Council and 25 meetings of Council Committees. A total of 39 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>
Effective consultation held on Long Term Plan, Annual Plan and other significant issues.	A summary of the Long Term Plan, Annual Plan and Annual Report is sent to all ratepayers within statutory time frames.	There are no breaches of statutory time frames for distribution of summary documents or consultation.	Not Achieved Council undertook a consultation process for its Long-Term Plan. The Long-Term Plan was not adopted until 4 August 2015.	Achieved Council undertook a consultative process for its Annual Plan which was adopted on 10 June 2014. Council also made publically available its Summary Annual Report within the statutory timeframe.
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	Each community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval.	<p>Not Achieved The Community Boards met 21 times during the year as follows: Fairlie 8 Tekapo 5 Twizel 8 Two Tekapo meetings were cancelled due to a lack of matters to consider and one was cancelled due to an inability to reach a quorum.</p> <p>Achieved All recommendations including budget submissions were forwarded to Council for approval.</p>	<p>Achieved The Community Boards met 27 times during the year as follows: Fairlie 9 Tekapo 9 Twizel 9</p> <p>Achieved All recommendations including budget submissions were forwarded to Council for approval.</p>

SUMMARY STATEMENTS OF SERVICE PROVISION

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Water

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Water supplies are available and reliable	Time for reinstatement of service for on-demand supplies from notification to contractor:			
	During working hours - 6 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved 100% of on-demand supplies were reinstated within 6 hours.
	Outside working hours – 9 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved There were no shut downs out of work hours.
	For restricted supplies: - 24 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved 100% of restricted supplies were reinstated within 24 hours.
Water is safe to drink	No detectible E Coli in water leaving water treatment plants or in the distribution network as identified during scheduled monitoring.	100%	Not Achieved 3 transgressions. 2 in the Allandale Supply, 1 in Burkes Pass Supply,	Not Achieved 6 transgressions. 2 in the Twizel Supply, 2 in Burkes Pass Supply, 1 in Fairlie Supply and 1 in Kimbell.
	Response to any E Coli identified in drinking water leaving the treatment plant (transgression): Take remedial action.	100%	Achieved Re-tests were carried out for each of these transgressions.	Achieved Re-tests were carried out for each of these transgressions.
	Issue “Boil Water” notice if transgression is likely to exceed 24 hours to rectify.	100%	Achieved 2 “Boil Water” Notices was issued in response to transgressions which were likely to exceed 24 hours.	Achieved 1 “Boil Water” Notices was issued in response to transgressions which were likely to exceed 24 hours.
Water quality is maintained or improved	Time to respond to water demands including low pressure and flow from notification to contractor:			
	During working hours-6 hours	100%	Achieved There were no notifications of low pressure or flow.	Achieved There were no notifications of low pressure or flow.
	Outside working hours-9 hours	100%	Achieved There were no notifications of low pressure or flow.	Achieved There were no notifications of low pressure or flow.
	% of ratepayers satisfied with the water supply service.	80%	Not Achieved 70 % were satisfied.	Not Achieved 70 % were satisfied.
	Upgrading the treatment of the following water supplies			

SUMMARY STATEMENTS OF SERVICE PROVISION

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Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
	to comply with the health requirements of the Drinking Water Standards for New Zealand 2008 in accordance with the Health (Drinking Water) Amendment Act 2007 to provide for growth and ensure continuity of supply			
	Target Upgrade Tekapo water supply by June 2013	Upgrade complete.	Achieved Completed	Achieved Completed
	Target Upgrade Twizel water supply by June 2016	Upgrade complete.	Upgrade underway stage I completed.	Information gathering stage.
	Target Upgrade Fairlie water supply by 1 June 2017	Upgrade complete.	Information gathering stage.	Information gathering stage.

SUMMARY STATEMENTS OF SERVICE PROVISION

Sewerage

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Sewage is managed without risk to public health.	Number of sewage overflows from pump stations.	Nil	Achieved There were nil sewage overflows from pump stations for the year.	Achieved There were nil sewage overflows from pump stations for the year.
	Number of annual blockages per 10km of sewer.	Less than six	Achieved There were 1.84 blockages per 10 kms	Achieved There were 1.3 blockages per 10 kms
	% of ratepayers satisfied with the sewage treatment and disposal service.	85%	Achieved 96% were satisfied.	Achieved 96% were satisfied.
Sewage is able to be disposed of without significant disruption.	% of temporary or permanent repairs completed within 6 hours (during working hours) or 12 hours (outside working hours).	100%	Achieved 100% of repairs were completed within 6 hours.	Achieved 100% of repairs were completed within 6 hours.
	Normal disruption should not exceed 8 hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	100%	Achieved 100% no disruption exceeded 8 hours.	Achieved 100% no disruption exceeded 8 hours. CSR's received 6 completed 6 completed in time 5.
Safe discharge of wastewater	% of notices of non-compliance, issued by Environment Canterbury, for Council's discharge consents actioned within 20 working days.	100%	Achieved The Council received a notice of non-compliance for the discharge of effluent from the Tekapo Oxidation Ponds. The issue relates to the system being overloaded at times. Council have acknowledged this concern with Environment Canterbury and have confirmed through the LTP that a new disposal system will be investigated in 2015/16 and installed as soon as possible thereafter. Consultants have been engaged to begin this process.	Not Achieved Only 78% of notices were actioned. Had non-compliance with Dissolved Oxygen reading at Tekapo and Fairlie Ponds. Not collecting flow data at Fairlie. In correct samples collect or not collected and results sent to Environment Canterbury.

SUMMARY STATEMENTS OF SERVICE PROVISION

Stormwater

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council provides a reliable stormwater system which prevents houses from flooding.	Number of reported house flooding incidents in a 1 in 5 year event.	Nil	Achieved There was no 1 in 5 year event.	Achieved There was no 1 in 5 year event.
Council will respond promptly to reports of flooding and customer requests	% of localised flooding events responded to within 1 hour of notification.	100%	Achieved There were no events that created localised flooding and therefore the need for our contractors to attend.	Achieved 100% of events were responded to within 1 hour.
	% of blockages causing minor disruption responded to within 6 hours of notification during working hours or 12 hours outside working hours.	100%	Achieved There were a couple of significant rain events in 2014/15 and the contractor had staff patrolling the district immediately the extent became known to address any issues. Customer Service Requests Received 2 Completed 2 Completed in time 2.	Achieved There were a couple of significant rain events in 2013/14 and the contractor had staff patrolling the district immediately the extent became known to address any issues. Customer Service Requests Received 3 Completed 2 Completed in time 2.

SUMMARY STATEMENTS OF SERVICE PROVISION

Roading

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	Smoothness of urban and rural sealed roads as compared with rest of New Zealand.	Smoothness higher than national average.	Achieved Mackenzie DC smoothness rating is 97% (completed May 2014). Compared to the national average of 91% (2012/13). This is a biennial measure. ***	Achieved Mackenzie DC smoothness rating is 97% (completed May 2014). Compared to the national average of 91% (2012/13). This is a biennial measure.
	The average roughness of urban roads as measured by NAASRA counts.	Average <100 counts with less than 10% exceeding 150 counts.	Achieved Average of 86 counts (completed May 2014) Trending Downwards, last count 88 May 2012 3.3% counts exceeding 150 (completed May 2014) Trending upwards last measure May 2012: 2.6%. This is a biennial measure as per NZTA requirements.***	Achieved Average of 86 counts (completed May 2014) Trending Downwards, last count 88 May 2012 3.3% counts exceeding 150 (completed May 2014) Trending upwards last measure May 2012: 2.6%. This is a biennial measure as per NZTA requirements.
	The average roughness of rural roads as measured by NAASRA counts.	Average <80 counts with less than 10% exceeding 110 counts.	Achieved Average of 66 counts (completed May 2014). 5.9% of counts exceeding 110. This is a biennial measure***	Achieved Average of 66 counts (completed May 2014). 5.9% of counts exceeding 110. This is a biennial measure
	% of road users are satisfied with the roading network.	85%	Achieved 86% were satisfied.	Achieved 88% were satisfied.
Council provides a safe and efficient roading network.	Minor improvements to the network identified that will benefit the road user and programmed for completion.	Two projects completed each year.	Achieved Three Bridge replacements were completed, Long Gully, Oldfields Road and Pioneer Park. Sight benching improvements on three corners on Mount Michael Valley Road one area on Middle Road. Intersection realignment with kerb and channel on Irishman Drive/Maitland Place intersection.	Achieved Manuka Terrace Seal Extension was completed. Market Place Contract 1212 was completed this financial year.
	Number of fatal accidents due solely to road factors.	Nil.	Achieved There were no fatal accidents on local roads in the district caused solely by road conditions.	Achieved There were no fatal accidents on local roads in the district caused solely by road conditions.
Ready access is provided around the District except in extreme weather conditions.	The roading network is trafficable and contracted emergency response times are met – on site within 1.5 hours to begin reinstatement	100%.	Not Achieved 92%. We did not achieve this measure as we had three callouts that exceeded 1.5 hours. All three call outs did not affect the accessibility of the network and two were for minor repairs only required. The other was for a District wide wind event. All events were attended within 5 hours of the	Not Achieved 92%. We did not achieve this measure as we had four callouts that exceeded 1.5 hours. One was for a hole in a privately owned car park, a further for a fallen tree on Plantation Road, and another was a blocked ford on Glen Lyon Road. All were attended to the day of reported incident.

SUMMARY STATEMENTS OF SERVICE PROVISION

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
			reported complaint.	
Footpaths are maintained in good condition and are fit for purpose	% of footpaths defects made safe within 48 hours.	95%	Achieved 100%. Four faults deemed as a trip hazard and were programmed to be remedied within 48 hours.	Achieved 100%. Six faults deemed as a trip hazard and were programmed to be remedied within 48 hours
	% of road users satisfied with the condition of Council footpaths.	70% with improving trend	Not Achieved 81% were satisfied. Which is the same as the 2013/2014 Figures so the trend is not currently improving.	Not Achieved 81% were satisfied. Which is a drop on 2012/2013 Figures so the trend is not currently improving.

Planning and Regulation

Level of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
To maintain an up to date District Plan that enables a vibrant community while sustainably managing the District's resources.	<p>To review the provisions of the District Plan within 10 years of those parts of the Plan becoming operative.</p> <p>80% or greater of those surveyed are satisfied by the belief that the Council is adequately managing resource management issues in the District.</p>	<p>To have initiated a review of the District Plan and publicly notified proposed changes by 30 April 2014.</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved The Council has initiated its review but has yet to publicly notify the proposed changes.</p> <p>Not Achieved CINTA Survey 2015 showed 71% satisfaction.</p>	<p>Achieved The Council has initiated its review of the District Plan and is working through this process.</p> <p>Not Achieved CINTA Survey October 2014 showed 69% satisfaction.</p>
To provide a technically sound but customer focused service when processing resource consents while achieving our obligations under the Resource Management Act.	<p>Non-notified and notified resource consents are processed within the statutory timeframe of 20 and 70 working days respectively.</p> <p>80% or greater of those applying for resource consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved 91% of consents were processed within the timeframe.</p> <p>Not Achieved CINTA Survey 2015 showed 79% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>	<p>Not Achieved 99% of consents were processed within the timeframe.</p> <p>Not Achieved CINTA Survey October 2014 showed 61% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>
To provide a customer focussed building control service that is efficient and cost effective while achieving our obligations under the Building Act 2004.	<p>Building consents are processed within the statutory timeframe of 20 working days.</p> <p>Land Information Memoranda (LIMs) and Property Information Memoranda (PIMs) are processed within the statutory timeframes of 10 and 20 working days respectively.</p> <p>80% or greater of those applying for building consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved 94% of consents were processed within the timeframe.</p> <p>Not Achieved 98% of LIMs & 100% of PIMs were processed within the timeframe.</p> <p>Achieved CINTA Survey 2015 showed 69% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>	<p>Not Achieved 95% of consents were processed within the timeframe.</p> <p>Not Achieved 99% of LIMs & 100% of PIMs were processed within the timeframe.</p> <p>Achieved CINTA Survey October 2014 showed 72% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>

SUMMARY STATEMENTS OF SERVICE PROVISION

24

Level of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
To provide a safe environment for dogs and the public to co-exist.	<p>Maintain a record of all dogs in the District by ensuring that they are registered.</p> <p>Respond to all complaints relating to dogs with 12 hours.</p> <p>80% or greater of those surveyed believe the Council is adequately managing dog control issues in the District.</p>	<p>100% registration for all recorded dogs.</p> <p>100%</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved At year end there were approximately 118 dogs unregistered.</p> <p>Not Achieved Due to lack of supporting documentation the results could not be confirmed.</p> <p>Achieved CINTA survey 2015 showed 85% were satisfied.</p>	<p>Not Achieved At year end there were approximately 117 dogs unregistered.</p> <p>Not Achieved Due to the contractor not being available at all times.</p> <p>Achieved CINTA survey October 2014 showed 86% were satisfied.</p>
For the Council and the community to be prepared to respond to a civil defence emergency.	<p>Council staff and volunteers are familiar with their roles and are adequately trained.</p> <p>80% or greater of the community surveyed has faith in the Council's preparedness and individual community members understand how they should prepare themselves and their family for the events of a civil defence emergency.</p>	<p>Training is attended as required, and the Council will participate in one training exercise per year.</p> <p>80% favourable response from a customer survey.</p>	<p>Achieved The scheduled South Island training exercise was re-scheduled and held on 29 July 2015. An additional exercise will be held in 2015/16.</p> <p>Not Achieved 77% of those surveyed had faith in Council's preparedness.</p>	<p>Achieved The Council participated in Exercise Te Ripahapa – a South Island wide Civil Defence exercise.</p> <p>Achieved 92% of those surveyed had faith in Council's preparedness.</p>
To manage a fire risk and to be able to provide a ready and capable response to rural fires.	<p>For Council to remain as an active member of an enlarged rural fire district with other partner councils and agencies.</p> <p>Council has a capable and well equipped rural fire response teams across the Mackenzie District.</p>	<p>Attend all South Canterbury Rural Fire meetings.</p> <p>All volunteer rural fire teams are trained to industry standards.</p> <p>A capital replacement programme for tankers and other equipment is implemented.</p>	<p>Achieved The Council has been represented at all SCRFC meetings.</p> <p>Achieved All volunteers trained to the industry standards.</p> <p>Achieved Equipment upgraded, next tanker replacement due 2015/16.</p>	<p>Achieved The Council has been represented at all SCRFC meetings.</p> <p>Achieved All volunteers trained to the industry standards.</p> <p>Achieved The Albury Tanker was replaced.</p>

Community and township services

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Township Services and Facilities are provided and maintained to an acceptable level	Maintain or improve average customer user satisfaction rating.	84% or above	Achieved 94% of those surveyed are satisfied with the service and facilities provided. This is a large jump in the satisfaction levels for public toilets which we expect is a result of the capital improvement programme in this area.	Achieved 88% of those surveyed are satisfied with the service and facilities provided. The large decrease with Public Toilets satisfaction is noted with capital programmes addressing this.
	Residents regularly use at least two community facilities.	100%	Not Achieved 92.25 out of 275 people surveyed said they did not use any Community Facility. It is believed that non-resident ratepayers helped to contribute to the large decrease.	Not Achieved 97.5%. 7 out of 275 people surveyed said they did not use any Community Facility.
A reliable weekly kerbside recycling and rubbish collection service is provided.	% of waste bins collected within 48 hours of a genuine missed collection being reported.	100%	Achieved 100%	Achieved 100%
	% of users satisfied with the waste collection and recycling service	75% with an upward trend	Achieved CINTA survey 2015 indicated 91% of users were satisfied.	Achieved CINTA survey 2014 indicated 93% of users were satisfied.
Solid waste is collected and disposed of without causing any environmental harm.	The percentage of solid waste from the District resource recovery parks diverted from landfills.	70% diverted with an expectation of 80% by 2019.	Not Achieved 38% of solid waste diverted from landfills. There has been a continued increase in general recyclables collected through kerbside collections and drop offs to the Resource Recovery Parks, with relatively stable volumes of greenwaste and metal being received. However, there has been a significant drop in the volume of glass received during 2014/15.	Not Achieved 38% of solid waste diverted from landfills. This is a slight improvement on the previous year, continued improvements are expected over the coming year as a result of new education initiatives and an improved sorting process for recycling that will be established towards the end of 2014.

FINANCIAL STATEMENTS

Commercial activities

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Investments The Community expects the investments of the Council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter.	Investments out-perform the Bancorp Ltd benchmark portfolio.	Not Achieved The Councils investment portfolio outperformed the benchmark (as measured by Bancorp Ltd) in three of the four quarters.	Not Achieved The Councils investment portfolio outperformed the benchmark (as measured by Bancorp Ltd) in three of the four quarters.
Mackenzie Forestry Board The Board is required to operate and administer the Council's forestry estate as a successful business.	Council approves the Statement of Intent for the Forestry Board annually.	Approval obtained prior to 30 June each year.	Not Achieved Statement of Intent was not prepared.	Not Achieved Council did not approve the Statement of Intent of the Forestry Board.
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	All lease agreements are reviewed on a regular basis.	Council will ensure that the terms of each commercial lease agreement are adhered to.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility.	The Board will report to Council on a regular basis on its activities and progress towards meeting its goals.	The Board achieves the goals set in its statement of intent.	Not Achieved Council reviewed the Statement of Intent on 15 September 2015.	Achieved Council reviewed the Statement of Intent for 2014-2017 on 26 June 2014.
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.	<p>Council will progress the disposal of the areas of land identified for sale.</p> <p>Council will progress a land rationalisation process to identify further areas of land deemed surplus to its requirements.</p>	<p>Achieved Council has a sub-committee to assist with this. It has also employed consultants to assist.</p> <p>Achieved Council has progressed the land rationalisation process. It has identified further land that it considers to be surplus to requirement at the Western Catchment area in Fairlie.</p>	<p>Achieved Council has a sub-committee to assist with this. It has also employed consultants to assist.</p> <p>Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTP.</p>

FINANCIAL STATEMENTS

Summary Statement of Revenue and Expenditure for the year ending 30 June 2015

	2014	2015	
	Actual \$000's	Annual Plan \$000's	Actual \$000's
Total Revenue	12,045	13,028	13,584
Total Expenditure	12,606	12,237	12,465
Surplus/(deficit) from operations	(561)	791	1,119
Financial assets at fair value through other comprehensive income	(104)	0	9,252
Gain on infrastructure revaluations	21,334	0	0
NET COMPREHENSIVE REVENUE FOR THE YEAR	20,669	791	10,371

Summary Statement of Changes in Equity for the year ending 30 June 2015

	2014	2015	
	Actual \$000's	Annual Plan \$000's	Actual \$000's
EQUITY AT START OF THE YEAR	187,185	197,415	207,723
Valuation gains/(losses) taken to equity	(131)	0	28
Net income/(expense) recognised directly in equity	(131)	0	28
Net comprehensive income	20,669	791	10,371
TOTAL EQUITY AT END OF THE YEAR	207,723	198,206	218,122

Summary Statement of Financial Position as at 30 June 2015

	2014	2015	
	Actual \$000's	Annual Plan \$000's	Actual \$000's
Total Current Assets	16,347	7,536	14,919
Total Non Current Assets	193,560	192,277	206,468
Total Assets	209,907	199,813	221,387
Total Current Liabilities	2,106	1,574	3,189
Total Non Current Liabilities	78	33	75
Total Liabilities	2,184	1,607	3,264
NET ASSETS	207,723	198,206	218,122
Components of equity			
Accumulated funds	96,507	87,039	100,727
Capital reserves	1,728	(2,373)	(278)
Operating reserves	(1,185)	(1,482)	(2,270)
Special funds	6,097	7,831	6,114
Other reserves	42	37	44
Asset revaluation reserves	104,534	107,154	113,785
TOTAL EQUITY	207,723	198,206	218,122

Summary Statement of Cash Flows for the year ending 30 June 2015

	2014	2015	
	Actual \$000's	Annual Plan \$000's	Actual \$000's
Net increase (decrease) in cash and cash equivalents	1,458	(5,506)	(2,122)
Add cash at start of the year	7,950	8,000	9,408
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,408	2,494	7,286
THE CHANGE IN THE CASH BALANCE IS DUE TO:			
Net cash flows from operating activities	3,410	3,440	3,386
Net cash flows from investing activities	(1,952)	(8,947)	(5,508)
Net cash flows from financing activities	0	0	0
NET INCREASE (DECREASE) IN CASH HELD	1,458	(5,507)	(2,122)

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Disclosures

Summary Notes

Reporting entity

Mackenzie District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The principal activity of Mackenzie District Council is the provision of local authority services, including resource management, water, storm water, waste water and roading services, hazard management, recreation and cultural services and building control to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBEs) for financial reporting purposes.

The Council has two subsidiaries which have been dormant during the financial year and exempted under section 7 of the Local Government Act 2002. Therefore consolidated financial statements have not been prepared.

Basis of preparation

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: which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The financial statements have been prepared in accordance with Tier 2 PBE standards with Reduced Disclosure Requirements ("PBE RDR"). The Council qualifies for Tier 2 because it is does not have public accountability and is not large under the PBE Standards. These financial statements comply with PBE Standards.

Council confirms that all other statutory requirements relating to the Annual Report have been complied with. This Summary Annual Report has been prepared in accordance with the Public Benefit Entity Financial Reporting Standard 43 (PBE FRS43) Summary Financial Statements.

Measurement base

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.

Functional and presentation currency

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

Explanations of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2014/15 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenditure

Surplus from operations

Council's net operating surplus of \$1,119,000 was less than the budgeted surplus of \$791,000. Revenue was \$13,584,000, compared to the budgeted revenue of \$13,028,000. This is due to the net effect of the following variances in revenue and in expenditure as detailed below.

Revenue

Rates

Rates were \$7,211,000 being \$83,000 higher than budget of \$7,128,000, which is due to shifts in the rating database numbers between the time the budget for the 2014/2015 Annual Plan is finalised and the actual assessment of rates is conducted at the close of the District valuation roll.

Subsidies and grants

Subsidies and grants were \$2,242,000 being \$714,000 above the budget of \$1,528,000. This is due to minor improvements and the Tekapo footbridge work completed this financial year. Subsidies are directly related to the amount of money the Council spends on the Roading activity, whether capital expenditure or operating expenditure.

Investment revenue

Investment income of \$914,000 was \$103,000 less than the budget of \$1,017,000 due to lower than anticipated call and term deposit rates.

Other revenue

Other income is \$1,742,000; \$267,000 more than the budget of \$1,475,000. This is mainly due to additional carbon credits worth \$195,000 being issued to Council.

Also included in this result is higher than expected revenue from Health and Liquor Licensing activity as a result of the introduction of new fess collected under the Sale and Supply of Alcohol Act 2012 and the unbudgeted revenue from the Albury Water Scheme of \$69,000.

Contributions

These contributions are generated as a result of developers giving effect to subdivision plans and have contributed \$38,000 (budget \$432,000) in revenue for the year.

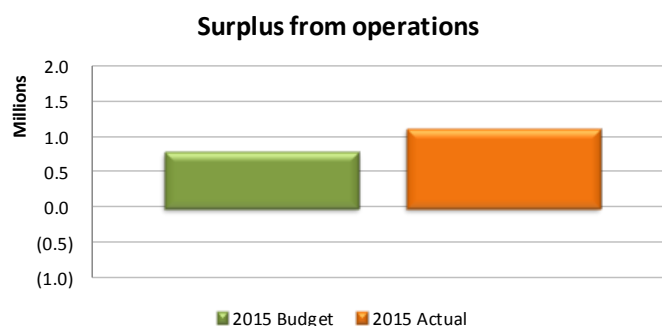
Other Gains

Revenue from other gains was under budget by \$36,000. The gain is due to larger than expected valuation increases from the forestry revaluation of \$564,000 and carbon credits increasing in value by \$172,000.

Vested Assets

Revenue from vested assets is greater than budgeted by \$25,000. This is largely attributable to higher than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed.

Council received \$684,000 in assets vested with Council from Tekapo developers, which is made up of water assets \$120,000, sewer assets \$137,000, stormwater assets \$128,000 and roading assets \$299,000.



Expenditure

Operational and Maintenance Costs for the year are \$3,394,000; \$320,000 less than the budgeted cost of \$3,714,000. The main reasons for this is that township projects budgeted to be undertaken in this year have not been completed as planned resulting in under-expenditure of \$185,000. Tekapo Township did not spend a total of \$56,000 from its township budget while Twizel did not spend \$60,000. Costs associated with solid waste cartage are under budget by \$31,000 due to lower volumes of waste being generated.

The remainder is mainly attributable to cost savings across the organisation.

Operating expenditure variances are reported in detail by significant activity in the cost of service statements in the Group Activities section.

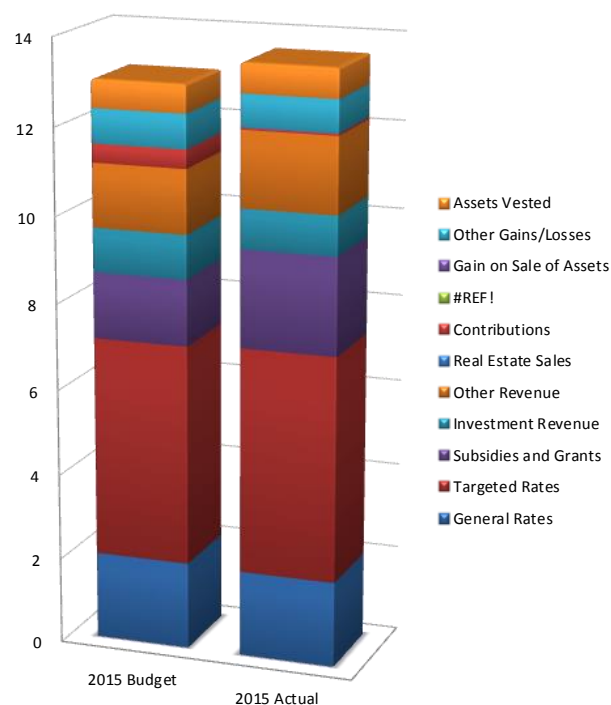
Roading expenses Roothing expenses were \$1,269,000; being \$86,000 more than the budget of \$1,183,000. The main reason for this variance is Council experienced a major weather event during the 2014/2015 financial year. Unbudgeted Emergency Re-instatement costs over both these events totalled \$114,000.

Real Estate Cost of Sales Real Estate cost of sales was \$41,000 which was unbudgeted. This relates to the costs associated with the Tekapo Village Centre and did not occur due to delays in obtaining consent.

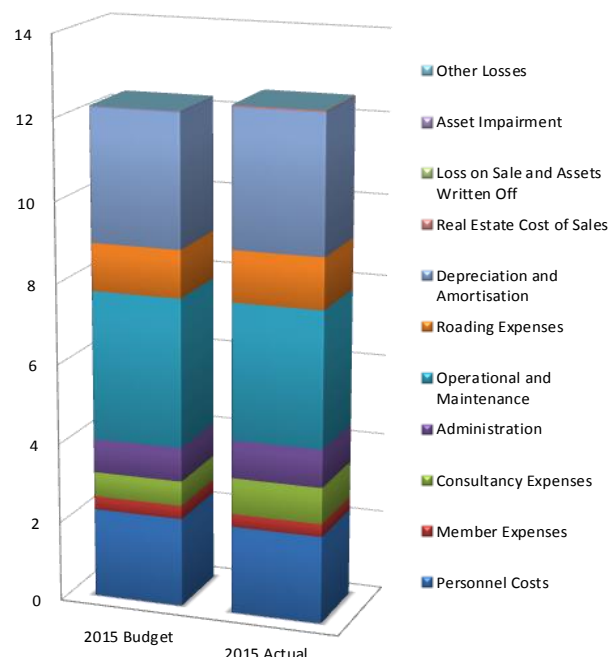
Depreciation Depreciation of \$3,389,000, being \$111,000 higher than the budget of \$3,278,000. This is due to higher than expected increases in asset values as a result of Councils 3 yearly infrastructure and building revaluation.

Also, the completion of large roading projects being brought forward will result in a higher depreciation charge than planned.

Revenue items (Millions)



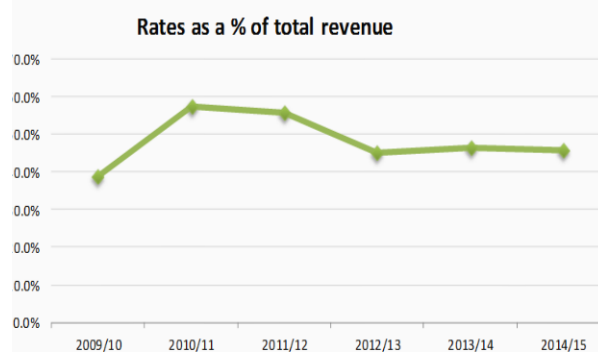
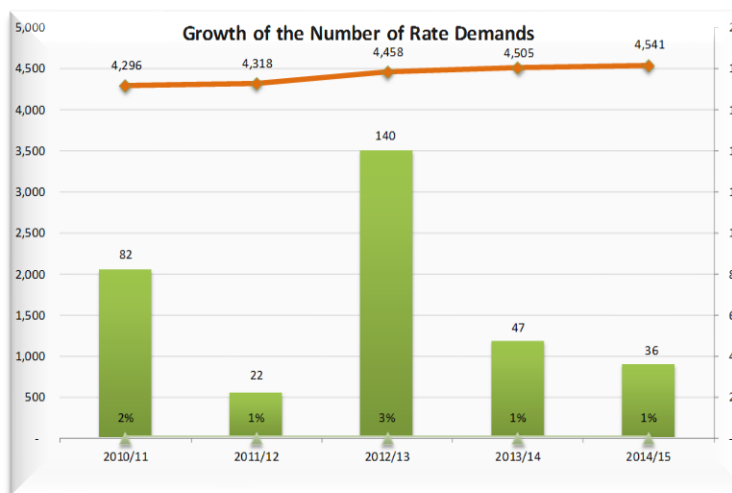
Expenditure items (Millions)



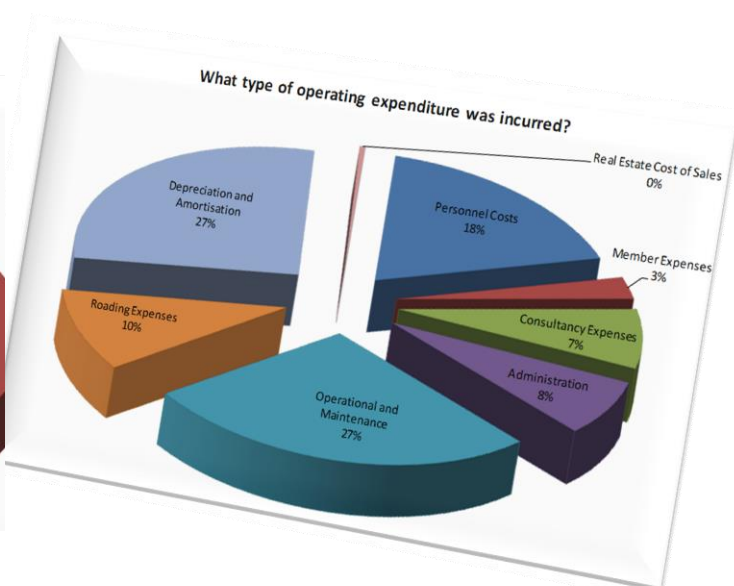
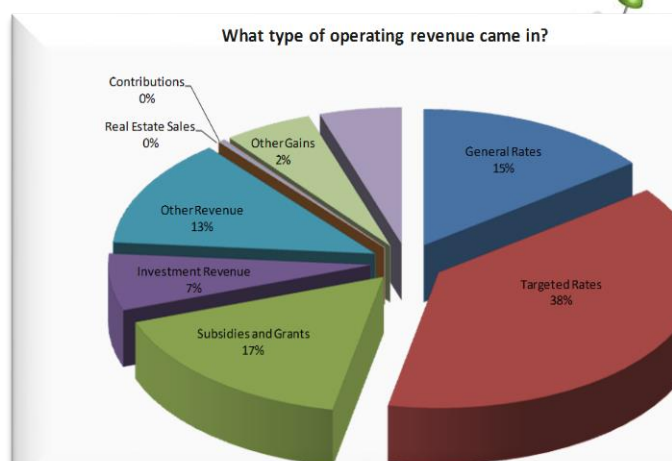
Disclaimer

1. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 30 October 2015. This summary has been prepared in accordance with PBE FRS 43: Summary Financial Statements.
2. 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 2015 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).
3. The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an unqualified audit opinion on 30 October 2015.
4. The specific disclosures included in this Summary Annual Report have been extracted from the full Annual Report and was authorised for issue by Council's Manager— Finance and Administration on 30 October 2015.

FINANCIAL OVERVIEW

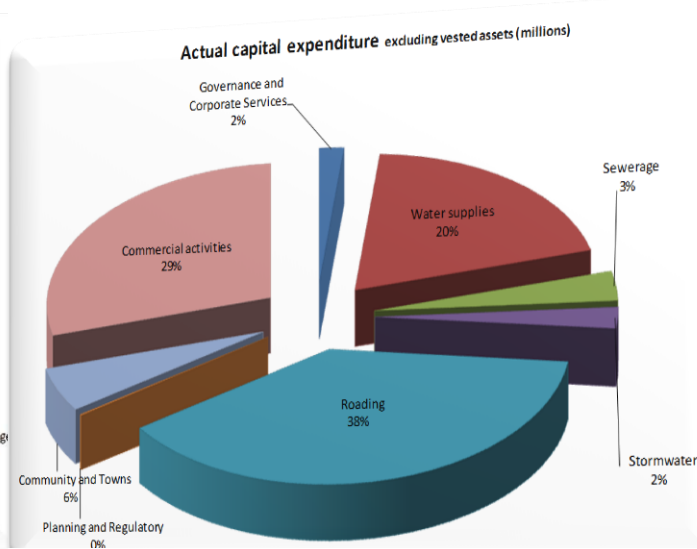
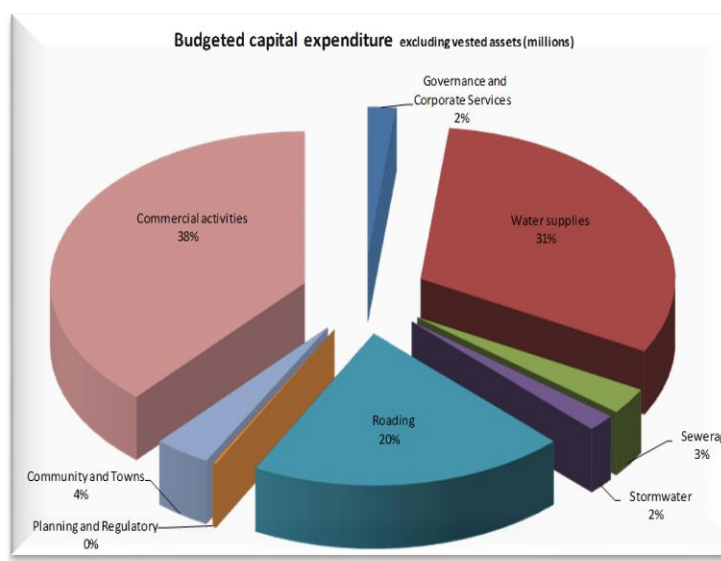


Operational



Capital

Council continues to ensure that our capital works programme is realistic and can be reasonably achieved in the timeframe proposed. The Office of the Auditor General estimated that the NZ Council average for actual capital expenditure as a percentage of budgeted capital expenditure is in the region of 80% while ours is 79% (2014:57%).



Independent Auditor's Report
To the readers of
Mackenzie District Council's
summary annual report
for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Mackenzie District Council (the Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 12:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the Council.

We expressed an unmodified audit opinion on the Council's full audited statements in our report dated 30 October 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS-43 (PBE): Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 30 October 2015 on the full audited statements.

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS-43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Council.

John Mackey,
 Audit New Zealand
 On behalf of the Auditor-General

Christchurch, New Zealand (20 November 2014)

Mackenzie District Council

DRAFT ANNUAL REPORT 2014-2015



COUNCIL DIRECTORY

Location

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Fax: (03) 685 8533

E-mail: council@mackenzie.govt.nz

Website: www.mackenzie.govt.nz

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Twizel Service Centre

Market Place

TWIZEL

Phone: (03) 435 0737

After Hours: (03) 435 0636

Fax: (03) 435 0537

Office Hours: Monday – Friday, 8.30am – 5.00pm

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Audit New Zealand on behalf of The Controller and

Auditor-General

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Solicitors

Anthony Harper Barristers & Solicitors

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62 Worcester Boulevard

CHRISTCHURCH

Bankers

Westpac

Corner Stafford and Church Streets

TIMARU

Mackenzie Photo Banner – photos supplied by local resident George Empson, Lake Tekapo.

THE MACKENZIE DISTRICT – 2013-2016 Mayor and Councillors



MAYOR
Claire Barlow

OPUHA WARD



Noel Jackson



Graham Smith (Deputy Mayor)



Evan Williams

PUKAKI WARD



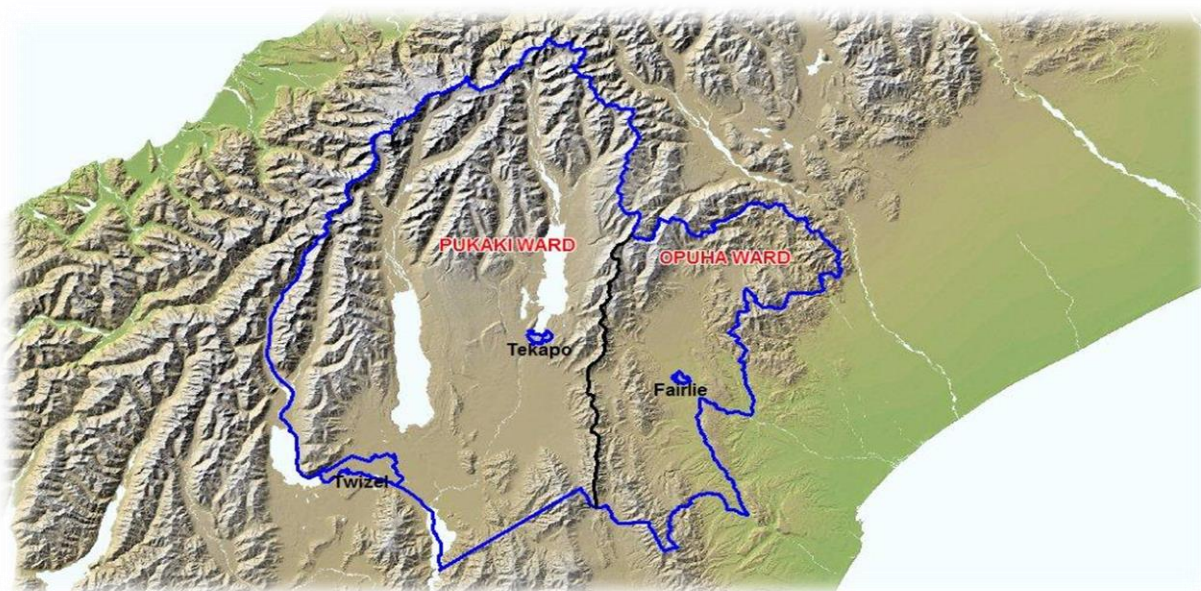
James Leslie



Russell Armstrong



Murray Cox



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INTRODUCTION BY THE MAYOR AND CHIEF EXECUTIVE

We are pleased to introduce the Annual Report of the Mackenzie District Council for 2014/2015. It has certainly been a very busy and a very satisfying year with a number of larger projects coming to fruition, it is amazing to see the progress that has been made.

It has also been a challenging year. Council has needed to make some significant and difficult decisions and our members have not always agreed on the best way forward, however all members have contributed to the debate and shouldered the responsibility of making progress for the District. It is a measure of the caliber of our Councilors that they have been able to work through the tough calls and keep their eyes on what is best for the Mackenzie.

This year we have seen completion of new public toilets at Twizel, a new car park at the Tekapo Community Centre, a significant upgrade of the Council office courtyard and the reopening of the Old Fairlie Library building. These are all significant improvements that make the Mackenzie an even better place.

In addition to these completed works construction is now well underway on upgrading the Twizel Water Supply and Treatment Plant and the Tekapo Lakefront Commercial Development. These are major projects that have taken a significant amount of planning and preparation. We are very pleased with the progress that these works represent for our District.

Construction is also underway on several major projects in which Council is acting in partnership with the community or acting to enable the activity. The new Meridian Office Building at Twizel is well advanced and while the siting of the building has been controversial, the presence of Meridian within the township is well supported and we look forward to welcoming the approximately 60 workers into the business area.

The High Country Medical Trust is to be congratulated on the construction progress being made on their new building at Mackenzie Drive at Twizel. Council is very pleased to be assisting this project through both the provision of land and direct funding.

A further significant community project that is progressing within the district is the Tekapo Footbridge. The Tekapo Community Board has provided direct funding to this project and Council has assisted with liaison to obtain funding from New Zealand Transport Agency. The superstructure for the bridge is currently being fabricated and is due to be placed in spring.

A further significant project undertaken this year is the production of a new Council Long Term Plan. This involves a full review of our activities and the services we provide as well as our financial planning and management documents. These documents are then used to formulate a comprehensive plan covering all of our activities for the next ten years. In addition to this already significant undertaking, this year there were additional new Long Term Plan requirements arising from the latest amendment to the Local Government Act. The total work requirement has been huge and we wish to thank our staff for their tireless efforts throughout the year.

In parallel with the high profile and visible projects noted above we have been progressing a number of important operational projects to make sure we keep up with legislative requirements, improve the way we provide services to our community and lift our efficiency in that delivery. These projects include updating processes to comply with new financial and non-financial regulations, improving the standard of documentation and format used for consulting with our community and working with neighboring Councils to develop a coordinated approach to road maintenance activities.

All the while we need to “keep up with the day job”, building activity is still strong and our Building Officers need to keep pace to ensure confidence in work quality is maintained. Tourism growth and business interest have been strong throughout the year which has kept up demand for the contracted services of our tourism and business development providers. Our infrastructure team has replaced water mains, sewage pumps and three bridges. The planning department has needed to meet requirements associated with Plan Change 13 and the District Plan review which continue unabated.

It is very satisfying to reflect on the achievements of this year as an on-going contribution to our community. We would like to extend a very big thank you to staff and elected members for their tireless efforts and contribution throughout 2014/2015. It has been a big year for us all and there have been some fantastic outcomes for our communities.



Claire Barlow
Mayor



Wayne Barnett
Chief Executive Officer

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

STATEMENT OF COMPLIANCE

The Council and management of Mackenzie District Council confirm that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been met.

STATEMENT OF RESPONSIBILITY


The Council and management accept responsibility for the preparation of the annual Financial Statements and the judgments used in them, and hereby adopt the Financial Statements as presented. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting.

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2015 fairly reflect the financial position, financial performance and service achievements of the Mackenzie District Council.



Claire Barlow
Mayor

30 October 2015



Wayne Barnett
Chief Executive Officer

30 October 2015

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

**To the readers of Mackenzie District Council's annual report
for the year ended 30 June 2015**

COMMUNITY OUTCOMES

This Annual Report provides a 'point in time' review of Council's progress towards its overall objectives. As such, it is helpful to reflect upon the wider content of this performance as well as the specific measures.

Council has identified six community outcomes that will assist in ensuring that the Mackenzie District remains a thriving area. These can be defined as goals the community, rather than Council, considers essential for the district to thrive. The outcomes and Council's role in achieving them are tabled below:

OUTCOME	COUNCIL ROLE
An attractive and highly valued natural environment The outcome desired by the community is to have the outstanding natural features of the district preserved, enhanced, accessible, and promoted	Regulator through its District Plan. Provider and funder of local reserves. Advocate for environmental issues. Promoter through tourism and economic development support.
A thriving economy The outcome desired by the community is to have a well-balanced economy, providing employment and investment opportunities for all ages, and sustaining a full range of support services	Essentially a support role. Council will provide some limited funding of business advice from 2013/14 through a contractual agreement with Aoraki Business & Development Trust. As a regulatory instrument, the Council's District Plan is seen as enabling, not putting barriers in the way of economic development.
A democracy which upholds the rights of the individual The outcome desired by the community is to have a Council which champions the rights of the individual and represents its community	Advocate on behalf of the District and groups within it.
A fit and healthy community The outcome desired by the community is to have a variety of sporting, recreational, cultural, spiritual, health, welfare and educational resources available to sustain and enrich the lives of its people.	Provider and funder of a range of recreational activities. Supporter of the provision of medical and other social services. Advocate where required.
Safe, effective and sustainable infrastructure The outcome desired by the community is to have safe, effective and sustainable water, waste, communication, energy and transport systems in place when required, through sound long term planning and funding.	The prime provider and funder of roading, water supplies, sewerage, stormwater and solid waste services.
A supportive and contributing community The outcome desired by the community is to foster the unique attributes and strong sense of community that makes the Mackenzie District special, and to encourage people to use their skills and talents for the benefit of the community.	Council plays a supportive role, providing advocacy where needed.

The framework through which Council operates has changed with the amendment of the Local Government Act in December 2012. The purpose of the act no longer includes promotion of economic, social, cultural and environmental well-being. It now directs Council 'to meet the current and future needs of communities for good quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.'

Council has reviewed all activities that it undertakes to confirm compliance with the amended Act. All new decisions will be taken within the new purpose. Council's view is that the community outcomes fall within the scope of the new purpose and remain legitimate Council objectives. It is expected that Council's role in implementing community goals will be essentially unaltered.

The Mackenzie District has a strong tradition of prudent management and community representation. This has enabled the Council to build a high level of financial security and achieve very close relationships within the community.

Council's must retain this focus going forward but also promote the value proposition implicit within the services offered and decisions taken.

Groups of Activities

- Overview
- Governance and Corporate Services
- Water Supplies
- Sewerage
- Stormwater
- Roding
- Planning & Regulation
- Community & Township Services
- Commercial Activities

GROUP OF ACTIVITIES - Overview

Governance & Corporate Services

District Council
Community Boards
Elections
Corporate Services
Plant
(Pages 18 to 24)

Water Supplies

Fairlie
Tekapo
Twizel
Rural

(Pages 24 to 33)

Sewerage

Fairlie
Tekapo
Twizel
Burkes Pass

(Pages 34 to 39)

Stormwater

Fairlie
Tekapo
Twizel

(Pages 40 to 45)

Roading

Fairlie
Tekapo
Twizel
Rural
Business Unit

(Pages 46 to 53)

Planning & Regulation

Civil Defence
Animal Control
Rural Fire Control
Health & Liquor
Licencing
(Pages 54 to 62)

Community & Township Services

Pensioner Housing
Medical Centres
Cemeteries
Public Toilets
Community Grants
Parks, Reserves &
Township Maintenance
Swimming Pools
Community Halls
Libraries
Solid Waste
(Pages 63 to 70)

Commercial Activities

Investments
Forestry
Rental Properties
Real Estate
Tourism
(Pages 71 to 78)

Council Controlled Organisations

(Pages 79)

INTRODUCTION TO GROUP OF ACTIVITIES

We group our many services into activities and groups of activities. This section sets out:

- What each group of activities includes
- How that group of activities contributed to our community outcomes
- How we delivered on what we said we'd deliver
- Commentary about major projects and budget variances

How to read this section

The Annual Report is best read in conjunction with our 2012-2022 Long Term Plan.

At the start of each Group of Activities section you can find

Background:

A brief description of what the activity group is and why we provide it and the individual activities that make up this group.

Community Outcomes to which these Activities Contribute:

Why we are involved in this activity group and how we measured whether we made a contribution to our Council outcomes.

Statement of Service Provision:

How each of the activities within this activity group performed compared to the Long term Plan.

GOVERNANCE AND CORPORATE SERVICES

Background

Governance involves the operation of the District Council and the three Community Boards and the function of elections. Corporate Services provides the administration and accommodation support for all other activities of Council.

Rationale for Council's Involvement

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

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

Community Outcomes to which these Activities Contribute

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

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

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

Statement of Service Provision;

Levels of Service	Measure of Service	Target	Result for 2013-2014	Result for 2012-2013
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council and its committees generally meet every six weeks.	At least nine meetings of Council held during the year, and 20 meetings of Council committees.	Achieved Council continued to meet on a 6 weekly cycle. In 2013/14 there were 14 meetings of the full Council and 25 meetings of Council Committees. A total of 39 for the year.	Achieved Council continued to meet on a 6 weekly cycle. In 2012/13 there were 13 meetings of the full Council and 23 meetings of Council Committees. A total of 36 for the year.
	Meetings comply with the Local Government (Official Information and Meetings) Act 1987.	No identified breaches of the Local Government (Official Information and Meetings) Act 1987.	Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.	Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.

INTRODUCTION TO FUNDING IMPACT STATEMENTS

The Funding Impact Statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP"). This is the first year that Council has included the Funding Impact Statement in the Annual Report.

The purpose of these statements is to report the net cost of services for significant groups of activities ("GOA") of the Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA FIS include internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings. These GOA FIS are contained in the "Group of Activities" section of this report.

The FIS is also prepared at the whole of Council level summarising the transactions contained within the GOA FIS, eliminating internal transactions, and adding in other transactions not reporting in the GOA statements.

These statements are based on cash transactions prepared on an accrual basis and as such do not include non-cash accounting transactions that are included with the Statement of Comprehensive Revenue and Expenditure as required under GAAP. These items include but are not limited to Council's depreciation, gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the FIS as being either for operational or capital purposes. Income such as subsidies received for capital projects, financial contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the Statement of Comprehensive Revenue and Expenditure.

Funding Impact Statement			
Governance and Corporate Services Activity Group			
For the year ended 30 June 2014			
Notes	2013	2014	
	Long Term Plan	Long Term Plan	Actual
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,923	1,929	2,222
Targeted rates	29	30	30
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	107	111	102
Local authorities fuel tax, fines, infringement fees, and other receipts	102	136	141
TOTAL OPERATING FUNDING (A)	2,161	2,206	2,495
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,028	2,050	2,351
Finance costs	0	0	0
Internal charges and overheads applied	56	66	63
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,084	2,116	2,414
Surplus (deficit) of operating funding (A-B)	77	90	81
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	
- To improve the level of service	19	0	18
- To replace existing assets	218	141	173
Increase (decrease) in reserves	(160)	(51)	(110)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	77	90	81
Surplus (deficit) of capital funding (C-D)	(77)	(90)	(81)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0
Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can not be used to fund operating expenditure.			

Background

Governance involves the operation of the District Council and the three Community Boards and the function of elections. Corporate Services provides the administration and accommodation support for all other activities of Council.

Rationale for Council's Involvement

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

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

Community Outcomes to which these Activities Contribute

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

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

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

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	<p>Council and its committees generally meet every six weeks.</p> <p>Meetings comply with the Local Government (Official Information and Meetings) Act 1987.</p>	<p>At least nine meetings of Council held during the year, and 20 meetings of Council committees.</p> <p>No identified breaches of the Local Government (Official Information and Meetings) Act 1987.</p>	<p>Achieved Council continued to meet on a 6 weekly cycle. In 2014/15 there were 15 meetings of the full Council and 24 meetings of Council Committees. A total of 39 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>	<p>Achieved Council continued to meet on a 6 weekly cycle. In 2013/14 there were 14 meetings of the full Council and 25 meetings of Council Committees. A total of 39 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>
Effective consultation held on Long Term Plan, Annual Plan and other significant issues.	A summary of the Long Term Plan, Annual Plan and Annual Report is sent to all ratepayers within statutory time frames.	There are no breaches of statutory time frames for distribution of summary documents or consultation.	Not Achieved Council undertook a consultation process for its Long-Term Plan. The Long-Term Plan was not adopted until 4 August 2015.	Achieved Council undertook a consultative process for its Annual Plan which was adopted on 10 June 2014. Council also made publically available its Summary Annual Report within the statutory timeframe.
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	Each community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval.	<p>Not Achieved The Community Boards met 21 times during the year as follows: Fairlie 8 Tekapo 5 Twizel 8 Two Tekapo meetings were cancelled due to a lack of matters to consider and one was cancelled due to an inability to reach a quorum.</p> <p>Achieved All recommendations including budget submissions were forwarded to Council for approval.</p>	<p>Achieved The Community Boards met 27 times during the year as follows: Fairlie 9 Tekapo 9 Twizel 9</p> <p>Achieved All recommendations including budget submissions were forwarded to Council for approval.</p>

Identified Effects on the Community

The Council believes that the Governance activity affects the social, economic, environmental and cultural well-being of the community;

Effective Council policy decisions and direction will both enhance the community and make the Mackenzie a more desirable place to live.

Capital Expenditure

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

Governance and Corporate Services Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
General rates		2,191	2,219	2,220
Targeted rates		30	26	25
Subsidies and grants		0	0	0
Investment revenue		0	0	0
Other revenue	1	172	170	157
Gain on sale of assets	2	0	0	15
Financial/upgrade contributions		0	0	0
Internal interest income		0	0	0
Internal income	3	102	130	111
Assets vested		0	0	0
TOTAL REVENUE		2,495	2,545	2,528
EXPENDITURE				
Personnel costs	4	1,200	1,374	1,308
Member expenses	5	348	315	299
Consultancy expenses	6	184	123	272
Administration	7	378	364	496
Operational and maintenance	8	240	273	231
Interest on capital reserves		8	14	10
Internal expenses		56	72	66
Finance costs		0	0	0
Funded depreciation*	9	134	123	137
Non funded depreciation**	9	0	0	15
TOTAL EXPENDITURE		2,548	2,658	2,834
OPERATING SURPLUS/(DEFICIT)		(53)	(113)	(306)

* Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

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

Commentary on Governance and Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$306,000, \$193,000 more than the budgeted deficit of \$113,000.

Revenue

Total revenue for the year was \$2,528,000, \$17,000 less than budgeted revenue of \$2,545,000.

The key variances from budget were:

1. Other income was lower than budget by \$13,000. This was mainly due to lower than budgeted revenue from Water Zone Committee on-charging \$7,000) and lower than anticipated Asset Management recoverable services (\$12,000).
2. Gain on sale of assets was higher than budget by \$15,000 due to the sale of three motor vehicles.

3. Internal income was lower than budget by \$19,000. This was mainly due to lower than anticipated charge out for vehicle mileage which resulted in lower revenue for the plant account.

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Direct Expenditure:

The total direct expenditure for the year was \$2,834,000; \$176,000 more than the budgeted direct expenditure of \$2,658,000.

The key variances from budget were:

1. Personnel costs were \$66,000 below budget due to timing of budgeted additional staff being employed \$25,000 and \$84,000 budgeted in Corporate Services for Twizel Information Centre staff being charged to Commercial Activity. This is offset by \$22,000 additional costs associated with preparation of the Long-Term Plan and consultation document and \$21,000 additional recruitment costs.

Mackenzie District Council

Annual Report 30 June 2015

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than anticipated conference/training expenses (\$9,000).

3. Consultancy expenses were \$149,000 higher than budget mainly due to higher than budgeted costs of consultants to support the Long-Term Plan process \$48,000 along with unbudgeted 2014 year end costs associated with land and building valuations (\$28,000). Also included is higher than budgeted legal costs associated with obtaining rating advice for the Consultation Document (C\$8,000) higher than budgeted survey costs (\$16,000) due to this being the last year of the current survey therefore, the accruing of survey costs into current year. Also included are higher than anticipated engineering consultancy costs (\$19,000) relating to our share of the Road Safety costs.
4. Administration expenses were \$132,000 higher than budget mainly due to higher than anticipated audit costs (\$13,000) along with the full cost of the Long Term Plan audit being brought to account in the year (\$44,000) while the budget rests partially in the previous two years (\$80,000). Additional unbudgeted bad debts written off (\$9,000) and provision for doubtful debts (\$38,000). Finally, higher than anticipated photocopy costs (\$22,000) due to increase in building activity and Council's Long-Term Plan.
5. Operational and maintenance expenses were \$42,000 lower than budget due to lower than anticipated running costs associated with the plant account (\$27,000) and lower than budgeted contractor costs (\$5,000) relating to changes in provision of cleaning services.
6. Depreciation expenses were \$29,000 higher than budget due to additional charges incurred in Information Technology (\$13,000) from higher than anticipated capex in 2014 and buildings (\$19,000) due to increases in fair value as a result of valuation undertaken at 1 July 2013.

FUNDING IMPACT STATEMENT

Governance and Corporate Services Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan	Long Term Plan	Actual
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,929	2,029	2,258
Targeted rates	30	31	25
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	111	115	111
Local authorities fuel tax, fines, infringement fees, and other receipts	136	109	121
TOTAL OPERATING FUNDING (A)	2,206	2,284	2,515
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,050	2,109	2,606
Finance costs	0	0	0
Internal charges and overheads applied	66	69	76
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,116	2,178	2,682
Surplus (deficit) of operating funding (A-B)	90	106	(167)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	23
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	23
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	141	31	129
Increase (decrease) in reserves	(51)	75	(273)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	90	106	(144)
Surplus (deficit) of capital funding (C-D)	(90)	(106)	167
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Governance and Corporate Services Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	(167)
Add back:	
Gross Proceeds from Sale of Assets	23
Less:	
Depreciation	152
Disposal of Assets	8
OPERATING SURPLUS/(DEFICIT)	(306)

CAPITAL EXPENDITURE

Governance and Corporate Services Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
IMPROVE LEVEL OF SERVICE				
Corporate Services				
Information Technology				
Software		18	0	0
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE				
		18	0	0
REPLACE EXISTING ASSETS				
Corporate Services				
Administration				
Plant & equipment		2	3	1
Information Technology				
Records management program		0	8	2
PC Server		51	0	0
Website development		0	7	5
Network infrastructure		5	0	0
Software	1	0	35	19
GIS aerials		29	0	0
Communications equipment		37	0	1
Plant & equipment		2	0	0
Plant & Equipment				
Motor vehicles		0	87	81
Fairlie Building				
Plant & equipment	2	0	20	0
Building - other		17	0	0
Furniture & Fittings - admin		20	2	2
Furniture & Fittings - other		0	8	2
Twizel Building				
Building - other	2	5	3	13
Furniture & Fittings - other		5	0	3
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS				
		173	173	129
TOTAL CAPITAL EXPENDITURE		191	173	129

Reasons for Undertaking Capital Expenditure Projects

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

- Purchase of computer and information technology equipment was budgeted as part of a replacement policy.
- Purchase of motor vehicles was budgeted as part of a replacement policy.

Results for 2014/15 year

Total capital expenditure for the year was budgeted at \$173,000. Actual expenditure was \$129,000 which produced a \$44,000 favourable variance.

The key variances from budget were:

1. Council did not spend its allocated allowance on software (\$16,000)
2. Costs associated with upgrade in the Fairlie building were not undertaken and the budget was used in the Twizel Building. This has provided a net underspend of \$10,000.

WATER SUPPLIES

Background

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

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

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

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

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

Rationale for the Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To ensure all of the public systems provide a high quality water treatment and distribution service;
- To assess the quality and adequacy of all existing private water supply systems (serving more than single premises) in the District;

STATEMENT OF SERVICE PROVISION

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Water supplies are available and reliable	Time for reinstatement of service for on-demand supplies from notification to contractor:			
	During working hours - 6 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved 100% of on-demand supplies were reinstated within 6 hours.
	Outside working hours – 9 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved There were no shut downs out of work hours.
	For restricted supplies: - 24 hours.	90%	Not Achieved Due to lack of supporting documentation the results could not be confirmed.	Achieved 100% of restricted supplies were reinstated within 24 hours.
Water is safe to drink	No detectible E Coli in water leaving water treatment plants or in the distribution network as identified during scheduled monitoring.	100%	Not Achieved 3 transgressions. 2 in the Allandale Supply, 1 in Burkes Pass Supply,	Not Achieved 6 transgressions. 2 in the Twizel Supply, 2 in Burkes Pass Supply, 1 in Fairlie Supply and 1 in Kimbell.
	Response to any E Coli identified in drinking water leaving the treatment plant (transgression): Take remedial action.	100%	Achieved Re-tests were carried out for each of these transgressions.	Achieved Re-tests were carried out for each of these transgressions.
	Issue “Boil Water” notice if transgression is likely to exceed 24 hours to rectify.	100%	Achieved 2 “Boil Water” Notices was issued in response to transgressions which were likely to exceed 24 hours.	Achieved 1 “Boil Water” Notices was issued in response to transgressions which were likely to exceed 24 hours.
Water quality is maintained or improved	Time to respond to water demands including low pressure and flow from notification to contractor:			
	During working hours-6 hours	100%	Achieved There were no notifications of low pressure or flow.	Achieved There were no notifications of low pressure or flow.
	Outside working hours-9 hours	100%	Achieved There were no notifications of low pressure or flow.	Achieved There were no notifications of low pressure or flow.
	% of ratepayers satisfied with the water supply service.	80%	Not Achieved 70 % were satisfied.	Not Achieved 70 % were satisfied.
	Upgrading the treatment of			

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
	the following water supplies to comply with the health requirements of the Drinking Water Standards for New Zealand 2008 in accordance with the Health (Drinking Water) Amendment Act 2007 to provide for growth and ensure continuity of supply			
	Target Upgrade Tekapo water supply by June 2013	Upgrade complete.	Achieved Completed	Achieved Completed
	Target Upgrade Twizel water supply by June 2016	Upgrade complete.	Upgrade underway stage I completed.	Information gathering stage.
	Target Upgrade Fairlie water supply by 1 June 2017	Upgrade complete.	Information gathering stage.	Information gathering stage.

Notes:

1. The time for reinstatement of service is defined as the length there is a break in service. To be less than 6 hours during working hours and less than 9 hours outside working hours.
2. Water Quality is maintained and improved is defined as customer requests for service due to low pressure and or flow.
3. The Albury supply is managed separately by the committee and is not subject to these performance measures.
4. The performance measures identified in this plan are different from those in previous plans following a review of all levels of service and performance measures. In general, Council found that the secondary performance measures noted in previous plans more accurately reflected consumer values and as a consequence have been elevated to the primary measure. The increased level of service to raise the water grading for the various water supplies is a response of this Council's desire to move towards compliance with the Health (Drinking Water) Amendment Act 2007.

Frequency of testing for E.coli

Supply	Source	Reticulation
Fairlie	weekly	1 x week
Kimbell	Measured by Kimbell Committee	1 x month
Allandale	weekly	1 x month
Burkes Pass	weekly	1 x month
Tekapo	weekly	1 x week
Twizel	2 x week	1 x week
Albury	Measured by Albury Committee	Measured by Albury Committee

Identified Effects on the Community

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

COST OF SERVICE STATEMENT

Water Supplies Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Targeted rates	1	891	965	979
Investment revenue		5	0	7
Other revenue	2	121	86	151
Financial/upgrade contributions	3	135	159	12
Other gains		51	0	2
Internal interest income	4	53	26	47
Internal income		3	3	3
Assets vested	5	0	77	120
TOTAL REVENUE		1,259	1,316	1,321
EXPENDITURE				
Personnel costs	6	10	0	17
Consultancy expenses		14	14	6
Administration	7	30	12	35
Operational and maintenance	8	454	435	456
Interest on capital reserves	9	68	165	59
Internal expenses		3	3	3
Funded depreciation*		477	472	436
Non funded depreciation**		0	0	48
TOTAL EXPENDITURE		1,056	1,100	1,060
OPERATING SURPLUS/(DEFICIT)		203	216	261

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

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

Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$261,000, \$45,000 more than the budgeted surplus of \$216,000.

Revenue

Total revenue for the year was \$1,321,000, \$5,000 more than budgeted revenue of \$1,316,000.

The key variances from budget were:

1. Target rates were \$14,000 higher than budget due to an increase in the rates levied on the Downlands scheme administered by Timaru District Council.
2. Other revenue is \$65,000 higher than budget due to the inclusion of the results of the Albury Water Supply which are not budgeted (\$69,000).
3. Financial/upgrade contributions are \$147,000 below budget due to lower than anticipated section development within the district. These contributions are driven by developer activity.

4. Internal interest income is \$21,000 higher than budget mainly generated from Twizel (\$26,000). This income is derived from the Twizel Water Capital Reserve balance which is impacted by Capital expenditure throughout the year. The Twizel water project was delayed during the year therefore the balance of the capital reserve remained higher than anticipated, generating internal interest income.
5. Assets vested \$43,000 higher than budget. These assets are driven by past developer activity and this vesting was higher than anticipated.

Direct Expenditure:

The total direct expenditure for the year was \$1,060,000; \$40,000 less than the budgeted direct expenditure of \$1,100,000.

The key variances from budget were:

6. Personnel costs were \$17,000 above budget. The costs relate to the Albury Water Supply for which Council does not prepare a budget as this is administered by a separate committee.
7. Administration costs were \$23,000 more than budget due mainly to the inclusion of the unbudgeted Albury Water Supply results at year end which amounted to \$21,000.
8. Operational and maintenance expenses were \$21,000 more than budget mainly due to the inclusion of the results for Albury Water Supply (\$40,000) along with higher than anticipated costs for the Allandale Supply which incurred a significant breakage during the year (\$23,000). This is offset by lower than anticipated costs on the Downlands Scheme (\$28,000) and the Ashwick/Opuha Water Supply (\$10,000)
9. Interest on capital reserves is \$106,000 below budget. This is due to the late timing of capital projects undertaken during the year.

FUNDING IMPACT STATEMENT

Water Supplies Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	923	1,103	979
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	48	72	50
Local authorities fuel tax, fines, infringement fees, and other receipts	84	87	158
TOTAL OPERATING FUNDING (A)	1,055	1,262	1,187
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	463	496	514
Finance costs	105	207	0
Internal charges and overheads applied	123	160	62
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	691	863	576
Surplus (deficit) of operating funding (A-B)	364	399	611
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	78	0
Development and financial contributions	0	0	12
Increase (decrease) in debt	3,488	(64)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,488	14	12
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	727	0	0
- To improve the level of service	1,731	1,888	349
- To replace existing assets	349	257	1,022
Increase (decrease) in reserves	1,045	(1,732)	(748)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,852	413	623
Surplus (deficit) of capital funding (C-D)	(364)	(399)	(611)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Water Supplies Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	611
Add back:	
Other gains	2
Financial contributions	12
Vested Assets	120
	134
Less:	
Depreciation	484
OPERATING SURPLUS/(DEFICIT)	261

CAPITAL EXPENDITURE

Water Supplies Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
Tekapo Water				
Vested assets	2	0	77	120
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	77	120
IMPROVE LEVEL OF SERVICE				
Fairlie Water				
Treatment/Storage - new		26	35	14
Tekapo Water				
Town Reticulation - renewal		0	5	2
Twizel Water				
Town Reticulation - renewal		6	0	0
Head Works - new		0	0	70
Head Works - renewal	1	58	200	0
Treatment - new	1	77	490	245
Manuka Terrace Water				
Headworks		0	0	14
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		167	735	349
REPLACE EXISTING ASSETS				
Fairlie Water				
Town Reticulation - renewal		141	110	110
Service connections		1	26	15
Plant		4	0	0
Water meters		0	3	0
Tekapo Water				
Service connections		0	1	0
Treatment - new		19	37	5
Water meters		1	3	0
Twizel Water				
Service Connections - renewal		42	26	27
Treatment - new	1	0	1,959	861
Communtiy Assets - water supply		0	0	3
Fire hydrant markers		3	10	0
Water meters		0	3	1
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		211	2,178	1,022
TOTAL CAPITAL EXPENDITURE		378	2,990	1,491

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

Reasons for Undertaking Capital Expenditure Projects

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

- Sections of the Fairlie reticulation are renewed each year until the failing pipes which were installed in the early 1940's are all replaced.
- All other reticulation in the townships was assessed to ensure continuity of service to the connected properties.

- Amounts were budgeted for investigation in Twizel to determine whether there was a new source available to service Twizel and also to investigate reticulating Manuka Terrace.
- Assets vested in Council are the result of development.

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Results for 2014/15 year

Total capital for the year was budgeted at \$2,990,000. Actual expenditure was \$1,491,000 which produced a \$1,499,000 positive variance.

The key variances from budget were:

1. Work on the Twizel water supply headworks and treatment commenced late in the financial year. The budgeted cost was \$2,649,000 with actual expenditure, totalling \$1,106,000. The balance has been carried forward into the next financial year.
2. Council expected \$77,000 of vested assets during the financial year in question. \$120,000 was received, creating a \$43,000 favourable variance. Vested assets are reliant on developers to complete subdivisions and is therefore somewhat out of Council control.

Background

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

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

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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

STATEMENT OF SERVICE PROVISION

The performance measures identified in this plan are different from those in previous plans following a review of all levels of service and performance measures. In general, Council found that the secondary performance measures noted in previous plans more accurately reflected consumer values and as a consequence have been elevated to the primary measure.

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Sewage is managed without risk to public health.	Number of sewage overflows from pump stations.	Nil	Achieved There were nil sewage overflows from pump stations for the year.	Achieved There were nil sewage overflows from pump stations for the year.
	Number of annual blockages per 10km of sewer.	Less than six	Achieved There were 1.84 blockages per 10 kms	Achieved There were 1.3 blockages per 10 kms
	% of ratepayers satisfied with the sewage treatment and disposal service.	85%	Achieved 96% were satisfied.	Achieved 96% were satisfied.
Sewage is able to be disposed of without significant disruption.	% of temporary or permanent repairs completed within 6 hours (during working hours) or 12 hours (outside working hours).	100%	Achieved 100% of repairs were completed within 6 hours.	Achieved 100% of repairs were completed within 6 hours.
	Normal disruption should not exceed 8 hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	100%	Achieved 100% no disruption exceeded 8 hours.	Achieved 100% no disruption exceeded 8 hours. CSR's received 6 completed 6 completed in time 5.
Safe discharge of wastewater	% of notices of non-compliance, issued by Environment Canterbury, for Council's discharge consents actioned within 20 working days.	100%	Achieved The Council received a notice of non-compliance for the discharge of effluent from the Tekapo Oxidation Ponds. The issue relates to the system being overloaded at times. Council have acknowledged this concern with Environment Canterbury and have confirmed through the LTP that a new disposal system will be investigated in 2015/16 and installed as soon as possible thereafter. Consultants have been engaged to begin this process.	Not Achieved Only 78% of notices were actioned. Had non-compliance with Dissolved Oxygen reading at Tekapo and Fairlie Ponds. Not collecting flow data at Fairlie. In correct samples collect or not collected and results sent to Environment Canterbury.

COST OF SERVICE STATEMENT

Sewerage Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Targeted rates		426	461	464
Other revenue		6	0	7
Financial/upgrade contributions	1	160	133	10
Internal interest income		32	37	39
Assets vested	2	0	160	137
TOTAL REVENUE		624	792	657
EXPENDITURE				
Consultancy expenses		9	11	0
Administration		7	10	7
Operational and maintenance		133	158	150
Interest on capital reserves		12	13	9
Funded depreciation*		318	297	319
TOTAL EXPENDITURE		479	489	485
OPERATING SURPLUS/(DEFICIT)		145	303	172

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Sewerage Financial Summary

Surplus/(Deficit)

The surplus for the year was \$172,000, \$132,000 less than the budgeted surplus of \$303,000.

Revenue

Total revenue for the year was \$657,000, \$135,000 less than the budget of \$792,000.

The key variances from budget were:

1. Financial/Upgrade contributions for the year were \$123,000 less than allowed for in the budget. This is driven by developer activity and is difficult to accurately determine.
2. Assets vested for the year was \$137,000 which is \$23,000 lower than budget. This is driven by developer activity and is difficult to determine.

FUNDING IMPACT STATEMENT

Sewerage Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	402	374	464
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	43	62	39
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	7
TOTAL OPERATING FUNDING (A)	445	436	510
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	194	186	157
Finance costs	0	0	0
Internal charges and overheads applied	17	16	9
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	211	202	166
Surplus (deficit) of operating funding (A-B)	234	234	344
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	57	10
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	57	10
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	21
- To replace existing assets	0	124	101
Increase (decrease) in reserves	234	167	232
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	234	291	354
Surplus (deficit) of capital funding (C-D)	(234)	(234)	(344)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Sewerage Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	344
Add back:	
Financial contributions	10
Vested Assets	137
	147
Less:	
Depreciation	319
OPERATING SURPLUS/(DEFICIT)	172

CAPITAL EXPENDITURE

Sewerage Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual	Annual Plan	Actual
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
<i>Tekapo Sewer</i>				
Vested assets		0	160	137
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	160	137
IMPROVE LEVEL OF SERVICE				
<i>Fairlie Sewer</i>				
Sewer Pump Station - renewal		0	0	13
Sewer Reticulation - Eversley		0	0	1
<i>Tekapo Sewer</i>				
Sewer Reticulation - new		0	6	6
<i>Twizel Sewer</i>				
Sewer Reticulation - new		0	3	1
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		0	9	21
REPLACE EXISTING ASSETS				
<i>Fairlie Sewer</i>				
Sewer Reticulation - renewals		0	0	8
<i>Tekapo Sewer</i>				
Pump Station		0	0	6
<i>Twizel Sewer</i>				
Sewer Treatment - new		33	60	87
Resource consent costs		0	40	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		33	100	101
TOTAL CAPITAL EXPENDITURE		33	269	259

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for 2014/15 year

Total capital expenditure for the year was \$259,000; \$10,000 less than the budget of \$269,000.

Background

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

Rationale for the Council's Involvement

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

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

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

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

STATEMENT OF SERVICE PROVISION

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council provides a reliable stormwater system which prevents houses from flooding.	Number of reported house flooding incidents in a 1 in 5 year event.	Nil	Achieved There was no 1 in 5 year event.	Achieved There was no 1 in 5 year event.
Council will respond promptly to reports of flooding and customer requests	% of localised flooding events responded to within 1 hour of notification.	100%	Achieved There were no events that created localised flooding and therefore the need for our contractors to attend.	Achieved 100% of events were responded to within 1 hour.
	% of blockages causing minor disruption responded to within 6 hours of notification during working hours or 12 hours outside working hours.	100%	Achieved There were a couple of significant rain events in 2014/15 and the contractor had staff patrolling the district immediately the extent became known to address any issues. Customer Service Requests Received 2 Completed 2 Completed in time 2.	Achieved There were a couple of significant rain events in 2013/14 and the contractor had staff patrolling the district immediately the extent became known to address any issues. Customer Service Requests Received 3 Completed 2 Completed in time 2.

Note: This service provision relates to the stormwater network that is independent of the road drainage system

Identified Effects on the Community

No specific effects identified.

Stormwater Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Targeted rates		72	82	82
Financial/upgrade contributions	1	4	21	1
Internal interest income		9	14	9
Assets vested		0	132	128
TOTAL REVENUE		85	248	220
EXPENDITURE				
Consultancy expenses		6	0	0
Administration		0	3	0
Operational and maintenance		20	30	30
Funded depreciation*		61	62	61
TOTAL EXPENDITURE		87	95	91
OPERATING SURPLUS/(DEFICIT)		(2)	153	129

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The surplus for the year was \$129,000, \$24,000 less than the budgeted surplus of \$153,000.

Revenue

Total revenue for the year was \$220,000, \$28,000 less than budgeted revenue of \$248,000.

The key variance from budget was:

1. Financial/Upgrade contributions were \$1,000; \$20,000 less than budget of \$21,000. Financial contributions are dependent on developer activity and are hard to accurately budget.

Stormwater Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	84	53	82
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	17	27	9
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	101	80	91
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	43	22	30
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	43	22	30
Surplus (deficit) of operating funding (A-B)	58	58	61
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	20	1
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	20	1
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	58
- To replace existing assets	0	78	0
Increase (decrease) in reserves	58	0	4
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	58	78	62
Surplus (deficit) of capital funding (C-D)	(58)	(58)	(61)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Stormwater Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	61
Add back:	
Financial contributions	1
Vested Assets	128
	129
Less:	
Depreciation	61
OPERATING SURPLUS/(DEFICIT)	129

Stormwater Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
<i>Fairlie Stormwater</i>				
Vested assets		0	132	128
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	132	128
IMPROVE LEVEL OF SERVICE				
<i>Tekapo Stormwater</i>				
S/water structure - new		0	40	58
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		0	40	58
TOTAL CAPITAL EXPENDITURE		0	172	186

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

Reasons for Undertaking Capital Expenditure Projects

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

- Assets vested in Council are the result of development.

Results for the 2014/15 year

Total capital expenditure was \$186,000; \$14,000 more than the budget of \$172,000.

There were no significant variances from budget.

Background

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

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

State Highway 79 Fairlie - Geraldine

State Highway 80 Pukaki Corner - Mt Cook Village

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

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

Rationale for Council's Involvement:

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

Community Outcomes to Which the Activity Contributes:

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

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

Principal Objectives:

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

STATEMENT OF SERVICE PROVISION

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	Smoothness of urban and rural sealed roads as compared with rest of New Zealand.	Smoothness higher than national average.	Achieved Mackenzie DC smoothness rating is 97% (completed May 2014). Compared to the national average of 91% (2012/13). This is a biennial measure. ***	Achieved Mackenzie DC smoothness rating is 97% (completed May 2014). Compared to the national average of 91% (2012/13). This is a biennial measure.
	The average roughness of urban roads as measured by NAASRA counts.	Average <100 counts with less than 10% exceeding 150 counts.	Achieved Average of 86 counts (completed May 2014) Trending Downwards, last count 88 May 2012 3.3% counts exceeding 150 (completed May 2014) Trending upwards last measure May 2012: 2.6%. This is a biennial measure as per NZTA requirements.***	Achieved Average of 86 counts (completed May 2014) Trending Downwards, last count 88 May 2012 3.3% counts exceeding 150 (completed May 2014) Trending upwards last measure May 2012: 2.6%. This is a biennial measure as per NZTA requirements.
	The average roughness of rural roads as measured by NAASRA counts.	Average <80 counts with less than 10% exceeding 110 counts.	Achieved Average of 66 counts (completed May 2014). 5.9% of counts exceeding 110. This is a biennial measure***	Achieved Average of 66 counts (completed May 2014). 5.9% of counts exceeding 110. This is a biennial measure
	% of road users are satisfied with the roading network.	85%	Achieved 86% were satisfied.	Achieved 88% were satisfied.
Council provides a safe and efficient roading network.	Minor improvements to the network identified that will benefit the road user and programmed for completion.	Two projects completed each year.	Achieved Three Bridge replacements were completed, Long Gully, Oldfields Road and Pioneer Park. Sight benching improvements on three corners on Mount Michael Valley Road one area on Middle Road. Intersection realignment with kerb and channel on Irishman Drive/Maitland Place intersection.	Achieved Manuka Terrace Seal Extension was completed. Market Place Contract 1212 was completed this financial year.
	Number of fatal accidents due solely to road factors.	Nil.	Achieved There were no fatal accidents on local roads in the district caused solely by road conditions.	Achieved There were no fatal accidents on local roads in the district caused solely by road conditions.
Ready access is provided around the District except in extreme weather conditions.	The roading network is trafficable and contracted emergency response times are met – on site within 1.5 hours to begin reinstatement	100%.	Not Achieved 92%. We did not achieve this measure as we had three callouts that exceeded 1.5 hours. All three call outs did not affect the accessibility of the network and two were for minor repairs only required. The other was for a District wide wind event. All events were attended within 5 hours of the reported complaint.	Not Achieved 92%. We did not achieve this measure as we had four callouts that exceeded 1.5 hours. One was for a hole in a privately owned car park, a further for a fallen tree on Plantation Road, and another was a blocked ford on Glen Lyon Road. All were attended to the day of reported incident.

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Footpaths are maintained in good condition and are fit for purpose	% of footpaths defects made safe within 48 hours.	95%	Achieved 100%. Four faults deemed as a trip hazard and were programmed to be remedied within 48 hours.	Achieved 100%. Six faults deemed as a trip hazard and were programmed to be remedied within 48 hours
	% of road users satisfied with the condition of Council footpaths.	70% with improving trend	Not Achieved 81% were satisfied. Which is the same as the 2013/2014 Figures so the trend is not currently improving.	Not Achieved 81% were satisfied. This is a drop on 2012/2013 Figures so the trend is not currently improving.

Note:

* National Association of Australian State Road Authorities (NAASRA) counts are generated utilising a laser profile meter 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.

** This measure is specifically for identifying trip hazards, meaning areas are to be "made safe" within 48 hours.

*** As there have been no significant changes in traffic mix or use and regular maintenance has been undertaken, it is reasonable to assume that the level of service has not changed significantly

Identified Effects on the Community

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

Roothing Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Targeted rates		1,320	1,319	1,330
Subsidies and grants	1	1,913	1,505	2,223
Other revenue		51	37	34
Financial/upgrade contributions		18	0	0
Internal interest income	2	8	66	6
Internal income		38	0	0
Assets vested		0	290	299
TOTAL REVENUE		3,348	3,218	3,892
EXPENDITURE				
Personnel costs		86	107	112
Consultancy expenses	3	81	21	98
Administration		3	6	3
Roothing expenses	4	1,668	1,183	1,269
Interest on capital reserves		11	1	3
Internal expenses	5	48	151	10
Funded depreciation*		1,860	1,887	896
Non funded depreciation**		0	0	1,006
TOTAL EXPENDITURE		3,757	3,355	3,397
OPERATING SURPLUS/(DEFICIT)		(409)	(137)	495

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

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

Commentary on Roothing Financial Summary

Surplus/(Deficit)

The surplus for the year was \$495,000, \$632,000 more than the budgeted deficit of \$137,000.

Revenue

Total revenue for the year was \$3,892,000; \$674,000 higher than budgeted revenue of \$3,218,000.

The key variances from budget were:

1. Subsidies and grants of \$2,223,000; \$718,000 more than the budget of \$1,505,000 due to additional funding (\$438,000) provided by NZTA contribution to the unbudgeted Tekapo footbridge along with the additional spend on minor improvements delayed from previous years (\$154,000) being undertaken in the 2014/15 financial year. In addition to this, an extra \$51,000 in subsidies was paid due to higher consultancy costs for RAMM database and other consultants. In addition to this Council received an additional \$60,000 in relation to emergency reinstatement.
2. Internal interest income of \$6,000; \$60,000 less than the budget of \$66,000 due to higher than anticipated capital expenditure reducing the balance of the capital reserve.

Direct Expenditure:

The total direct expenditure for the year was \$3,397,000; \$42,000 higher than the budgeted direct expenditure of \$3,355,000.

3. Consultancy expenses are \$98,000; \$77,000 higher than the budgeted consultancy expenses of \$21,000. This is mainly due to unbudgeted costs associated with the Roothing Collaboration and benchmarking costs of \$29,000. Also included in this variance is the costs associated with implementation of One Road Network Collaboration (ONRC) \$14,000 and an unbudgeted bridge replacement report for the Cass River bridges (\$13,000).
4. Roothing expenses are \$1,269,000; \$86,000 higher than the budget of \$1,183,000. This mainly due to unbudgeted emergency reinstatement costs of \$114,000 being incurred during the year.
5. Internal expenses are \$10,000; \$141,000 lower than the budget of \$151,000. This is due to lower than anticipated charge-out for motor vehicle usage (\$3,000) and changes to write-off of deficits for the roading business unit of \$138,000.

Roading Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,395	1,387	1,330
Subsidies and grants for operating purposes	690	678	736
Fees and charges	0	0	0
Internal charges and overheads recovered	99	72	5
Local authorities fuel tax, fines, infringement fees, and other receipts	28	29	105
TOTAL OPERATING FUNDING (A)	2,212	2,166	2,176
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,334	1,312	1,482
Finance costs	0	0	0
Internal charges and overheads applied	112	84	12
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,446	1,396	1,494
Surplus (deficit) of operating funding (A-B)	766	770	682
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	800	800	1,416
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	800	800	1,416
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	173
- To replace existing assets	1,716	1,850	2,449
Increase (decrease) in reserves	(150)	(280)	(524)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,566	1,570	2,098
Surplus (deficit) of capital funding (C-D)	(766)	(770)	(682)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Roads Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	682
Add back:	
Capital Subsidies and Grants	1,416
Vested Assets	299
	1,715
Less:	
Depreciation	1,902
OPERATING SURPLUS/(DEFICIT)	495

Roothing Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
<i>District Roothing</i>				
Vested assets		0	290	299
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	290	299
IMPROVE LEVEL OF SERVICE				
<i>District Roothing</i>				
Footpaths - surfacing		229	70	76
Streetscape improvements		0	21	0
Sealing past houses		0	10	0
Manuka Terrace		343	80	80
<i>Professional Roothing Business Unit</i>				
Computers		9	0	17
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		581	181	173
REPLACE EXISTING ASSETS				
<i>District Roothing</i>				
Unsealed road metalling		447	425	457
Sealed road resurfacing		590	520	483
Footbridge - Tekapo	1	0	0	697
Drainage renewal		140	44	78
Sealed road pavement rehabilitation		0	121	155
Structures component replacements bridges		4	16	40
Structures component replacements cattlestops		3	10	0
Traffic services renewals		55	74	41
Associated improvements		0	5	4
Minor improvements	2	81	250	494
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		1,320	1,465	2,449
TOTAL CAPITAL EXPENDITURE		1,901	1,936	2,921

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for 2014/15 year

Total capital expenditure for the year was \$2,921,000; \$985,000 more than the budget of \$1,936,000. The key variances from budget were:

1. Footbridge – Tekapo was \$697,000 higher than the budget of \$nil. This was unbudgeted expenditure to install a new pedestrian footbridge across the outlet of Lake Tekapo.
2. Minor improvements expenditure was \$494,000, \$244,000 higher than the budget of \$250,000. This is due to the delayed bridge replacement from prior years being undertaken in the 2014/2015 year.

PLANNING AND REGULATION

Background:

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

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

Council is responsible for administering a range of regulatory functions set down by legislation. It enforces, by way of contract with Timaru District Council, the provisions of the Health Act 1956, Health (Registration of Premises) Regulations 1966 and the Food Act 1981 to ensure food premises in the District are safe and hygienic for public use. It also licenses premises under the Sale and Supply of Alcohol Act 2012.

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

- Civil Defence and Emergency Management Act 2002
- Dog Control Act 1996
- Health Act 1956
- Sale and Supply of Alcohol Act 2012
- Forest and Rural Fires Act 1977
- Gambling Act 2003

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

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

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

Council is an accredited Building Consent Authority under the Building Act 2004, which is required for it to continue its consenting functions under that Act

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

Rationale for Council's Involvement:

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

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

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

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

Community Outcome	How the Building Control Activity Contributes
<i>A thriving economy</i>	New building and alterations provides economic prosperity for local architects and builders involved in these projects within the District. New building also adds capital value to the District which is important for growth and helps to encourage other commercial investment opportunities.
<i>A safe, effective and sustainable infrastructure.</i>	Inspection of building work will ensure that builders comply with the plans provided to the Council and that they meet safety and sanitary standards specified in the Building Code and the building requirements of the Council. The buildings constructed will therefore become part of the District's safe, effective and sustainable infrastructure.

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

Principal Objectives:

- To maintain an up to date District Plan, providing for sustainable management of the resources of the District in the face of changing development pressures.
- To process resource consents within the statutory timeframe.
- That all buildings constructed in the District are built to the building code and Council alternative solutions (the means of complying with the building code that take into account particular issues or materials relevant to building in the Mackenzie), thereby providing comfort to existing and new owners that their homes or buildings are safe.
- That Mackenzie District Council maintains its accreditation as a building consent authority.
- To control the nuisance caused by dogs and wandering stock;
- To provide an effective and efficient response to any civil defence emergency in the District;
- To control fire risks in the rural area and to respond to those rural fires that do occur.
- To regularly inspect food premises to ensure the safety of food prepared for sale and consumption; and
- To control the sale and consumption of liquor within the District.

Level of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
To maintain an up to date District Plan that enables a vibrant community while sustainably managing the District's resources.	<p>To review the provisions of the District Plan within 10 years of those parts of the Plan becoming operative.</p> <p>80% or greater of those surveyed are satisfied by the belief that the Council is adequately managing resource management issues in the District.</p>	<p>To have initiated a review of the District Plan and publicly notified proposed changes by 30 April 2014.</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved The Council has initiated its review but has yet to publicly notify the proposed changes.</p> <p>Not Achieved CINTA Survey 2015 showed 71% satisfaction.</p>	<p>Achieved The Council has initiated its review of the District Plan and is working through this process.</p> <p>Not Achieved CINTA Survey October 2014 showed 69% satisfaction.</p>
To provide a technically sound but customer focused service when processing resource consents while achieving our obligations under the Resource Management Act.	<p>Non-notified and notified resource consents are processed within the statutory timeframe of 20 and 70 working days respectively.</p> <p>80% or greater of those applying for resource consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved 91% of consents were processed within the timeframe.</p> <p>Not Achieved CINTA Survey 2015 showed 79% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>	<p>Not Achieved 99% of consents were processed within the timeframe.</p> <p>Not Achieved CINTA Survey October 2014 showed 61% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>
To provide a customer focussed building control service that is efficient and cost effective while achieving our obligations under the Building Act 2004.	<p>Building consents are processed within the statutory timeframe of 20 working days.</p> <p>Land Information Memoranda (LIMs) and Property Information Memoranda (PIMs) are processed within the statutory timeframes of 10 and 20 working days respectively.</p> <p>80% or greater of those applying for building consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved 94% of consents were processed within the timeframe.</p> <p>Not Achieved 98% of LIMs & 100% of PIMs were processed within the timeframe.</p> <p>Achieved CINTA Survey 2015 showed 69% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>	<p>Not Achieved 95% of consents were processed within the timeframe.</p> <p>Not Achieved 99% of LIMs & 100% of PIMs were processed within the timeframe.</p> <p>Achieved CINTA Survey October 2014 showed 72% satisfaction. Note: This survey was conducted with a sample of the entire population not just those that were applying for consents.</p>

Level of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
To provide a safe environment for dogs and the public to co-exist.	<p>Maintain a record of all dogs in the District by ensuring that they are registered.</p> <p>Respond to all complaints relating to dogs with 12 hours.</p> <p>80% or greater of those surveyed believe the Council is adequately managing dog control issues in the District.</p>	<p>100% registration for all recorded dogs.</p> <p>100%</p> <p>80% positive feedback to a customer survey.</p>	<p>Not Achieved At year end there were approximately 118 dogs unregistered.</p> <p>Not Achieved Due to lack of supporting documentation the results could not be confirmed.</p> <p>Achieved CINTA survey 2015 showed 85% were satisfied.</p>	<p>Not Achieved At year end there were approximately 117 dogs unregistered.</p> <p>Not Achieved Due to the contractor not being available at all times.</p> <p>Achieved CINTA survey October 2014 showed 86% were satisfied.</p>
For the Council and the community to be prepared to respond to a civil defence emergency.	<p>Council staff and volunteers are familiar with their roles and are adequately trained.</p> <p>80% or greater of the community surveyed has faith in the Council's preparedness and individual community members understand how they should prepare themselves and their family for the events of a civil defence emergency.</p>	<p>Training is attended as required, and the Council will participate in one training exercise per year.</p> <p>80% favourable response from a customer survey.</p>	<p>Achieved The scheduled South Island training exercise was re-scheduled and held on 29 July 2015. An additional exercise will be held in 2015/16.</p> <p>Not Achieved 77% of those surveyed had faith in Council's preparedness.</p>	<p>Achieved The Council participated in Exercise Te Ripahapa – a South Island wide Civil Defence exercise.</p> <p>Achieved 92% of those surveyed had faith in Council's preparedness.</p>
To manage a fire risk and to be able to provide a ready and capable response to rural fires.	<p>For Council to remain as an active member of an enlarged rural fire district with other partner councils and agencies.</p> <p>Council has a capable and well equipped rural fire response teams across the Mackenzie District.</p>	<p>Attend all South Canterbury Rural Fire meetings.</p> <p>All volunteer rural fire teams are trained to industry standards.</p> <p>A capital replacement programme for tankers and other equipment is implemented.</p>	<p>Achieved The Council has been represented at all SCRFC meetings.</p> <p>Achieved All volunteers trained to the industry standards.</p> <p>Achieved Equipment upgraded, next tanker replacement due 2015/16.</p>	<p>Achieved The Council has been represented at all SCRFC meetings.</p> <p>Achieved All volunteers trained to the industry standards.</p> <p>Achieved The Albury Tanker was replaced.</p>

Identified Effects on the Community

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

Planning and Regulatory Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
General rates		251	276	276
Targeted rates		148	155	155
Other revenue	1	585	532	559
Gain on sale of assets		21	0	0
Reserve contributions	2	187	120	16
Internal interest income		1	1	1
TOTAL REVENUE		1,193	1,083	1,007
EXPENDITURE				
Personnel costs	3	529	635	551
Consultancy expenses	4	241	332	293
Administration		67	86	66
Operational and maintenance		173	189	182
Interest on capital reserves		6	6	5
Internal expenses		31	47	31
Funded depreciation*		50	45	51
TOTAL EXPENDITURE		1,097	1,340	1,179
OPERATING SURPLUS/(DEFICIT)		96	(257)	(172)

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

Commentary on Planning & Regulatory Financial Summary

Surplus/(Deficit)

The deficit for the year was \$172,000; \$85,000 lower than the budgeted deficit of \$257,000.

Revenue

Total revenue for the year was \$1,007,000; \$76,000 lower than budgeted revenue of \$1,083,000.

The key variances from budget were:

1. Other revenue was \$559,000; \$27,000 more than budgeted revenue of \$532,000. The main reason is due to higher revenue from health & Liquor Licensing (\$27,000) due to legislative changes to fee structure
2. Reserve contributions were \$16,000; \$104,000 less than the budget of \$120,000 mainly due to lower than anticipated section creation during the year.

Direct Expenditure:

The total direct expenditure for the year was \$1,179,000; \$161,000 lower than the budgeted direct expenditure of \$1,340,000.

The key variances from budget were:

3. Personnel costs were \$551,000; \$84,000 lower than the budget of \$635,000. This is made up of two components. Council were not able to appoint an additional technical staff member to assist with the Councils District Plan review with a budgeted cost of \$95,000. Offset by additional costs associated with building activity of \$10,000 due to higher building volumes.
4. Consultancy expenses were \$293,000; \$39,000 lower than budgeted expenses of \$332,000. This is mainly due to lower than anticipated consultancy costs required in the building department (\$14,000) along with lower than anticipated consultancy costs relating to the District Plan review which lost momentum due to not being able to recruit appropriate staff.

Planning and Regulatory Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	362	404	276
Targeted rates	143	152	155
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	1	1
Local authorities fuel tax, fines, infringement fees, and other receipts	392	405	559
TOTAL OPERATING FUNDING (A)	897	962	991
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	844	815	1,092
Finance costs	0	0	0
Internal charges and overheads applied	42	43	36
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	886	858	1,128
Surplus (deficit) of operating funding (A-B)	11	104	(137)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	20	21	16
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	20	21	16
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	72	0	9
Increase (decrease) in reserves	(41)	125	(130)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	31	125	(121)
Surplus (deficit) of capital funding (C-D)	(11)	(104)	137
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They cannot be used to fund operating expenditure.

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Planning and Regulatory Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	(137)
Add back:	
Financial contributions	16
	16
Less:	
Depreciation	51
OPERATING SURPLUS/(DEFICIT)	(172)

Planning and Regulatory Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
REPLACE EXISTING ASSETS				
Regulatory Services				
Civil Defence				
Plant & equipment	1	11	2	9
Rural Fire				
Plant & equipment		8	0	0
Vehicles	2	68	20	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		87	22	9
TOTAL CAPITAL EXPENDITURE		87	22	9

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

Reasons for Undertaking Capital Expenditure Projects

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

- To maintain an appropriate level of capability in the regulatory area.

Results for 2014/15 year

Total capital expenditure for the year was \$9,000; \$13,000 less than the budget of \$22,000.

The key variances from budget were:

1. Civil Defence generator work was \$9,000; \$7,000 higher than the budget of \$2,000. This was mainly due to unbudgeted work being undertaken to install an auto start function on the Fairlie generator (\$5,000).
2. Replacement rural fire vehicle was budgeted at \$20,000 but was purchased in the previous financial year.

Background

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

Refuse and recycling collections are available at Fairlie, Lake Tekapo and Twizel and for rural properties adjacent to State Highway 8. Resource Recovery Parks are available at Fairlie, Lake Tekapo and Twizel.

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

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

Rationale for Council's Involvement

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

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

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

The Council is required, by Part 31 of the Local Government Act 1974 still in force, to promote effective and efficient waste management within its District. In doing so, it must have regard to environmental and economic costs and benefits and ensure that the management of waste does not cause a nuisance or be injurious to health. It must also prepare and adopt a Waste Management Plan. This implies that, in the case of Council providing refuse collections and solid waste disposal services, it must detail its intentions with regard to the five accepted levels of activity, being: Reduction, Reuse, Recycling, Recovery and Residual Disposal. The Mackenzie District Council adopted its Waste Management Plan on 22 October 1999, which was revised during 2010/11.

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

Community Outcomes to which the Activities Contribute

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

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

Community Outcome	How the Community Services Activity Contributes
<i>A thriving economy</i>	Having a range of facilities at their doorsteps, encourages people to live in the District. The facilities also provide space for commercial activities or events that encourage visitors to the District.
<i>A fit and healthy community</i>	Halls, community centres, swimming pools, parks and reserves provide opportunities for structured and informal exercise. District libraries contribute from an educational, cultural and recreational point of view by allowing people to read and research from local sources.

Community Outcome	How the Community Services Activity Contributes	94
<i>A supportive contributing community</i>	Halls and community centres provide focal points for the community and centres for celebrations and cultural activities. These activities are generally driven by volunteers and are well supported by the community.	
<i>An attractive and highly valued natural environment</i>	Parks, reserves and amenity areas contribute through providing access via walkways, maintaining and enhancing natural environments and by developing existing reserves to protect and enhance these assets.	

Principal Objectives

- To maintain existing community service buildings and facilities to a standard that ensures they are safe and clean and sustainable for the purposes they are designed.
- To provide clean public toilet facilities in townships and other specified areas.
- To provide well maintained cemeteries in Albury, Fairlie, Burkes Pass and Twizel and to support development proposals for the Tekapo Cemetery.
- To maintain an up to date accurate cemetery records system.
- To maximise the diversion of material from the waste stream;
- To maximise the recovery of resources from the waste stream;
- To ensure that any residual waste is disposed of as efficiently and effectively as possible, in accordance with current environmental and health practices;
- To maximise the diversion of green waste and putrescible material to Council's composting facility; and
 - To encourage the community through education and promotion to adopt sustainable waste minimisation practices.
- To maintain existing recreational facilities to a standard that ensures they are safe, clean and sustainable;
- To enable a range of activities to take place within these facilities in order to maximise usage;
- To develop and enhance facilities as guided by community planning exercises; and
- To employ and train staff to standards appropriate for the management of these facilities

Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Township Services and Facilities are provided and maintained to an acceptable level	Maintain or improve average customer user satisfaction rating. Residents regularly use at least two community facilities.	84% or above 100%	Achieved 94% of those surveyed are satisfied with the service and facilities provided. This is a large jump in the satisfaction levels for public toilets which we expect is a result of the capital improvement programme in this area. Not Achieved 92. 25 out of 275 people surveyed said they did not use any Community Facility. It is believed that non-resident ratepayers helped to contribute to the large decrease.	Achieved 88% of those surveyed are satisfied with the service and facilities provided. The large decrease with Public Toilets satisfaction is noted with capital programmes addressing this. Not Achieved 97.5%. 7 out of 275 people surveyed said they did not use any Community Facility.
A reliable weekly kerbside recycling and rubbish collection service is provided.	% of waste bins collected within 48 hours of a genuine missed collection being reported. % of users satisfied with the waste collection and recycling service	100% 75% with an upward trend	Achieved 100% Achieved CINTA survey 2015 indicated 91% of users were satisfied.	Achieved 100% Achieved CINTA survey 2014 indicated 93% of users were satisfied.
Solid waste is collected and disposed of without causing any environmental harm.	The percentage of solid waste from the District resource recovery parks diverted from landfills.	70% diverted with an expectation of 80% by 2019.	Not Achieved 38% of solid waste diverted from landfills. There has been a continued increase in general recyclables collected through kerbside collections and drop offs to the Resource Recovery Parks, with relatively stable volumes of green waste and metal being received. However, there has been a significant drop in the volume of glass received during 2014/15.	Not Achieved 38% of solid waste diverted from landfills. This is a slight improvement on the previous year, continued improvements are expected over the coming year as a result of new education initiatives and an improved sorting process for recycling that will be established towards the end of 2014.

- Benchmarking for these performance measures was the customer satisfaction survey undertaken by Cinta Survey in October 2011.
- To specifically measure the second measure some additional questions will need to be covered in the next survey.
- The Intention is to re-survey on an annual basis

Community and Township Services Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
General rates		602	604	566
Targeted rates		1,652	1,876	1,940
Subsidies and grants		17	22	19
Other revenue		477	456	460
Gain on sale of assets		0	0	1
Internal interest income		5	10	10
TOTAL REVENUE		2,753	2,967	2,996
EXPENDITURE				
Personnel costs		104	117	123
Consultancy expenses		18	31	24
Administration	1	279	285	246
Operational and maintenance	2	1,825	2,166	1,975
Interest on capital reserves	3	52	90	52
Internal expenses		5	11	4
Funded depreciation*	4	347	303	127
Non funded depreciation**	4	0	0	221
TOTAL EXPENDITURE		2,630	3,005	2,772
OPERATING SURPLUS/(DEFICIT)		123	(38)	224

*Depreciation funded via rates (Funded Depreciations) is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

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

Commentary on Community and Township Summary

Surplus/(Deficit)

The surplus for the year was \$224,000; \$262,000 more than the budgeted deficit of \$38,000.

Revenue

Total revenue for the year was \$2,996,000; \$29,000 higher than budgeted revenue of \$2,967,000.

Direct Expenditure:

The total direct expenditure for the year was \$2,772,000; \$233,000 less than the budgeted direct expenditure of \$3,005,000.

The key variances from budget were:

1. Administration was \$246,000; \$39,000 lower than the budget administration of \$285,000. The main reasons are lower than anticipated grants in Tekapo (\$17,000), Twizel (\$7,000) and the District as a whole (\$16,000).
2. Operational and maintenance was \$1,975,000; \$191,000 lower than the budgeted operational and maintenance of \$2,166,000. The main reasons are lower than anticipated spends on township projects in Twizel (\$102,000), Tekapo (\$61,000) and Fairlie (\$34,000). These are being carried forward into the new financial year.
3. Interest on capital reserves was \$52,000; \$38,000 lower than the budgeted interest on capital reserves of \$90,000. This is due to timing of capital spend affecting the balance of capital reserve balances on which interest is calculated.
4. Depreciation was \$348,000; \$45,000 higher than the budgeted depreciation of \$303,000. The main reason is due to changes in building valuations at 1 July 2013 not being taken into account in the budgets.

Community and Township Services Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	574	639	566
Targeted rates	1,630	1,727	1,940
Subsidies and grants for operating purposes	29	30	19
Fees and charges	0	0	0
Internal charges and overheads recovered	31	44	10
Local authorities fuel tax, fines, infringement fees, and other receipts	419	432	460
TOTAL OPERATING FUNDING (A)	2,683	2,872	2,995
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,331	2,437	2,368
Finance costs	0	0	0
Internal charges and overheads applied	78	90	56
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,409	2,527	2,424
Surplus (deficit) of operating funding (A-B)	274	345	571
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	41
- To replace existing assets	20	317	378
Increase (decrease) in reserves	254	28	152
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	274	345	571
Surplus (deficit) of capital funding (C-D)	(274)	(345)	(571)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Community and Township Services Activity Group
For the year ended 30 June 2015

Surplus (deficit) of operating funding	571
Add back:	
Financial contributions	
Gain on Sale Assets	1
	1
Less:	
Depreciation	348
OPERATING SURPLUS/(DEFICIT)	224

Community and Township Services Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
IMPROVE LEVEL OF SERVICE				
Recreational Facilities				
Fairlie Township				
Comm Asset - public amenities		1	0	0
Twizel Reserves				
Other projects	1	11	0	41
Fairlie Pool				
Plant & equipment		5	0	0
Twizel Swimming Pool				
Plant & equipment		5	0	0
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		22	0	41
REPLACE EXISTING ASSETS				
Community Services				
Public Toilets				
Public toilets	2	120	318	364
Recreational Facilities				
Mackenzie Community Centre				
Plant & equipment	3	0	20	1
Furniture & fittings - other		0	5	3
Tekapo Community Centre				
Buildings		10	0	0
Furniture & fittings		20	0	10
Tennis courts		15	0	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		165	343	378
TOTAL CAPITAL EXPENDITURE		187	343	419

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

Reasons for Undertaking Capital Expenditure Projects

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

- To maintain appropriate levels of public toilets throughout the district.
- To ensure existing community facilities do not deteriorate.

Results for 2014/15 year

Total Capital Expenditure for the year was \$419,000; \$76,000 more than the budget of \$343,000.

The major variances were:

1. Council undertook new fencing work at Ruataniwha. This cost \$41,000 and was a carry-over from last year.
2. Council finished the upgrade of the Twizel Public Toilets. Cost was \$364,000 against a budget of \$318,000.
3. Plant and equipment at the Mackenzie Community Centre was \$1,000 compared to a budget of \$20,000. Due to time constraints, the project has been delayed until the 2015/16 financial year.

Background

These include: operating the investments function of Council; overseeing the Mackenzie Forestry Board's activities; developing and selling of real estate; managing rental properties; overseeing Councils tourism activities through a contract with Christchurch and Canterbury Tourism.

Rationale for Council's Involvement

Investments

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

Mackenzie Forestry Board

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

Real Estate

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

Rental Properties

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

Pukaki Airport Board

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

Community outcomes to which the Activities Contribute

Community Outcome	How Commercial Activities Contribute
<i>A thriving economy</i>	<ul style="list-style-type: none"> The income derived from investments is used to offset the rate requirement and as such reduces the rates charged. The Council is committed to investing in the District through the forestry activity as all plantations must be within the District. By actively managing the Council's real estate portfolio, the Council has the opportunity to sell or lease various areas of land that will assist in promoting development throughout the District. Such development has the potential to increase employment opportunities within the District. By leasing the commercial areas of land, the Council is assisting the lessees in running their businesses as well as providing rental returns.

Principal Objectives

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

STATEMENT OF SERVICE PROVISION

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Levels of Service	Measure of Service	Target	Result for 2014-2015	Result for 2013-2014
Investments The Community expects the investments of the Council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter.	Investments out-perform the Bancorp Ltd benchmark portfolio.	Not Achieved The Councils investment portfolio outperformed the benchmark (as measured by Bancorp Ltd) in three of the four quarters.	Not Achieved The Councils investment portfolio outperformed the benchmark (as measured by Bancorp Ltd) in three of the four quarters.
Mackenzie Forestry Board The Board is required to operate and administer the Council's forestry estate as a successful business.	Council approves the Statement of Intent for the Forestry Board annually.	Approval obtained prior to 30 June each year.	Not Achieved Statement of Intent was not prepared.	Not Achieved Council did not approve the Statement of Intent of the Forestry Board.
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	All lease agreements are reviewed on a regular basis.	Council will ensure that the terms of each commercial lease agreement are adhered to.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility.	The Board will report to Council on a regular basis on its activities and progress towards meeting its goals.	The Board achieves the goals set in its statement of intent.	Not Achieved Council reviewed the Statement of Intent on 15 September 2015.	Achieved Council reviewed the Statement of Intent for 2014-2017 on 26 June 2014.
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.	<p>Council will progress the disposal of the areas of land identified for sale.</p> <p>Council will progress a land rationalisation process to identify further areas of land deemed surplus to its requirements.</p>	<p>Achieved Council has a sub-committee to assist with this. It has also employed consultants to assist.</p> <p>Achieved Council has progressed the land rationalisation process. It has identified further land that it considers to be surplus to requirement at the Western Catchment area in Fairlie.</p>	<p>Achieved Council has a sub-committee to assist with this. It has also employed consultants to assist.</p> <p>Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTP.</p>

Identified Effects on the Community

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

Commercial Activity Group

For the year ended 30 June 2015

		2014	2015	
	Notes	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Targeted rates		272	224	244
Dividend		377	395	401
External interest revenue	1	472	622	504
Other revenue	2	417	195	374
Other gains		145	789	734
Real estate sales		208	0	0
Internal interest income	3	176	267	145
Internal income		0	1,109	0
		2,067	3,600	2,402
Less used to offset rates		(1,354)	(1,071)	(1,070)
TOTAL REVENUE		713	2,529	1,332
EXPENDITURE				
Personnel costs	4	70	0	84
Member expenses		20	20	20
Consultancy expenses	5	104	87	216
Administration		77	78	94
Operational and maintenance	6	397	464	370
Real estate cost of sales		122	0	41
Interest on capital reserves		127	81	118
Assets impairment		389	30	0
Non funded depreciation*		70	89	72
TOTAL EXPENDITURE		1,376	850	1,015
OPERATING SURPLUS/(DEFICIT)		(663)	1,679	317

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

Commentary on Commercial Activities Summary

Surplus/(Deficit)

The surplus for the year was \$317,000, \$1,360,000 less than the budgeted deficit of \$1,679,000.

The key variances from budget were:

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1. External interest was down on budget by \$118,000 due to maturity of higher yield bonds coupled with lower than anticipated interest rate movements.
2. Other revenue is \$179,000 more than the budget of \$195,000 due to the inclusion of carbon credits received for the year of \$195,000.
3. Internal interest income was \$145,000; \$22,000 less than the budget of \$267,000. This is due to slower than expected capital expenditure affecting capital reserve balances from which interest is derived.
4. Personnel costs are \$84,000 compared to the budget of \$nil. This is due to Council taking over the running of the Twizel Information Centre and the budget for the admin staff component being held in the Governance & Corporate Services budget.
5. Consultancy expenses are \$216,000; \$129,000 more than the budget of \$87,000. This is mainly due to costs associated with legal fees which are \$75,000 higher than the budget of \$20,000 relating to the preparation of the Sale and Purchase Agreements for land sales at Lake Tekapo and Twizel and \$55,000 more than budget of \$10,000 for land development assistance.
6. Operational and maintenance cost are \$370,000; \$94,000 less than the budget of \$464,000 mainly due to an underspend in tourism of \$101,000. This money is being carried over to the 2015/2016 year and is due to the seasonal nature of the spend on tourism and marketing during the year.

Commercial Activity Group

For the year ended 30 June 2015

	2014	2015	
	Long Term Plan \$000's	Long Term Plan \$000's	Actual \$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	(1,027)	(1,083)	(1,070)
Targeted rates	112	118	244
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	249	319	145
Local authorities fuel tax, fines, infringement fees, and other receipts	1,424	1,328	1,279
TOTAL OPERATING FUNDING (A)	758	682	598
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,855	1,061	784
Finance costs	0	0	0
Internal charges and overheads applied	175	266	118
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,030	1,327	902
Surplus (deficit) of operating funding (A-B)	(1,272)	(645)	(304)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	1,345	1,330	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,345	1,330	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	640	0	2,187
Increase (decrease) in reserves	(567)	685	(2,491)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	73	685	(304)
Surplus (deficit) of operating funding (A-B)	1,272	645	304
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus
Commercial Activities
For the year ended 30 June 2015

Surplus (deficit) of operating funding	(304)
Add back:	
Other Gains/Losses	734
	734
Less:	
Depreciation	72
Real Estate cost of sales	41
	113
OPERATING SURPLUS/(DEFICIT)	317

Commercial Activity Group

For the year ended 30 June 2015

Projects	Notes	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
MEET ADDITIONAL DEMAND				
REPLACE EXISTING ASSETS				
Old Library Café				
Building - renewal	1	0	0	670
Real Estate				
Development costs	2	249	3,700	1,517
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		249	3,700	2,187
TOTAL CAPITAL EXPENDITURE		249	3,700	2,187

Reasons for Undertaking Capital Expenditure Projects

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

- To complete the land development project at the Tekapo Lake Front.

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

Results for the 2014/2015 year

Total capital expenditure for the year was \$2,187,000; \$1,513,000 lower than the budget of \$3,700,000.

The key variance from budget was:

1. Council completed the repair of the Old Library Café during the year. The cost of the project was \$670,000. The construction was covered by insurance proceeds received in the 2012/2013 and 2013/2014 years.
2. Council has capitalisation of land subdivision costs totalling \$1,517,000 for the Tekapo Lakefront development. The budget was \$3,700,000. The balance is expected to be spent in the 2015/2016 year.

Council Controlled Organisations

Mackenzie Holdings Limited
Mackenzie Tourism & Development Trust
South Canterbury Rural Fire District Committee

COUNCIL CONTROLLED ORGANISATIONS

Mackenzie Holdings Limited

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

Mackenzie Holdings Limited is now a dormant company from the Inland Revenue Department and Companies Office perspectives. Council also resolved on June 12th 2014 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Ltd status as a Council Controlled Organisation.

Mackenzie Tourism and Development Trust

The Mackenzie District Council holds 100% ownership of Mackenzie Tourism & Development Trust.

Mackenzie Tourism & Development Trust is now a dormant organisation from the Inland Revenue Department. Council also resolved on June 13th 2013 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation.

South Canterbury Rural Fire

This Committee was established in 1999 by this Council and its neighbours in Timaru and Waimate. All three were fire authorities in their own right under the Forest and Rural Fires Act 1977. In the interests of efficiency it was agreed they would combine and establish a new rural fire committee, together with the New Zealand Fire Service, the Department of Conservation and other forest owners. The South Canterbury Rural Fire Committee undertakes all of the responsibility under the Act within the South Canterbury Rural Fire District.

Council's objective in being part of this committee is to more effectively and efficiently discharge its responsibilities for rural fire control.

The Fire Committee employs a full time Principal Rural Fire Officer who administers the functions of the three local authorities over the Fire District. The administration costs of the committee are shared by the local authorities; however each local authority funds capital expenditure projects within its own District, such as rural fire appliances, hoses and other equipment, and rural fire stations.

Objectives and Performance Targets 2012/2022

- To provide for education on rural fire safety in South Canterbury
- To ensure rural fire suppression is coordinated and effective
- To maintain all operational equipment to a state of readiness meet the standards set by the industry
- To ensure all staff are trained to the standards set by the industry.

MAORI CAPACITY TO PARTICIPATE IN THE DECISION MAKING PROCESS

Local Government Act 2002

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

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

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

Te Runaka O Arowhenua

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

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

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2015-2025 Long Term Plan and encouraged comment.

During the 2014/2015 year, the Council attended a hui at Arowhenua Marae to discuss water management issues. Management staff also met twice with representatives of Arowhenua. In the 2013/2014 year. No meetings were held.

Financial Statements

Guide to Financial Statements
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Financial Position
Statement of Cashflows
Funding Impact Statement
Notes to the Accounts

Introduction

The Local Government Act 2002 requires the Council to report its actual performance compared to targets published in the Long Term Plan and Annual Plan. We report against both financial and non-financial measures. The main purpose of providing financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups, Government regulatory bodies etc.) to assess our performance and make decisions regarding the Council and how it conducts its business.

The financial information includes the Statement of Comprehensive Revenue and Expenditure, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the accompanying Statement of Accounting Policies and Notes to the Financial Statements. This information must be prepared according to generally accepted accounting practice and recognised accounting standards.

Statement of Accounting Policies

These explain the basis upon which the financial statements are prepared. They explain the methods adopted by the Council used to measure the transactions incorporated into the financial statements above.

Statement of Comprehensive Revenue and Expenditure

The Statement of Comprehensive Revenue and Expenditure shows all of the Council's revenue earned and expenses incurred for the 12 months up to 30 June 2015. Revenue includes income received from rates and other income such as investment income, rent and fees while expenses paid includes costs such as operating costs and depreciation. This statement shows how total comprehensive revenue is arrived at. Total comprehensive revenue is then added or subtracted from the Council's equity as shown in the Statement of Changes in Equity.

Statement of Changes in Equity

This statement provides information about the nature of changes in the Council's ratepayers equity during the year.

Statement of Financial Position

The Statement of Financial Position shows the assets and liabilities of the Council as at 30 June 2015. Assets include cash, accounts receivable (money owed to the Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to the Council that are expected to be received within the next 12 months while current liabilities are the Council's debts that are due to be paid within the next 12 months. Investments are the Council funds held in income earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community. Non-current liabilities represent money owed by the Council that does not have to be paid within the next 12 months.

Statement of Cash Flows

This statement covers all the inflows and outflows of cash during the year covered by the Statement of Comprehensive Revenue and Expenditure.

The Statement of Cash Flows identifies the sources and application of cash in respect of the Council's operating, investing and financing activities.

Notes to the Financial Statements

These notes to the accounts provide further details of what the summarised amounts reported on in the above financial statements are comprised of. The reference to the note is included in the financial statements 'Notes' column, beside the dollar values for the current financial year.

Statement of Comprehensive Revenue and Expenditure

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For the year ended 30 June 2015

		2014	2015	
	Notes to Accounts	Actual \$000's	Annual Plan \$000's	Actual \$000's
REVENUE				
Rates	4	6,502	7,128	7,211
Subsidies and Grants	4	1,930	1,528	2,242
Investment Revenue	4	854	1,017	914
Other Revenue	4	1,830	1,475	1,742
Real Estate Sales	4	208	0	0
Contributions	4	504	432	38
Other Gains	4	217	789	753
Assets Vested	4	0	659	684
TOTAL REVENUE		12,045	13,028	13,584
EXPENDITURE				
Personnel Costs	5	2,000	2,233	2,196
Member Expenses	5	368	335	319
Consultancy Expenses		656	619	908
Administration		841	845	949
Operational and Maintenance		3,245	3,714	3,394
Roading Expenses		1,668	1,183	1,269
Depreciation and Amortisation	5	3,317	3,278	3,389
Real Estate Cost of Sales	5	122	0	41
Asset Impairment	5	0	30	0
Other Losses		389	0	0
TOTAL OPERATING EXPENDITURE		12,606	12,237	12,465
Surplus/(Deficit) Before Taxation		(561)	791	1,119
Provision for Taxation		0	0	0
Surplus/(Deficit) After Taxation		(561)	791	1,119
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to surplus/(deficit)				
Financial assets at fair value through other comprehensive income		(104)	0	9,252
Items that could be reclassified to surplus/(deficit)				
Gain on infrastructure revaluations		21,334	0	0
NET COMPREHENSIVE INCOME		20,669	791	10,371

Explanations of significant variances against budget are detailed in Note 31.

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

Statement of Changes in Equity

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For the year ended 30 June 2015

	Notes to Accounts	2014	2015	
		Actual \$000's	Annual Plan \$000's	Actual \$000's
EQUITY AT START OF THE YEAR		187,185	197,415	207,723
Property, plant and equipment				
Valuation gains/(losses) taken to equity		(131)	0	28
Net income/(expense) recognised directly in equity		(131)	0	28
Net comprehensive income		20,669	791	10,371
Total recognised revenue for the year		20,538	791	10,399
TOTAL EQUITY AT END OF THE YEAR	8	207,723	198,206	218,122

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

Statement of Financial Position

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As at 30 June 2015

		2014	2015	
	Notes to Accounts	Actual	Annual Plan	Actual
		\$000's	\$000's	\$000's
ASSETS				
Current Assets				
Cash and cash equivalents	10	9,408	2,494	7,286
Receivables	11	1,704	2,763	1,866
Inventories	15	4,143	1,279	5,686
Current portion property intended for resale		0	0	0
Other Financial assets	13	1,092	1,000	81
TOTAL CURRENT ASSETS		16,347	7,536	14,919
Non-current Assets				
Other Financial assets	13	10,891	3,200	20,164
Intangible assets	17	414	0	780
Forestry assets	16	2,250	2,388	2,813
Property, plant and equipment	18	180,005	186,689	182,711
TOTAL NON-CURRENT ASSETS		193,560	192,277	206,468
Total Assets		209,907	199,812	221,387
LIABILITIES				
Current Liabilities				
Payables and deferred revenue	20	1,961	1,511	3,030
Employee entitlements	21	139	63	157
Provisions	22	6	0	2
TOTAL CURRENT LIABILITIES		2,106	1,574	3,189
Non-current Liabilities				
Deferred revenue		0	0	0
Employee entitlements	21	17	0	18
Provisions	22	61	33	57
Borrowings and other financial liabilities		0	0	0
TOTAL NON-CURRENT LIABILITIES		78	33	75
Total Liabilities		2,184	1,607	3,264
NET ASSETS		207,723	198,206	218,122
EQUITY				
Accumulated Funds	9	96,507	87,039	100,727
Capital Reserves	9	1,728	(2,373)	(278)
Operating Reserves	9	(1,185)	(1,482)	(2,270)
Special Funds	9	6,097	7,831	6,114
Other Reserves	9	42	37	44
Asset Revaluation Reserves	9	104,534	107,154	113,785
TOTAL EQUITY		207,723	198,206	218,122

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

For the year ended 30 June 2015

Notes to Accounts	2014	2015	
	Actual \$000's	Annual Plan \$000's	Actual \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rates	6,495	7,128	7,148
Receipts from other revenue	2,660	1,908	1,715
Receipts from fees and charges	0	0	0
Receipts from grants and subsidies	2,330	1,528	2,242
Interest received	490	1,017	550
Dividends received	377	0	393
Property sales	0	789	0
	12,352	12,369	12,048
Cash was applied to:			
Payments to suppliers	6,965	8,929	6,485
Payments to employees	1,977	0	2,177
Interest paid	0	0	0
	8,942	8,929	8,662
Net cashflow from operating activities	3,410	3,440	3,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipts from sale of property, plant and equipment	334	0	23
Receipts from sale of investments	1,060	0	993
	1,394	0	1,016
Cash was applied to:			
Purchase of property, plant and equipment	3,346	8,946	6,524
Purchase of investments	0	0	0
	3,346	8,946	6,524
Net cashflow from investing activities	(1,952)	(8,946)	(5,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings	0	0	0
	0	0	0
Cash was applied to:			
Repayment of borrowings	0	0	0
	0	0	0
Net cashflow from financing activities	0	0	0
Net Cashflows from operating activities	3,410	3,440	3,386
Net Cashflows from Investing Activities	(1,952)	(8,946)	(5,508)
Net Cashflows from Financing Activities	0	0	0
Net decrease in cash, cash equivalents and bank overdrafts	1,458	(5,506)	(2,122)
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,950	8,000	9,408
Cash, cash equivalents and bank overdrafts at the end of the year	9,408	2,494	7,286

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements

For the year ended 30 June 2015

	2014		2015	
	Annual Plan	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's	\$000's
Sources of Operating Funding				
General rates, uniform annual general charges, rates pen	2,190	1,721	2,158	2,030
Targeted rates (other than a targeted rate for water suppl	4,492	4,667	5,100	5,219
Subsidies and grants for operating purposes	747	1,146	727	755
Fees, charges, and targeted rates for water supply	0	144	0	0
Interest and dividends from investments	965	854	1,017	912
Local authorities fuel tax, fines, infringement fees, and ot	1,150	1,891	1,345	1,777
TOTAL OPERATING FUNDING (A)	9,544	10,423	10,347	10,693
Application of Operating Funding				
Payments to staff and suppliers	9,733	8,779	8,929	9,034
Finance costs	0	0	0	0
Other operating funding applications	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	9,733	8,779	8,929	9,034
Surplus (deficit) of operating funding (A-B)	(189)	1,644	1,418	1,659
Sources of Capital Funding				
Subsidies and grants for capital expenditure	826	708	801	1,416
Development and financial contributions	40	486	432	39
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	2,464	0	3,794	23
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,330	1,194	5,028	1,478
Application of Capital Funding				
Capital expenditure				
- To meet additional demand	664	0	3,700	0
- To improve the level of service	2,739	821	884	642
- To replace existing assets	1,914	2,205	4,362	6,275
Increase (decrease) in reserves	(2,176)	(188)	(2,500)	(3,780)
Increase (decrease) of investments	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,141	2,838	6,446	3,137
Surplus (deficit) of capital funding (C-D)	189	(1,644)	(1,418)	(1,659)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0	0

Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus¹¹⁷
For Whole of Council
For the year ended 30 June 2015

Surplus (deficit) of operating funding	(189)	1,644	1,418	1,659
Add back:				
Contributions	0	487	432	39
Gain on Sale Assets	0	21	0	23
Real Estate Sales	2,464	209	3,794	0
Other Gains/Losses	55	197	0	736
Increase/(decrease) revaluation	5,214	21,231	0	9,252
Subsidies treated as Capital	826	709	801	1,416
Vested Assets	416	0	659	684
	8,975	22,854	5,686	12,150
Less:				
Depreciation	2,839	3,317	3,278	3,389
Asset Impairment	0	0	30	8
Real Estate Cost of Sales	0	122	3,006	41
Other Loses	0	389	0	0
	2,839	3,828	6,314	3,438
Net Comprehensive Income	5,947	20,669	791	10,371

NOTE 1 – Statement of accounting policies

REPORTING ENTITY

Mackenzie District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The principal activity of Mackenzie District Council is the provision of local authority services, including resource management, water, storm water, waste water and roading services, hazard management, recreation and cultural services and building control to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBEs) for financial reporting purposes. The financial statements of the Council are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 30 October 2015.

Summary of significant accounting policies

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Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

The Council and management of Mackenzie District Council are responsible for the preparation of the financial statements, including the appropriateness of the assumptions underlying the financial statements and other required disclosures.

Council, who are authorised to do so, believe the assumptions underlying the financial statements are appropriate.

Statement of compliance and preparation

The prospective financial statements of Council have been prepared in accordance with the Local Government Act 2002, which requires compliance with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE standards with Reduced Disclosure Requirements ("PBE RDR"). The Council qualifies for Tier 2 because it does not have public accountability and is not large under the PBE Standards.

These financial statements comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

Previously the Group consisted of the ultimate parent, Council and two subsidiaries including Mackenzie Tourism Development Trust and Mackenzie Holdings Ltd. On the 12th June 2014, Council instructed the Trustees of Mackenzie Tourism

Development Trust to dissolve the Trust and Mackenzie Holdings Ltd has been dormant for and exempted under section 7 of 119 the Local Government Act 2002. Therefore consolidated financial statements have not been prepared.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for land and buildings classified as property, plant and equipment, certain infrastructure assets, investment property, forestry,

Changes in accounting policies

There have been no changes in accounting policy.

(b) Effect of first-time adoption of PBE Standards on accounting policies and disclosures

A new suite of standards (PBE International Public Sector Accounting Standards) were approved for PBEs on 23 May 2013 and are applicable to the public sector for reporting periods beginning on or after 1 July 2014. This is the first set of financial statements of the Council and Group that is presented in accordance with these standards.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1: Presentation of financial statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

PBE IPSAS 9: Revenue from Exchange Transactions

In the financial statements of the previous financial year, revenue types were presented as a single total in the statement of comprehensive revenue and expense. However, PBE IPSAS 9 requires revenue from exchange transactions and revenue from non-exchange transactions to be presented separately. This requirement affected the presentation of both current and comparative revenue figures.

Summary of significant accounting policies

Basis of consolidation

Consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Subsidiaries

Previously the Group consisted of the ultimate parent, Council and two subsidiaries including Mackenzie Tourism Development Trust and Mackenzie Holdings Ltd. On the 12th June 2014, Council instructed the Trustees of Mackenzie Tourism Development Trust to dissolve the Trust and Mackenzie Holdings Ltd has been dormant for and exempted under section 7 of the Local Government Act 2002. Therefore consolidated financial statements have not been prepared.

Joint venture

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control.

PBE IPSAS 8 requires venturers to account for their investment in a jointly controlled entity using either proportionate consolidation or equity accounting.

Mackenzie District Council has a 4% interest in a jointly controlled asset called the Downlands Water Supply has chosen the proportionate method for accounting for its joint venture. Council recognises in its financial statements its share of each of the assets, liabilities, revenue, and expenses of the joint venture.

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Revenue from Non Exchange Transactions

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Environment Canterbury are not recognised in the financial statements, as the Council is acting as an agent for Environment Canterbury.

New Zealand Transport Agency roading subsidies

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Revenue from building consents is recognised when payment of the consent is received. Fees and charges for resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.

Provision of goods and services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Contributions

Development, land subdivision reserve and financial contributions are recognised when the relevant development receives sign-off from the Council in terms of the Resource Management Act 1991.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Landfill fees

Fees for disposing of waste are recognised as waste is disposed of by users.

Revenue from Non Exchange Transactions**Sales of goods and services**

Revenue from the sale of goods and services is recognised when a product is sold or service provided to the customer.

Interest and dividends

Interest revenue is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the interest rate applicable. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Revenue from commission and booking fees

Revenue from commission and booking fees from the sale of tours and accommodation is recognised when the booking is made by the customer, payment has been received and the voucher has been issued.

Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Leases**Finance Leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following three categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables; and
- Available for sale financial assets.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include 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 or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the prospective surplus or deficit.

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 maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the prospective surplus or deficit.

Council's loans and receivables are comprised of cash and cash equivalents, trade and other receivables and term deposits.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised through other comprehensive revenue and expense, except impairment losses, which are recognised through the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Investments in this category include shares held in Alpine Energy.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock and government bonds are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired. If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate of 8% (2014 the discount rate was 8%). This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Forests were valued as at 30 June 2015, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with PBE IPSAS 27 *Agriculture*.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets:

Operational assets are tangible assets that are able to be dealt with as part of the operating strategy. These include operational land, buildings and improvements, furniture and fittings, plant and equipment, computer hardware, motor vehicles, office equipment, resource recovery parks and heritage assets.

Restricted Assets:

Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Recognition and measurement

Property, plant, and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Initial recognition

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost. Cost includes any costs that are directly attributable to the acquisition of the items.

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class at balance date upon completion and then depreciated.

Subsequent measurement

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

Revaluation

The carrying values of revalued items are reviewed revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The measurement base for each class of asset is described below.

Valuation

Operational assets	Is the class revalued?	Valuation Basis
Buildings	Yes	Fair value
Computer hardware	No	Depreciated historical cost
Furniture and fittings	No	Depreciated historical cost
Heritage assets	No	Deemed cost
Land	Yes	Fair value
Motor vehicles	No	Depreciated historical cost
Office equipment	No	Depreciated historical cost
Plant and machinery	No	Depreciated historical cost

Restricted assets	Is the class revalued?	Valuation Basis
Land	Yes	Fair value

Infrastructural assets	Is the class revalued?	Valuation Basis
Flood protection and control works	No	Not applicable
Landfills	No	Not applicable
Village projects	No	Not applicable
Alps 2 ocean cycle-way	No	Deemed cost
Land under roads	No	Not applicable
Roads and footpaths	Yes	Optimised depreciated replacement cost
Resource consents	No	Depreciated historical cost
Stormwater	Yes	Optimised depreciated replacement cost
Sewerage	Yes	Optimised depreciated replacement cost
Water supplies	Yes	Optimised depreciated replacement cost

Accounting for revaluations

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the prospective surplus or deficit as they are incurred.

Vested Assets

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Depreciation method	Life (years)
Buildings		
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	5-10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles		
Office equipment		
Light plant and machinery	Straight line	5-10
Plant and machinery	Straight line	5-10
Resource recovery parks	Straight line	2-10

Infrastructural assets	Depreciation method	Life (years)
Flood protection and control works		
Landfills	Straight line	33-50
Village projects	Straight line	5-80
Alps 2 ocean cycle-way		
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths		
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17
Kerb and channelling	Straight line	10-100
Street signs	Straight line	13
Street lighting	Straight line	20-40
Bridges	Straight line	80
Resource consents		
Stormwater		
Lines	Straight line	100
Manholes	Straight line	100
Open drains	Not depreciated	-
Sewerage		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	100
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	15
Service lines	Straight line	80-100
Hydrants	Straight line	100
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the prospective financial statements because there little or no service potential from the majority of these paper roads.

Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

Intangible Assets

Software

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

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

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located.

Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangible Assets. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Resource Consents

It is difficult to determine the fair value of Resource Consents due to their specialised nature and having no active market to compare values against. For these reasons, Council holds resource consents at deemed cost and they are amortised over the life of the asset.

Amortisation

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

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

Intangible assets	Depreciation method	Life (years)
Computer software	Straight line	3

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 28

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 to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for cash-generating assets

Council does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Payables

Short-term creditors and other payables are recorded at their face value.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where Council has a contractual obligation, or where a past practice has created a constructive obligation at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and
- The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Defined benefit schemes

Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs"

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into various reserves to identify those portions of equity held for specific purposes.

These components of equity are:

- Operating reserves
- Capital reserves
- Asset revaluation reserve
- Other reserves & special funds reserves
- Accumulated general funds

Operating Reserves

Operating reserves consist of surpluses earned over time, and funds set aside for special purposes. These reserves represent funds available for the use in trading and operation of Council for special purposes. All special purpose funds and assets are separately accounted for and balanced with the cash resources retained by Council for special purposes.

Capital Reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the long-term council community plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves involve all capital income received for the activity and any capital expenditure incurred within that activity.

The capital income includes depreciation funded from rates, financial contributions, upgrade contributions and grants. Depending on the movements in the capital reserve, the balance can be in funds or in deficit. An interest component is applied to the capital reserve depending on whether the particular reserve is in funds or deficit. The Council policy is to charge interest on deficit capital reserves at the average of Councils external bond investment rates and to pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

Asset Revaluation Reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Other Reserves & Special Funds Reserves

Other reserves

Other reserves consist of funds which have been received over time by the Council, usually by way of a donation or bequest, the terms of which restrict the use of funds. Each amount has been set up as a trust fund to maintain a degree of independence from general Council funds. All such funds are separately accounted for and are not available for any other purpose.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Accumulated General Funds

Accumulated General Funds consist of all other equity transactions not classified as operating reserves, capital reserves, asset revaluation reserves, other reserves or special reserves.

Statement of Cash Flows

Cash and cash equivalents is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost Allocation

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

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs have been charged to the administration activity and have not been allocated to significant activities based on cost drivers and related activity/usage information.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Infrastructural assets

Note 18 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 22 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2015:

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's

social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

NOTE 2 – Summary Revenue and Expenditure for group of activities

	2014	2015	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
INCOME			
Governance and Corporate Services	2,495	2,545	2,528
Water supplies	1,259	1,316	1,321
Sewerage	624	792	657
Stormwater	85	248	220
Roading	3,348	3,218	3,892
Planning and Regulatory	1,193	1,083	1,007
Community and Towns	2,753	2,967	2,996
Commercial activities	713	2,529	1,332
	12,470	14,698	13,953
Less interest on capital reserves	(284)	(421)	(257)
Less internal income	(143)	(1,242)	(114)
Total revenue	12,043	13,035	13,582
EXPENDITURE			
Governance and Corporate Services	2,548	2,658	2,834
Water supplies	1,056	1,100	1,060
Sewerage	479	489	485
Stormwater	87	95	91
Roading	3,756	3,355	3,397
Planning and Regulatory	1,096	1,340	1,179
Community and Towns	2,630	3,005	2,772
Commercial activities	1,376	850	1,015
	13,028	12,892	12,833
Less interest on capital reserves	(284)	(371)	(256)
Less internal expenditure	(143)	(283)	(114)
Total expenditure	12,601	12,238	12,463
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	(558)	797	1,119

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

NOTE 3 – Revenue: Exchange and non-exchange transactions

The split of exchange and non-exchange transactions for revenue and receivables is disclosed below:

REVENUE

	2014	2015	
	Actual	Annual Plan	Actual
	\$000's	\$000's	\$000's
Revenue from non-exchange transactions			
<i>Revenue from rates</i>			
General	1,856	2,001	1,992
Targeted	4,646	5,106	5,219
Penalties	31	36	37
Total revenue from rates	6,533	7,143	7,248
<i>Revenue from transfers</i>			
Provision of goods and services	425	811	18
Vested assets	0	659	684
Fines and infringements	0	2	0
Consents, licences and permits	499	368	467
Financial and reserve contributions	504	432	39
Operating grants	1,147	668	755
Capital grants	708	801	1,416
Other transfer revenue	75	58	72
Other non-exchange revenue	0	0	735
	3,358	3,799	4,186
Total revenue from non-exchange transactions	9,891	10,942	11,434
Revenue from exchange transactions			
Water and wastewater	57	85	79
Sales of goods and services	932	676	865
Finance revenue	477	622	511
Dividend revenue	377	395	401
Rental revenue	311	308	293
Other exchange transactions	0	0	1
Total revenue from exchange transactions	2,154	2,086	2,150
Total revenue	12,045	13,028	13,584

Revenue is classified as exchange or non-exchange based on the funding of the underlying activity which generates the revenue. As a result revenue from the sale of goods and services and other income can be categorised as exchange or non-exchange based on the funding of the underlying activity which generates the revenue.

- Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made due to first time adoption of PBE standards.

NOTE 4 – Revenue

	2014	2015
	Actual	Actual
	\$000's	\$000's
Note 4a. RATES¹		
General rates	1,691	1,992
Targeted rates attributable to activities		
Governance and Corporate Services	30	25
Other water rates	891	979
Water Supplies: Targeted rates for metered water supply	0	0
Sewerage	426	464
Stormwater	72	82
Roading	1,320	1,330
Planning and Regulatory Services	148	155
Community and Towns	1,652	1,940
Commercial Activities	304	276
TOTAL TARGETED RATES REQUIRED	4,843	5,251
<i>Less Distribution of Investment Income</i>		
Budgeted contribution to rates from commercial activities	(32)	(32)
Total rates struck	6,502	7,211
Note 4b. SUBSIDIES AND GRANTS		
Grants	17	19
NZTA subsidies ²	1,838	2,151
Petroleum tax	75	72
Total subsidies and grants	1,930	2,242
Note 4c. INVESTMENT REVENUE		
Dividend	377	401
External interest	477	513
Internal interest	283	255
TOTAL INVESTMENT REVENUE	1,137	1,169
Less Internal Interest	(283)	(255)
Total investment revenue	854	914
Note 4d. OTHER REVENUE		
Rental income	311	293
User fees and donations	930	906
Other	589	543
Total other revenue	1,830	1,742
Note 4e. CONTRIBUTIONS		
Financial contributions	299	22
Upgrade contributions	18	0
Reserve contributions	187	16
Total subsidies and grants	504	38
Note 4f. OTHER GAINS		
Gain on changes in fair value of forestry assets	0	564
Property, plant and equipment gains on disposal	21	15
Carbon credits	145	172
Albury Water Supply - Aorangi Securities	51	2
Total other gains	217	753
Real Estate Sales	208	0
Assets vested ³	0	684
TOTAL REVENUE	12,045	13,584

¹TARGETED RATES REVENUE

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

²NZTA SUBSIDIES

¹The Council receives grants from the New Zealand Transport Agency (NZTA), which reimburses part of the Council's costs of maintaining Mackenzie District's roading infrastructure. There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

³ASSETS VESTED

There were infrastructural assets totalling \$684,000 vested in Council during 2015 (2014: \$Nil)

The Council has had vested to it certain infrastructural assets and land as part of the subdivisional process.

Council recognises the value of these assets as income in the Statement of Financial Performance with an equivalent increase in property, plant and equipment in the Statement of Financial Position.

RATES REMISSIONS

The objective of rates remissions is to facilitate the continuing provision of non-commercial community services and recreational opportunities in the Mackenzie District. The different type of rates remissions and the specific objectives of each type of rates remission are set in accordance with the policy outlined in the Long Term Plan

2014	2015
Actual	Actual
\$000's	\$000's

Rates remissions are comprised of:

Community sporting and non-profit organisations	7	8
TOTAL REMISSIONS	7	8

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$7,600.80 (2014: \$7,290.60).

Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. The non-rateable land does not constitute a remission under the Council's rates remission policy.

RATING BASE INFORMATION**30 June 2014**

Rating units within the district or region of the local authority at the end of the preceeding financial year:

The number of rating units	4,383
The total land value of rating units	\$1,362,298,750
The total capital value of rating units	\$2,770,476,650

NOTE 5 – Expenditure

	2014	2015
	Actual	Actual
	\$000's	\$000's
Note 5a. PERSONNEL COSTS	2,000	2,196
Note 5b. ELECTED MEMBERS FEES AND REIMBURSEMENT	368	319
Note 5c. DEPRECIATION AND AMORTISATION		
Building	304	306
Plant and machinery	30	35
Motor vehicles	64	67
Office equipment	3	6
Furniture and fittings	12	10
Heritage assets	0	1
Computer equipment	37	38
Resource recovery parks	9	9
Resource consents	13	13
Sewerage schemes	318	319
Stormwater schemes	63	63
Rural and urban water supplies	473	482
Landfills	4	4
Village projects	69	70
Alps 2 Ocean Cycleway	13	13
Roads	1,884	1,923
TOTAL DEPRECIATION	3,296	3,359
Computer software	21	30
TOTAL AMORTISATION	21	30
Total depreciation and amortisation expense	3,317	3,389
Note 5d. OTHER EXPENSES		
Audit fees		
Fees to Audit New Zealand for audit of financial statements	85	84
Fees to Audit New Zealand for audit of Long Term Plan	0	71
Impairment of trade receivables	3	9
Insurance	157	169
Subscriptions	50	42
Donations and grants	98	60
Other operating expenses	6,017	6,085
Total other operating expenses	6,410	6,520
Note 5e. REAL ESTATE COST OF SALES	122	41
Note 5f. OTHER LOSSES		
Losses on changes in fair value of forestry assets	389	0
Total other losses	389	0
TOTAL EXPENDITURE	12,606	12,465

⁴ FEES TO AUDIT NEW ZEALAND FOR OTHER SERVICES

The fees to Audit New Zealand for other services in the year ending 30 June 2015 were for the audit of the Council's 2015-2025 Consultation Document and Long-Term Plan.

NOTE 6 – Depreciation and amortisation

Depreciation and amortisation for each Group of Activities:

	2014	2015
	Actual	Actual
	\$000's	\$000's
Governance and Corporate Services	134	152
Water supplies	477	484
Sewerage	318	319
Stormwater	61	61
Roading	1,860	1,902
Planning and Regulatory	50	51
Community and Township Services	347	348
Commercial Activities	70	72
Total depreciation and amortisation expense	3,317	3,389

NOTE 7 – Reconciliation of Internal Income and Internal Expenses

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

Internal Expenses

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

	2014	2015
	Actual	Actual
	\$000's	\$000's
INTERNAL INCOME		
Governance and Corporate Services	102	111
Water supplies	3	3
Sewerage	0	0
Stormwater	0	0
Roading	38	0
Planning and Regulatory	0	0
Community and Towns	0	0
Commercial activities	0	0
Total Internal Income	143	114
INTERNAL EXPENSES		
Governance and Corporate Services	56	66
Water supplies	3	3
Sewerage	0	0
Stormwater	0	0
Roading	48	10
Planning and Regulatory	31	31
Community and Towns	5	4
Commercial activities	0	0
Total Internal Expenses	143	114

NOTE 8 – Internal Borrowing

2015					
Activity	Opening Balance \$000's	Repayments	Borrowings	Closing Balance \$000's	Interest Paid \$000's
Planning and Regulatory Activity Group					
Resource management	1,236	(1)	198	1,433	0
Community and Township Services Activity Group					
Twizel township	696	(92)	0	604	23
Waste management operating reserve	344	(73)	1	272	12
Total internal borrowing	2,276	(166)	199	2,309	35

2014					
Activity	Opening Balance	Repayments	Borrowings	Closing Balance	Interest Paid \$000's
Planning and Regulatory Activity Group					
Resource management	943	0	293	1,236	0
Community and Township Services Activity Group					
Twizel township	788	(92)	0	696	28
Waste management operating reserve	421	0	(77)	344	18
Total internal borrowing	2,152	(92)	216	2,276	46

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

NOTE 9 – Equity

Reserves	Activity to which the fund relates	Purpose	2014				2015					
			Opening Balance	Movement Into Reserve	Movement from Reserve	Closing Balance	Opening Balance	Movement Into Reserve	Movement from Reserve	Closing Balance		
			Actual	Actual	Reserve	Actual	Actual	Reserve	from Reserve	Actual		
			\$000's	\$000's	Actual	\$000's	\$000's	Actual	Actual	\$000's		
ACCUMULATED GENERAL FUNDS			96,733	-561	335	96,507	96,507	1,119	3,101	100,727		
Total accumulated general funds			96,733	-561	335	96,507	96,507	1,119	3,101	100,727		
ASSET REVALUATION RESERVES												
Share revaluation reserve	Commercial	Accumulate changes in value of Councils Share investments	5,217	0	0	5,217	5,217	9,226	0	14,443		
Investment revaluation reserve	Commercial	Accumulate movements in Councils long term investments	272	0	-164	108	108	26	0	134		
Infrastructural assets revaluation reserves	Infrastructural assets revaluation reserves				0				0			
Land	Governance and Corporate	Accumulate changes in value of Councils land holdings	26,999	3,396	-101	30,294	30,294	0	0	30,294		
Water supplies	Water	Accumulate changes in value of Councils water infrastructure	9,621	3,989	0	13,610	13,610	0	0	13,610		
Wastewater schemes	Sewerage	Accumulate changes in value of Councils wastewater infrastructure	4,305	2,259	0	6,564	6,564	0	0	6,564		
Stormwater schemes	Stormwater	Accumulate changes in value of Councils stormwater infrastructure	1,937	530	0	2,467	2,467	0	0	2,467		
Roading	Roading	Accumulate changes in value of Councils roading infrastructure	27,501	10,594	0	38,095	38,095	0	0	38,095		
Plant	Communities and Towns	Accumulate changes in value of Councils plant assets	32	3	0	35	35	0	0	35		
Buildings	Governance and Corporate	Accumulate changes in value of Councils buildings	7,581	563	0	8,144	8,144	0	0	8,144		
Total revaluation reserves			83,465	21,334	-265	104,534	104,534	9,252	0	113,785		
SPECIAL FUND RESERVES												
Albury water fund	Communities and Towns	To fund Albury Water	40	0	0	40	40	0	0	40		
Ashwick/Opuha water fund	Communities and Towns	To fund Ashwick/Opuha Water	-40	0	0	-40	-40	0	0	-40		
Building maintenance	Communities and Towns	To fund repairs and maintenance of certain council amenity assets	0	0	0	0	0	0	0	0		
Housing replacement	Communities and Towns	To fund district housing	7	0	0	7	7	0	0	7		
Insurance reserve	Governance and Corporate	To fund disaster cover	200	0	0	200	200	0	0	200		
Land subdivision	Communities and Towns	To fund district wide projects	840	189	0	1,029	1,029	15	1	1,045		
Pensioner housing amenities	Communities and Towns	To fund pensioner housing amenities	2	0	0	2	2	0	0	2		
Watertight building reserve	Governance and Corporate	Held to cover increased insurance costs of Riskpool	44	0	0	44	44	0	0	44		
Mackenzie County Scholarship Trust	Governance and Corporate	Held on behalf of Mackenzie County Scholarship Trust	83	0	0	83	83	1	0	84		
Masonic Lodge Scholarship Fund	Governance and Corporate	Held on behalf of Masonic Scholarship Fund	17	0	-10	7	7	0	0	7		
Real estate investment	Commercial	Accumulate operating results from Councils Real Estate activities	4,724	0	0	4,724	4,724	0	0	4,724		
Strathconan pool capital	Communities and Towns	To fund Strathconan pool capital	1	0	0	1	1	0	0	1		
Total special funds reserves			5,918	189	-10	6,097	6,097	16	1	6,114		
OTHER RESERVES												
Albury war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	4	0	0	4	4	1	0	5		
Ashwick/Allandale war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	4	0	0	4	4	1	0	5		
Davidson bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	1	0	0	1	1	0	0	1		
Gillingham bequest: library	Communities and Towns	Bequests for library books	0	0	0	0	0	0	0	0		
Gould bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	1	0	0	1	1	0	0	1		
Paterson ponds	Communities and Towns	Funding of maintenance at Paterson Ponds	10	0	0	10	10	0	0	10		
Enid Hutt Fairlie beautifying fund	Communities and Towns	To fund expenditure in the Fairlie township	20	2	0	22	22	0	0	22		
Total other reserves			40	2	0	42	42	2	0	44		

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

Reserves	Activity to which the fund relates	Purpose	2014				2015			
			Opening Balance	Movement	Movement	Closing Balance	Opening Balance	Movement	Movement	Closing Balance
			Actual	Into Reserve	from	Actual	Actual	Into Reserve	from Reserve	Actual
			\$000's	Actual	Reserve	\$000's	\$000's	Actual	Actual	\$000's
CAPITAL RESERVES										
Administration	Governance and Corporate	To fund capital replacements of Administration Assets	-60	3	-2	-59	-59	3	-1	-57
Allandale water	Water	To Fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement.	-432	38	-2	-396	-396	44	-14	-366
Animal control	Regulatory	To fund capital requirements of animal control	-15	0	0	-15	-15	1	0	-14
Ashwick/Opuha water	Water	To fund capital requirements of the Ashwick/Opuha Water scheme	48	0	2	50	50	0	11	61
Asset management	Governance and Corporate	To fund capital requirements of asset management	7	0	0	7	7	0	-7	0
Burkes Pass sewer	Sewerage	To fund sewer capital works in Burkes Pass	-3	0	5	2	2	6	-3	5
Burkes Pass water	Water	To fund capital requirements of the Burkes Pass Water scheme	-4	0	3	-1	-1	2	-5	-4
CEO department	Governance and Corporate	To fund capital requirements of the CEO department	0	0	0	0	0	0	0	0
Civil defence	Regulatory	To fund capital requirements of Civil Defence	34	4	-11	27	27	5	-14	18
Community facilities	Communities and Towns	To fund capital requirements of community facilities	0	0	0	0	0	0	0	0
District Council	Governance and Corporate	To fund capital requirements of the Governance Activity	-5	0	0	-5	-5	1	0	-4
Council building: Fairlie	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie	-9	24	-37	-22	-22	31	-20	-11
Council building: Twizel	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel	-10	12	-10	-8	-8	17	-14	-5
District general	Communities and Towns	To fund capital requirements of the District	43	0	0	43	43	0	0	43
District wide roading	Roading	To fund roading capital works district wide.	93	1,978	-1,891	180	180	2,684	-3,110	-246
Downlands water	Water	Councils share of a Joint Venture to fund the capital requirements of the Downlands Water Scheme	93	0	0	93	93	0	0	93
Eversley sewer	Sewerage	To fund capital requirements of the Eversley water scheme	-1	0	0	-1	-1	0	0	-1
Fairlie medical centre	Communities and Towns	To fund replacement of medical facilities in Fairlie	2	5	0	7	7	8	0	15
Fairlie pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Fairlie	77	5	0	82	82	8	0	90
Fairlie roading	Roading	To fund roading projects in Fairlie	106	0	-106	0	0	0	0	0
Fairlie resource recovery park	Communities and Towns	To fund capital upgrades and replacement for Fairlie Recovery Park	-71	4	0	-67	-67	4	0	-63
Fairlie sewer	Sewerage	To fund sewer capital works in Fairlie	-177	60	-9	-126	-126	57	-25	-94
Fairlie stormwater	Stormwater	To fund stormwater capital works in Fairlie	0	18	0	18	18	19	0	37
Fairlie township	Communities and Towns	To fund capital works in the Fairlie Township	0	8	-1	7	7	0	-7	0
Fairlie water	Water	To fund capital requirements of the Fairlie Water scheme	-954	137	-171	-988	-988	150	-141	-979
Forestry	Commercial	To fund the operations of Councils Forestry Assets	571	0	-77	494	494	859	0	1,353
Hardfill sites	Communities and Towns	To fund costs arising from operations of the Councils Hardfill sites	-1	0	0	-1	-1	1	0	0
Inspectorate	Regulatory	Fund the capital requirements of the inspectorate department	1	0	0	1	1	0	-1	0
Information technology department	Governance and Corporate	To Fund capital replacement of Councils IT assets	-15	58	-164	-121	-121	74	-47	-94
Kimbell water	Water	To fund capital requirements of the Kimbell Water scheme	13	0	1	14	14	2	0	16
Lake Tekapo community hall	Communities and Towns	To fund replacement of the Tekapo Community Hall	1	4	-45	-40	-40	5	-10	-45
Lake Tekapo roading	Roading	To fund roading projects in Tekapo	31	0	-31	0	0	0	0	0
Lake Tekapo resource recovery park	Communities and Towns	To fund capital upgrades and replacements for Tekapo Recovery Park	-108	5	0	-103	-103	5	0	-98
Lake Tekapo sewer	Sewerage	To fund sewer capital works in Tekapo	35	225	0	260	260	250	-148	362
Lake Tekapo stormwater	Stormwater	To fund stormwater capital works in Tekapo	134	15	-3	146	146	144	-186	104
Lake Tekapo township	Communities and Towns	To fund capital works in the Tekapo Township	0	0	0	0	0	0	0	0
Lake Tekapo water	Water	To fund water capital works in Tekapo	685	156	-19	822	822	220	-127	915
Mackenzie community centre	Communities and Towns	To fund the capital works at the Fairlie community centre	7	12	0	19	19	17	-30	6
Manuka Terrace water	Water	To Fund investigation and construction of a new water supply for Manuka Terrace	10	0	8	18	18	8	-14	12

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

Reserves	Activity to which the fund relates	Purpose	2014				2015			
			Opening Balance	Movement	Movement	Closing Balance	Opening Balance	Movement	Movement	Closing Balance
			Actual \$000's	Into Reserve Actual \$000's	from Reserve Actual \$000's	Actual \$000's	Actual \$000's	Into Reserve Actual \$000's	from Reserve Actual \$000's	Actual \$000's
Plant account	Governance and Corporate	To Fund capital replacement of Councils Motor Vehicle assets	22	0	68	90	90	66	-81	75
Public Toilets	Communities and Towns	To fund replacement of Public Toilets within the district	0	12	-120	-108	-108	30	-364	-442
Pukaki airport board	Commercial	To fund the operations of Councils Airport Assets	-568	0	-51	-619	-619	5	-3	-617
Real estate	Commercial	To fund subdivision of Councils real estate assets	-49	0	-257	-306	-306	0	-1,756	-2,062
Roading professional business unit	Roading	To fund capital requirements of the Roading Business unit	-4	2	-9	-11	-11	4	-18	-25
Rural fire control	Regulatory	To fund capital requirements of Rural fire	-69	46	-76	-99	-99	45	-2	-56
Rural roading	Roading	To fund roading projects in Rural area	756	0	-343	413	413	0	0	413
School Road water	Water	To fund capital requirements of the School Road Water scheme	5	2	0	7	7	3	0	10
Sherwood Downs hall	Communities and Towns	To fund capital requirements of the Sherwood Downs Reserves	18	1	-2	17	17	2	0	19
Sherwood Downs recreation reserve	Communities and Towns	To fund capital requirements of the Sherwood Downs Hall	36	0	0	36	36	1	0	37
Spur Road water	Water	To fund Spur Road capital debt	-1	0	-3	-4	-4	2	0	-2
Swimming pool: Strathconan	Communities and Towns	To fund replacement of the Fairlie swimming pool	-13	3	-5	-15	-15	4	-4	-15
Swimming pool: Twizel	Communities and Towns	To fund replacement of the Twizel swimming pool	-6	4	-5	-7	-7	12	0	5
Treatment of organic waste	Communities and Towns	To fund treatment of organic waste	-170	0	0	-170	-170	0	0	-170
Twizel community centre	Communities and Towns	To fund replacement of the Twizel Events Centre	18	29	0	47	47	41	-4	84
Twizel medical centre	Communities and Towns	To fund replacement of medical facilities in Twizel	1	4	0	5	5	0	0	5
Twizel pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Twizel	19	3	0	22	22	5	0	27
Twizel roading	Roading	To fund roading projects in Twizel	49	0	-49	0	0	0	0	0
Twizel resource recovery park	Communities and Towns	To fund capital upgrades and replacement for Twizel Recovery Park	-114	6	0	-108	-108	6	0	-102
Twizel sewer	Sewerage	To fund sewer capital works in Twizel	1,123	217	-75	1,265	1,265	174	-89	1,350
Twizel stormwater	Stormwater	To fund stormwater capital works in Twizel	204	29	0	233	233	29	-1	261
Twizel township	Communities and Towns	To fund capital works in the Twizel Township	-788	92	0	-696	-696	92	0	-604
Twizel water	Water	To fund water capital works in Twizel	1,327	260	-188	1,399	1,399	293	-1,210	482
Total capital reserves			1,922	3,481	-3,675	1,728	1,728	5,439	-7,445	-278
OPERATING RESERVES										
Albury hall	Communities and Towns	To fund operations at the Albury Hall	7	4	0	11	11	7	-4	14
Albury community refuse collection	Communities and Towns	Council's refuse collection operations	3	0	0	3	3	0	0	3
Albury water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	75	60	0	135	135	62	-29	168
District general	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations	185	311	-485	11	11	124	-1,356	-1,221
Downlands water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	5	0	10	15	15	21	0	36
Eversley/Punaroa water races	Water	Accumulate surpluses/deficits to fund Eversley/Puneroa operating activities	-1	0	0	-1	-1	0	0	-1
Fairlie community refuse collection	Communities and Towns	Council's refuse collection operations	11	0	0	11	11	0	0	11
Fairlie works and services	Communities and Towns	Accumulate surpluses/deficits from Fairlie Works and Services Rate funded operations	3	13	0	16	16	68	-14	70
Lake Alexandrina refuse collection	Communities and Towns	Council's refuse collection operations	1	0	0	1	1	0	0	1
Lake Tekapo community refuse collection	Communities and Towns	Council's refuse collection operations	10	0	0	10	10	0	0	10
Lake Tekapo works and services	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations	177	0	69	246	246	65	-5	306

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

Reserves	Activity to which the fund relates	Purpose	2014				2015			
			Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's	Opening Balance Actual \$000's	Movement Into Reserve Actual \$000's	Movement from Reserve Actual \$000's	Closing Balance Actual \$000's
Other reserves	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts	214	69	-3	280	280	54	-4	330
Roading professional services business unit	Roading	Accumulate operating results of Councils Roding Business Unit	-27	0	0	-27	-27	22	-107	-112
Real estate	Commercial	Holds returns from real estate transactions	71	0	-71	0	0	0	0	0
Resource management	Regulatory	Deficit from Plan Change 13	-943	0	-293	-1,236	-1,236	1	-198	-1,433
Rural works and services	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations	68	18	0	86	86	6	0	92
Tourism and development	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre	-340	13	-107	-434	-434	36	0	-398
Twizel community refuse collection	Communities and Towns	Councils refuse collection operations	2	0	0	2	2	0	0	2
Twizel visitors centre	Communities and Towns	Accumulate surpluses/deficits from Twizel visitor centre operations	0	22	0	22	22	10	-32	0
Twizel works and services	Communities and Towns	Accumulate surpluses/deficits from Twizel Works and Services Rate funded operations	7	1	0	8	8	247	-131	124
Waste management	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation	-421	0	77	-344	-344	73	-1	-272
Total operating reserves			-893	511	-803	-1,185	-1,185	796	-1,881	-2,270
TOTAL EQUITY			187,185	24,956	-4,418	207,723	207,723	16,624	-6,224	218,122

NOTE 10 – Cash and cash equivalents

	2014	2015
	Actual	Actual
	\$000's	\$000's
Cash at bank and in hand	713	740
Short-term deposits maturing three months or less from date of acquisition	8,695	6,546
TOTAL CASH AND CASH EQUIVALENTS	9,408	7,286

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

ANZ current accounts	240	341
Westpac Banking Corporation	473	399
Short-term deposits maturing three months or less from date of acquisition	8,695	6,546
Total cash and cash equivalents	9,408	7,286

FAIR VALUE

The carrying value of short term deposits with maturity dates of three months or less approximate fair value.

Financial assets recognised in a non-exchange transaction that are subject for restrictions.

The Council holds unspent funds, included in cash at bank and investments of \$Nil (2014: \$Nil) that are subject to restrictions. These unspent funds relate to trusts and bequests received, and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

NOTE 11 – Debtors and other receivables

	2014	2015
	Actual	Actual
	\$000's	\$000's
Current	1,704	1,866
TOTAL RECEIVABLES	1,704	1,866

Total receivables comprise:

Rates	197	260
Dividend receivable	150	158
Interest receivable	73	36
Other taxes payable (e.g. GST and FBT)	87	255
Prepayments	142	147
Other receivables	1,063	1,056
	1,712	1,912
Less provision for impairment of sundry receivables	(8)	(46)
Total receivables	1,704	1,866

The split of exchange and non-exchange receivables is disclosed below**Receivables and prepayments from non-exchange transactions -**

This includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates

1,182 1,289

Receivables and prepayments from exchange transactions -

This includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

522 577

Total receivables **1,704** **1,866**

NOTE 11a – Aging of Receivables

Movements in the provision for impairment of receivables are as follows:

	2014	2015
	Actual	Actual
	\$000's	\$000's
Opening balance 1 July	(8)	(8)
Additional provisions made during the year	(3)	(47)
Receivables written-off during the period	3	9
Closing balance 30 June	(8)	(46)

NOTE 12 – Tax

Relationship between tax expense and accounting surplus

	2014	2015
	Actual	Actual
	\$000's	\$000's
SURPLUS/(DEFICT) BEFORE TAX	(561)	1,119
Tax @28% (2015: 28%)	(157)	313
Taxation effect of permanent differences	0	0
Imputation credit adjustment	0	0
Non-taxable income/expenditure	157	(313)
Tax expense	0	0
Components of tax expense:		
Adjustments to current tax in prior years	0	0
Current taxation	0	0
Deferred taxation	0	0
Tax expense	0	0

The Council has unrecognised tax losses \$45,257 (2014: \$55,399), with the tax effect \$13,077 at 28% (2014: \$15,512) available for carry forward in offsetting assessable income in future years.

NOTE 13 – Other financial assets

	2014	2015
	Actual	Actual
	\$000's	\$000's
Current	1,092	81
Non-current	10,891	20,164
TOTAL OTHER FINANCIAL ASSETS	11,983	20,245
<i>Investments are comprised of:</i>		
CURRENT PORTION		
Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months		
Bonds	524	0
Local authority stock	511	0
Eversley Sewerage Loan	17	9
Short term deposits	40	72
TOTAL CURRENT PORTION	1,092	81
NON-CURRENT PORTION		
<i>Investment in CCOs and similar entities</i>		
Eversley Sewerage	161	146
Total investment in CCOs and similar entities	161	146
<i>Investment in other entities</i>		
Bonds	1,565	1,620
Local authority stock	535	542
Unlisted shares	8,630	17,856
Total investment in other entities	10,730	20,018
TOTAL NON-CURRENT PORTION	10,891	20,164
Total other financial assets	11,983	20,245

FAIR VALUE**Term deposits**

The carrying amount of short term deposits approximates their fair value.

Bonds

The fair value of bonds is \$1,618,663 (2014: \$2,089,187). Fair value has been determined using discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rates range between 3.74% and 5.03% (2014 4.16% and 5.94%).

Local authority stock

The fair value of local authority stock is \$542,341 (2014: \$1,045,401). Fair value has been determined by discounting cash flows from the stocks using a discount rate derived from relevant market inputs. The discount rate used is 3.35% (2014: ranges between 3.93% and 4.80%).

Unlisted shares

Unlisted shares are recognised at fair value.

The Council holds 2,049,870 fully paid shares (2014: 2,049,870) of \$1 (2014: \$1) in this entity. The shares are recognised at fair value as assessed by Deloitte for the year ending 31 March.

The cash flow projections have been determined based on information provided by Alpine management, plus publicly available information. The continued investment and upgrade of Alpines network provides justification of the valuation range at this level, along with considerable increases in profitability over the previous three years and the regulatory price increases allowed over the next five years.

The fair value of unlisted shares in Alpine Energy Limited has been determined using a valuation technique based on discounted cash flows. It is the method used in determining the transaction value for all major network business sales which have taken place in New Zealand to date. Discounted cashflows involve determining the value of an investment on the basis of the value of future free cashflows arising from an investment discounted at the investor's required rate of return.

The discounted cash flows use a nominal post-tax weighted average cost of capital (WACC) mid-point of 6.55%, a rate based on the market interest rate and the risk premium specific to the unlisted shares.

Cash flows have been forecast using an estimated growth rate of 2%, which has been determined by reference to the long term growth expected.

As at 31 March 2015, Alpine Energy had tangible assets per share of \$4.89 per share (2014: \$4.58) and the earnings per share were \$40.38 (2014: \$27.40) according to the annual report of the company.

IMPAIRMENT

Provision for loan write-down

On 12 June 2014, Council resolved to dissolve Mackenzie Tourism and Development Trust and write off the loan and an unsettled amount of \$28,000. The resolution has no financial impact in the Statement of Comprehensive Income this year as the Council had made a full provision for impairment of the investment and loan in previous years (2014: Fully impaired).

No other impairment provisions have been provided on any of the other financial assets.

None of the financial assets are past due.

ALPINE ENERGY LIMITED

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. This is carried at fair value.

	2014		2015	
	Number of shares held	Value per share	Number of shares held	Value per share
Other financial assets	2,049,870	\$ 4.21	2,049,870	\$ 8.71

	2014	2015
	Actual \$000's	Actual \$000's
Opening Balance	8,630	8,630
Plus revaluations	0	9,226
CLOSING BALANCE	8,630	17,856

Shares in Alpine Energy Ltd

INTEREST RATES

The weighted average effective interest rates

	2014	2015
Call accounts	3.25%	2.70%
Local authority stock	6.51%	6.52%
State owned enterprises and strongly rated corporates	0.00%	0.00%
Trading bank stock	6.54%	5.84%

NOTE 14 – Joint Venture

Name of Entity: **Downlands Water Supply**

Balance date: **30 June 2015**

Membership: **2015: 4% (2014: 4%)**

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

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

The Council's interest in the Downlands Water Schemes is accounted for as a jointly controlled asset.

The joint venture shares a common balance date with Council, but the financial statements have not been audited.

	2014	2015
	Actual	Actual
	\$000's	\$000's
The Council's interests in the jointly controlled asset are as follows:		
Revenue	51	58
Expenses	(40)	(38)
Share of Net Surplus (Deficit)	11	20
Current assets	141	165
Non-current assets	576	566
Current liabilities	(13)	(6)
Non-current liabilities	0	0
Share of assets employed	704	725
The Council's capital commitments in relation to the joint venture	0	0
Share of joint venture's commitments	0	0
The Council's contingent liabilities incurred in relation to the joint venture	0	0
Share of joint venture's contingent liabilities	0	0
Other venturers' contingent liabilities the Council is liable for	0	0
The Council's contingent assets arising in relation to the joint venture	0	0
Share of joint venture's contingent assets	0	0

NOTE 15 – Inventories

	2014	2015
	Actual	Actual
	\$000's	\$000's
Held for distribution or consumption:	10	36
Commercial inventory - land developed for sale ⁴	4,133	5,650
TOTAL INVENTORIES	4,143	5,686

No inventories are pledged as security for liabilities (2014: \$Nil).

Held for distribution inventory

Inventories held for distribution or consumption includes:

- Retail stock for sale, and
- Excess parts in working condition that remain for emergency repairs. Council intends to hold these spare parts as inventory until they can be utilised in the future.

The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2015 amounted to \$36,201 (\$2014: \$10,191).

The write-down of inventory held for distribution because of a loss in service potential amounted to \$Nil (2014: \$Nil). There have been no reversals of write-downs (2014 \$Nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

Commercial inventory

⁴ The Council has developed land for future sale and costs capitalised to date, which are not expected to be recovered until after 30 June 2015 in line with the expected business operating cycle for this activity.
For further details; Refer to Note 22; *Surplus Property*

The write-down of commercial inventory to net realisable value amounted to \$Nil (2014: \$Nil). There have been no reversals of write-downs (2014: \$Nil).

No inventory is pledged as security for liabilities (2014 \$Nil).

NOTE 16 – Forestry

	2014	2015
	Actual	Actual
	\$000's	\$000's
Opening balance	2,638	2,250
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	305	243
Gains arising from changes in fair value less estimated point of sale costs attributable to price changes	(84)	312
Gains arising from changes in fair value less estimated point of sale costs attributable to harvesting cost changes	(514)	0
Increase due to harvest and remap	(95)	7
CLOSING BALANCE	2,250	2,813

LOCATION

The Mackenzie District Council plantations are scattered throughout the district and are planted predominantly on reserve land. A large proportion of the Council's estate (72%) is located in five larger plantations. These larger plantations are:

HECTARES LOCATION

90	Woodburn - near Burkes Pass
114.7	Woods - Clayton Road
139.6	Simons Hill - Mackenzie Basin
214.8	Cabuie - Ashwick Flat
181.7	Fox Peak - Sherwood
245.4	Other Plantations

986.2

Council plantations are generally adjacent to Council roads with little or no internal roading required. Roading costs are therefore low. Logging rates are also generally low due to easy terrain. Cartage lead distances vary through the district. The major markets are the Port of Timaru, Hunter Hills Lumber, local South Canterbury sawmills and the Rangiora MDF plant.

LEGAL DESCRIPTION AND LAND VALUE

In the valuation, land value is expressed as an annual rental and included in the annual overhead cost. Allowance has been made for reserves vested to the Council by the crown such as shingle pits that have been worked out and planted in trees. In effect these reserves, 42% of the Council's plantations, have a nil land value. The remaining land has been given an average value of \$1,500/ha, the annual cost of this land has been set as a rental of 4% on this value that is \$60/ha/year.

The impact of the Emissions Trading Scheme lowers the potential land value for pre-1990 forest land due to the carbon liabilities that accrue if the land is deforested.

SPECIES AREA AGE CLASS DISTRIBUTION

The forest estate comprises primarily of Douglas fir with also a significant area of Radiata Pine and Corsican Pine. There are other species included in the resource such as Macrocarpa, Muricata Pine and Larch. Individual stands are detailed below:

HECTARES SPECIES

612.2	Douglas Fir
127.0	Radiata Pine
<u>247.0</u>	Other Species

986.2

STAND HISTORY AND INVENTORY

All stands have inventory data collected from them during quality control operations when tending is carried, information such as stocking, mean top height, mean diameter at breast height and pruning quality information are collected. This stand data is used to determine which crop type a stand should be allocated to.

However, stand records for the Mackenzie District Council plantations have only been formally since 30/11/1992. Therefore stand records are not complete for all plantations in the valuation. Older stands with operations dating prior to stand records being initiated have no operation information (DOS, prune/thin dates). Some mid-rotation inventories have been carried in these stands. Also young stands where no operations have been carried out only have initial stocking and species information.

MARKET REVIEW

MARKET SUMMARY

The value is a significant increase on the values calculated last year due to several factors:

1. Lower log prices,
2. Increased harvesting costs, and.
3. Tree growth.

MARKET OVERVIEW

The log market in Canterbury is characterised by a number of features. A well developed sawmilling industry is present with a number of medium sized sawmill mainly in and around Christchurch.

Log grades uplifted by these mills included pruned sawlogs, S30 and S20 sawlogs. The principle timber markets for these mills are the domestic market and Australia. South Canterbury has a limited number of small sawmills with the most significant processor Hunter Hills Lumber recently shutting down.

The plywood mill at Greymouth (International Panel & Lumber) purchase higher grade logs from the Canterbury region, large high quality pruned logs were also purchased by Gunns Veneers in Christchurch, however this plant has now closed. Smaller industrial logs are processed locally by Shands Road Sawmill (L-grade). The most significant demand for logs unsuitable for sawmilling comes from the Medium Density Fibreboard (MDF) plant at Sefton, this plant utilises both chiplogs and slab wood chip from sawmills. Firewood processes are the other major chiplog customers in the region. The robust agricultural sector of Canterbury provides good demand for posts with a number of treatment plants in the region. The local wood processing industry generally produced from the Council's forests.

For the past twenty years regular shipments of export logs have been leaving Canterbury. This trade was initiated when Rayonier New Zealand entered the Canterbury market. Since the withdrawal of Rayonier other companies have continued the trade including Forest Management and Carter Holt Harvey. Rayonier again have a presence in the region buying the CHH estate. Logs have been exported from both the Port of Timaru and Lyttelton. With some exceptions the log export trade has mainly provided an outlet for lower grade and short (3.7-4.1m) logs (L-grade). The log export market tends to be more erratic than the domestic market with factors such as the exchange rate making them difficult to predict.

LOG PRICES

The valuation uses AGRI-FAX log prices. Agri-Fax provides regional prices and log grades closer to those that Council commonly trades. Export log markets over the 2014/15 financial year fell sharply and then recovered through the year to dip again in March 2015. Log prices fell as a result of high log inventories in the China market and due to credit problems with some log buyers. The recent strengthening of the \$US has helped a recovery of the wharf gate prices.

Domestic sawlog prices have again been relatively stable with increasing demand for all wood products due to the Christchurch rebuild. A strengthening NZ\$ against the \$AUS has made trading in the Australian market difficult for Canterbury solid wood manufacturers.

Prices for the predominant log types - Radiata pine and Douglas fir - are derived from the Agri-Fax prices and adjusted according to current log sales from the Council. Other prices are taken from historic sale data or are related to the Agri-Fax prices.

Gross log prices have increased by 4.2% (2014: decreased by 6.6%).

RISKS

There are various risks that could possibly affect the value of MDC's plantation resource, it is however difficult to quantify these and generally the risks are reasonably remote. Some of the possible risks that threaten the value of Council's forests are:

1. Outbreak of a new disease or pathogen e.g. Pine Pitch canker.
2. Risk of catastrophic wind event, e.g. 1975 wind storm
3. Risk of a large snow event affecting young plantations.
4. Imposition of environmental constraints, e.g. requirement for continuous canopy harvesting systems for plantation forestry.

Mackenzie District Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council and group review its outlook for timber prices regularly in considering the need for active financial risk management.

VALUATION

Council revalues its forestry assets annually. Independent registered valuers, Terry O'Neill (Bachelor of Forestry Science) Forestry Consultant, with Ashburton District Council conducted a valuation of the forestry assets as at 30 June 2015 in accordance with PBE IPSAS 27: Agriculture.

The accounting standard for biological assets states that the asset should be valued at its fair value less any point of sale costs. Due to the limited market for forest sales especially with similar characteristics, this valuation uses the Net Present Value Method to estimate the fair value.

The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The Net Present Value method has been used in conjunction with transaction evidence. This method values mature stands with inventory information at their realisable ("immediate liquidation") value. For young stands, where there is a limited market have been valued using a crop typing method.
- A pre-tax discount rate of 8% (2014: 8%) has been used in discounting the present value of expected cash flows.
- Costs include future tending and management, annual overheads, and the direct costs associated with the harvesting operations: log and load, cartage, management fees, and any tracking or roading required. Revenue includes the market value of logs delivered to the sale point - mill or wharf. The harvesting costs used for the valuation are derived from the current average cost for operations. Logging costs for Council's plantations are reasonably high due to varied terrain and small stand size. Internal roading is generally inexpensive due to terrain and soil types and is included in the logging and loading rate. All plantations are able to be harvested using conventional ground based systems.
Logging, loading and roading: \$27.50/tonne
Log sale Management commission etc: Included in overheads
Log cartage is well-serviced in Canterbury. The transport base rate is \$4/tonne and the variable rate is \$0.22/tonne per km. The average cartage distance for Downlands plantations is 90km and 120km for Mackenzie Basin plantations. Both cartage and logging costs have not changed since last year.
- Point-of-sale costs: Commissions on assets of significant value can generally be discounted with a rate of 2% (2014: 2%). The sales agent commission could therefore cost between \$30,000 and \$55,000. For valuation purposes \$50,000 has been used. The Sales Memorandum for a scattered forest estate such as this one would be complex and relatively expensive to put together, therefore a cost of \$15,000 has been allowed.
- No harvesting has taken place since the last valuation was completed.

CARBON CREDITS

For pre-1990 forest, there was an opportunity for the owners to register their interest in obtaining the 'compensation' credits, the Council's pre-1990 forests have now been registered and allocated credits.

The Council now has over 562 hectares of post 1989 forest registered in the Emissions Trading Scheme with credits having been transferred for the Council for carbon capture during 2008 and 2009. The Council has sold credits (NZU's) earned by these forests in 2010 and 2011. NZU's have sold for prices ranging from \$23.00 per unit down to a price of approximately \$1.80 per unit.

The carbon price used for this cashflow was \$6.65/tonne (2014: \$4.20/tonne). The net present value calculations assume a single rotation from the stands current age; carbon accumulations plus liabilities and decay following harvest.

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

	1 July 2014			30 June 2015								30 June 2015		
	Cost	Accum.amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum. Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposals amortisation	Current year impairment charges	Amortisation Charge	Closing Carrying Amount	Cost	Accum. Amortisation and impairment	Carrying Amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Computer software	328	208	120	0	0	31	0	0	0	31	120	359	239	120
Carbon emissions	375	81	294	171	0	194	0	0	0	0	659	740	81	659
TOTAL INTANGIBLE ASSETS	703	289	414	171	0	225	0	0	0	31	779	1,099	320	779

	1 July 2013			30 June 2014								30 June 2014		
	Cost	Accum.amortisation and impairment charges	Opening carrying amount	Current year revaluation	Accum. Amortisation reversed on revaluation	Current year additions and allocations	Current year disposals	Current year disposals amortisation	Current year impairment charges	Amortisation Charge	Closing Carrying Amount	Cost	Accum. Amortisation and impairment	Carrying Amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Computer software	281	187	94	0	0	47	0	0	0	21	120	328	208	120
Carbon emissions	163	81	82	145	0	67	0	0	0	0	294	375	81	294
TOTAL INTANGIBLE ASSETS	444	268	176	145	0	114	0	0	0	21	414	703	289	414

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

CARBON EMISSIONS

Pre -1990 Forest:

Owners of pre 1990 forests may opt to join the Emissions Trading Scheme (ETS) and are allocated New Zealand Units (NZU's) based on the size of the forested area in tree tranches. Pre 1990 forests are forests that were established before 1 January 1990. NZU's cannot be earned for an increase in the carbon stock (through forest growth) in a pre-1990 forest, but, provided that pre 1990 forests are re-established after harvesting (either by replanting or regeneration) there are no liabilities or obligations under ETS. However land owners must surrender NZU's equivalent to the carbon emissions from any deforestation.

The Council has been allocated 99,238 NZU carbon credits, based on it's forestry area (2014: 69,979). These have been re valued at the estimated carbon price at 30 June 2015 of \$6.65 per NZU (2014: \$4.20).

The Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

"Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place."

IMPAIRMENT

Easements

Easements are not cash-generating in nature as they give the Council the right to access private property where infrastructural assets are located. As such, impairment of an easement is determined by considering the future service potential of the easement.

No impairment losses have been recognised for easements, as they all have ongoing service potential. Council has not valued and recognised easements as an intangible asset under NZ IAS 38 Intangibles. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. The Council is concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

NOTE 18 – Property, plant and equipment

	1 July 2014			30 June 2015									30 June 2014		
	Cost / Revaluation	Accum.dep and impairment charges	Carrying amount	Current year revaluation	Accum. Depn reversed on revaluation	Current year additions ⁶	Current year trfs within PPE	Current year disposals	Current year disposals depreciation	Current year impairment charges	Current year depreciation	Net Book Value	Cost	Accum. Depn and impairment charges	Carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
OPERATIONAL ASSETS															
Buildings	13,305	498	12,807	0	0	1,177	0	0	0	0	306	13,679	14,482	804	13,679
Computer Hardware	584	525	59	0	0	0	0	0	0	0	38	23	584	563	23
Furniture and Fittings	488	422	66	0	0	9	0	6	5	0	10	64	491	427	64
Heritage Assets	30	12	18	0	0	0	0	0	0	0	1	17	30	13	17
Land	17,593	0	17,593	0	0	0	0	0	0	0	0	17,593	17,593	0	17,593
Motor Vehicles	629	426	203	0	0	81	0	54	50	0	67	213	656	443	213
Office Equipment	214	170	44	0	0	2	0	0	0	0	6	40	216	176	40
Plant and Machinery	821	560	261	0	0	30	0	0	0	0	35	257	851	595	257
Resource Recovery Parks	171	80	91	0	0	0	0	0	0	0	9	82	171	89	82
Total Operational Assets	33,835	2,693	31,142	0	0	1,299	0	60	55	0	472	31,968	35,074	3,110	31,968
RESTRICTED ASSETS															
Land	5,497	0	5,497	0	0	0	0	0	0	0	0	5,497	5,497	0	5,497
Total Restricted Assets	5,497	0	5,497	0	0	0	0	0	0	0	0	5,497	5,497	0	5,497
INFRASTRUCTURAL ASSETS															
Flood Protection and Control Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landfills	136	57	79	0	0	0	0	0	0	0	4	75	136	61	75
Village Projects	2,300	646	1,654	0	0	55	0	0	0	0	70	1,640	2,355	716	1,640
Alps 2 Ocean Cycleway	642	14	628	0	0	0	0	0	0	0	13	615	642	27	615
Land Under Roads	5,901	0	5,901	0	0	0	0	0	0	0	0	5,901	5,901	0	5,901
Roads and Footpaths	88,172	1,965	86,207	0	0	2,226	0	0	0	0	1,923	86,510	90,398	3,888	86,510
Resource Consents	366	56	310	0	0	10	0	0	0	0	13	307	376	69	307
Stormwater: Drainage	4,001	73	3,928	0	0	186	0	0	0	0	63	4,051	4,187	136	4,051
Stormwater: Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Schemes: Treatment plants and facilities	2,505	67	2,438	0	0	70	0	0	0	0	39	2,470	2,575	106	2,470
Sewerage Schemes: Other assets	12,153	280	11,873	0	0	171	0	0	0	0	280	11,764	12,324	560	11,764
Water Supplies: Treatment plants and facilities	150	8	142	0	0	14	0	0	0	0	10	146	164	18	146
Water Supplies: Other assets	22,298	627	21,671	0	0	307	0	0	0	0	452	21,526	22,605	1,079	21,526
Total Infrastructural Assets	138,624	3,793	134,830	0	0	3,039	0	0	0	0	2,867	135,005	141,663	6,660	135,005
Capital Work in Progress	723	0	723	0	0	1,908	(183)	0	0	0	0	2,448	2,448	0	2,448
Joint Venture Assets	733	157	576	0	0	3	0	0	0	0	20	560	736	177	560
Surplus Properties Identified for Sale	7,233	0	7,233	0	0	0	0	0	0	0	0	7,233	7,233	0	7,233
TOTAL PROPERTY, PLANT AND EQUIPMENT	186,645	6,643	180,005	0	0	6,249	(183)	60	55	0	3,359	182,711	192,651	9,947	182,711

The balance remaining in "Current year trfs within PPE" is subdivision costs transferred to Properties Held for Sale within Inventory

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

	1 July 2013			30 June 2014									30 June 2013		
	Cost /	Accum.dep	Carrying	Current	Accum.	Current	Current year	Current	Current year	Current	Current	Net Book	Cost	Accum. Depn	Carrying
	Revaluation	and	amount	year	Depn	year	trfrs to PPE	year	disposals	year	year	Value		and	amount
		impairment		revaluation	reversed	additions ⁷	intended for	disposals	depreciation	impairment	depreciatio			impairment	
	\$000's	charges	\$000's	\$000's	on	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
OPERATIONAL ASSETS															
Buildings	12,863	909	11,954	-150	715	40	552	0	0	0	304	12,807	13,305	498	12,807
Computer Hardware	526	488	38	0	0	58	0	0	0	0	37	59	584	525	59
Furniture and Fittings	482	410	72	0	0	6	0	0	0	0	12	66	488	422	66
Heritage Assets	30	11	19	0	0	0	0	0	0	0	1	18	30	12	18
Land	15,474	0	15,474	2,224	0	0	0	105	0	0	0	17,593	17,593	0	17,593
Motor Vehicles	621	426	195	0	0	72	0	64	64	0	64	203	629	426	203
Office Equipment	180	167	13	0	0	34	0	0	0	0	3	44	214	170	44
Plant and Machinery	750	530	220	0	0	71	0	0	0	0	30	261	821	560	261
Resource Recovery Parks	186	89	97	-15	18	0	0	0	0	0	9	91	171	80	91
Total Operational Assets	31,112	3,030	28,082	2,059	733	281	552	169	64	0	460	31,142	33,835	2,693	31,142
RESTRICTED ASSETS															
Land	4,325	0	4,325	1,172	0	0	0	0	0	0	0	5,497	5,497	0	5,497
Total Restricted Assets	4,325	0	4,325	1,172	0	0	0	0	0	0	0	5,497	5,497	0	5,497
INFRASTRUCTURAL ASSETS															
Flood Protection and Control Works	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landfill	136	53	83	0	0	0	0	0	0	0	4	79	136	57	79
Village Projects	2,292	577	1,715	0	0	8	0	0	0	0	69	1,653	2,300	646	1,654
Alps 2 Ocean Cycleway	642	1	641	0	0	0	0	0	0	0	13	628	642	14	628
Land Under Roads	5,901	0	5,901	0	0	0	0	0	0	0	0	5,901	5,901	0	5,901
Roads and Footpaths	80,904	5,322	75,582	5,353	5,241	1,891	24	0	0	0	1,884	86,207	88,172	1,965	86,207
Resource Consents	366	43	323	0	0	0	0	0	0	0	13	310	366	56	310
Stormwater: Drainage	3,643	182	3,461	358	172	0	0	0	0	0	63	3,928	4,001	73	3,928
Stormwater: Schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sewerage Schemes: Treatment plants and fac	2,640	84	2,556	-168	55	33	0	0	0	0	38	2,438	2,505	67	2,438
Sewerage Schemes: Other assets	10,447	665	9,782	1,706	665	0	0	0	0	0	280	11,873	12,153	280	11,873
Water Supplies: Treatment plants and facilit	286	9	277	-171	10	34	1	0	0	0	9	142	150	8	142
Water Supplies: Other assets	18,853	1,140	17,713	3,191	959	254	0	0	0	0	446	21,671	22,298	627	21,671
Total Infrastructural Assets	126,110	8,076	118,035	10,269	7,102	2,219	25	0	0	0	2,819	134,830	138,624	3,794	134,831
Capital work in progress ¹	964	0	964	0	0	585	-826	0	0	0	0	723	723	0	723
Joint venture assets	723	139	584	0	0	10	0	0	0	0	18	576	733	157	576
Surplus properties identified for sale	7,233	0	7,233	0	0	0	0	0	0	0	0	7,233	7,233	0	7,233
TOTAL PROPERTY, PLANT AND EQUIPMENT	170,471	11,245	159,224	13,500	7,835	3,095	-249	169	64	0	3,297	180,005	186,645	6,643	180,005

VALUATION

Operational assets

Buildings are measured at fair value less accumulated depreciation with subsequent additions recorded at cost. Buildings were revalued at 1 July 2013 by Morton & Co. Future revaluations will be carried out on a three yearly basis. Buildings have been valued using market values where a market value exists for that asset, or at depreciated replacement cost. Each building has also been componentised into:

- Structure,
- Services, and
- Internal fit out.

Land is valued at fair value. This is determined from market-based evidence by an independent valuer. The most recent valuation of land was performed by Morton & Co, and the valuation is effective as at 1 July 2013. Any subsequent additions from this date have been recorded at cost.

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

Heritage assets have been recorded at cost less accumulated depreciation.

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

Infrastructural assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable.

Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council's infrastructural assets, except rural water races, village projects and resource consents and Alps 2 Ocean Cycleway, have been included in this document at their 1 July 2013 valuations, plus additions at cost, less accumulated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis was conducted by a registered valuer, AECOM Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2013.

Subsequent additions have been valued at cost and depreciated.

Rural water races, landfills, village projects and Alps 2 Ocean Cycleway are stated at their cost or deemed cost less depreciation.

Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

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

Impairment

No impairment losses have been recorded during the 2015 financial year in relation to property, plant and equipment (2014: \$Nil).

Work In Progress

The total amount of property, plant and equipment in the course of construction is \$2,448,000 (2014 \$723,000). Assets under construction are not depreciated. The total cost of a completed project is transferred to the relevant asset class at balance date and depreciated from the following year.

Included within the infrastructure assets above are the following core Council assets:

	2015			
	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Replacement Cost
	\$000's	\$000's	\$000's	\$000's
Water Supply				
- treatment plants and facilities	146	14		2,174
- other assets	21,526	187	120	30,149
Sewerage				
- treatment plants and facilities	2,470	70		3,488
- other assets	11,764	34	137	20,389
Stormwater drainage	4,051	58	128	5,993
Flood protection and control works	-	-	-	-
Roads and footpaths	86,510	1,927	299	83,635
TOTAL	126,467	2,290	684	145,828

The replacement cost is based on the optimised replacement cost estimate amounts in the valuation as at 1 July 2013 plus additions during 2013/2014 at cost. The closing book value of Roads and footpaths shown above excludes the value of street lighting, sumps, leads and other related assets totalling \$25.3 million that are included in the value of Roading assets under infrastructural assets as disclosed in the previous page. Replacement cost for water supply does not include rural water schemes as they are stock water and as such are not considered core assets

	2014			
	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Replacement Cost
	\$000's	\$000's	\$000's	\$000's
Water Supply				
- treatment plants and facilities	142	34	-	2,194
- other assets	21,671	254	-	30,096
Sewerage				
- treatment plants and facilities	2,438	33	-	3,451
- other assets	11,873	-		20,218
Stormwater drainage	3,928	-	-	5,983
Flood protection and control works	-	-	-	-
Roads and footpaths	60,855	1,609	155	83,317
TOTAL	100,907	1,930	155	145,259

NOTE 19 - Subsidiary

Name of Entity: **Mackenzie Holdings Ltd and Mackenzie Tourism and Development Trust**
 Balance date: **30 June 2015**

Council resolved on 12 June 2014 to dissolve the Mackenzie Tourism and Development Trust (MTDT). In 2013, Council ceased to operate in a Group as Council resolved on 13 June 2013 to dissolve the Trust and also resolved to exempt the organisation under Section 7 of the Local Government Act 2002. The transactions for MTDT have been absorbed into Council. Consequently, no Group financial transactions have been included in these results.

NOTE 20 - Payables and deferred revenue

	2014	2015
	Actual	Actual
	\$000's	\$000's
CURRENT PORTION		
Payables and deferred revenue under exchange transactions		
Trade payables and accrued expenses	1,757	2,753
Revenue in advance	114	172
Total	1,871	2,925
Payables and deferred revenue under non-exchange transactions		
Other taxes payable (e.g. GST and FBT)	2	2
Grants payable	1	4
Rates in advance	87	99
Total	90	105
TOTAL CURRENT PAYABLES AND DEFERRED REVENUE	1,961	3,030

FAIR VALUE

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

NOTE 21 – Employee entitlements

	2014	2015
	Actual	Actual
	\$000's	\$000's
Current	6	2
Non-current	61	57
TOTAL PROVISIONS	67	59
CURRENT PORTION		
Landfill aftercare liability	6	2
TOTAL CURRENT PROVISIONS	6	2
NON-CURRENT PORTION		
Landfill aftercare liability	61	57
TOTAL NON-CURRENT PROVISIONS	61	57
Total provisions	67	59

Movements for each class of provision are as follows:

LANDFILL AFTERCARE LIABILITY

Opening balance	67	67
Additional provisions made	0	0
Amounts used	0	0
Unused amounts reversed	0	(8)
Discount unwind (Note 4; <i>Expenditure</i>)	0	0
Total landfill aftercare liability	67	59

NOTE 22 – Provisions

	2014	2015
	Actual	Actual
	\$000's	\$000's
Current	6	2
Non-current	61	57
TOTAL PROVISIONS	67	59
CURRENT PORTION		
Landfill aftercare liability	6	2
TOTAL CURRENT PROVISIONS	6	2
NON-CURRENT PORTION		
Landfill aftercare liability	61	57
TOTAL NON-CURRENT PROVISIONS	61	57
Total provisions	67	59

Movements for each class of provision are as follows:

LANDFILL AFTERCARE LIABILITY

Opening balance	67	67
Unused amounts reversed	0	(8)
Total landfill aftercare liability	67	59

PROVISION FOR LANDFILL AFTERCARE

As the former owner of various closed landfills around the District, the Council has a legal obligation to ensure these sites are rehabilitated to a standard that minimises any negative impact on the environment.

The Council has obtained resource consents for the closure of the following landfills:

Burkes Pass landfill - granted until 27 July 2031
Fairlie landfill - granted until 27 July 2031
Tekapo landfill - granted until 27 July 2031
Twizel landfill - granted until 27 July 2031
Haldon landfill - granted until 27 July 2031
Albury landfill - granted until 27 July 2031

The Council has a responsibility under the resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure until such time that Environment Canterbury is satisfied that the leachate quality has improved to a level that does not have a negative impact on the environment.

The expected term of the maintenance and monitoring services that will be required is 16 years.

A provision for post-closure costs was initially recognised as a liability when the obligation for post-closure costs arose. The provision includes all other costs associated with landfill post-closure. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur.

The gross provision before discounting is \$77,000 (2014: \$83,000). The following significant assumptions have been made in calculating the provision:

1. The discount rate used to arrive at the present value is 3.91% (2014: 3.91%) based on the 31 May 2015 Treasury risk-free discount rate forecast. This discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability; and
2. The aftercare costs have been estimated to continue until 2030/2031. The annual inflation factor applied to the estimated aftercare costs from 2015/2016 to 2030/2031 is 2% (2014: 2%).

NOTE 23 – Surplus Property

	2014	2015
	Actual	Actual
	\$000's	\$000's
LAND		
Opening Balance	11,222	11,369
Add/(less):		
Transfer from operational land	252	1,517
Disposals/change in valuation	(105)	0
CLOSING BALANCE	11,369	12,886
TOTAL SURPLUS PROPERTY	11,369	12,886
<i>Total surplus properties are comprised of:</i>		
Inventory	4,132	5,649
Surplus property held for sale	7,237	7,237
Total Surplus Properties	11,369	12,886

NOTE 24 – Severance Agreements

Under clause 19(i) of schedule 10 of the Local Government Act 2002, Council is required to disclose:

- (1) the amount of any severance payments made to any Chief Executive who vacated office in the year,
- (2) the number of employees to whom severance payments were made in the year, and
- (3) the amount of every such severance payment

For the year ended 30 June 2015, Mackenzie District Council made no severance payments to employees (2014: Nil)

NOTE 25 – Remuneration

During the year to 30 June 2015, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows:

ELECTED REPRESENTATIVES

Under clause 32 of schedule 10 of the Local Government Act 2002, Council is required to disclose remuneration paid to elected representatives.

	2014	2015
	Actual	Actual
	\$000's	\$000's
PRESENT COUNCIL		
Mayor Claire Barlow	55	57
Councillor Graham Smith	22	23
Councillor Evan Williams	18	22
Councillor Noel Jackson	12	17
Councillor Murray Cox	15	24
Councillor Russel Armstrong	12	17
Councillor James Leslie	15	24
	149	184
PREVIOUS COUNCIL		
Councillor Graeme Page	5	0
Councillor John Bishop	5	0
Councillor Peter Maxwell	5	0
Councillor Annette Money	5	0
	20	0
COMMUNITY BOARDS		
Fairlie Community Board Members	8	9
Tekapo Community Board Members	8	9
Twizel Community Board Members	8	10
	24	28
TOTAL REMUNERATION PAID TO ELECTED REPRESENTATIVES	193	212

CHIEF EXECUTIVE

The Chief Executive implements and manages the Council's policies and objectives within the budgetary constraints established by the Council. Under section 42 of the Local Government Act 2002, the responsibilities of the Chief Executive are:

- (1) implementing the decisions of Council,
- (2) providing advice to the Council and community boards,
- (3) ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation bylaw are properly performed or exercised,
- (4) managing the activities of the Council effectively or efficiently,
- (5) maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council,
- (6) providing leadership for the staff of the Council, and
- (7) employing staff (including negotiation of the terms of employment for the staff).

The annual remuneration package for the current Chief Executive position is disclosed below:

	2014	2015
	Actual	Actual
	\$000's	\$000's
Salary	155	165
Vehicle (Market value)	18	18
Telephone	1	1
Total remuneration package of the current Chief Executive	174	184

COUNCIL EMPLOYEES

Total annual remuneration by band for employees as at 30 June 2015:

	2015
	Actual
<\$60,000	19
\$60,000-\$79,999	5
\$80,000-\$99,1000	3
\$100,000-\$169,999	5
Total employees	32

Total annual remuneration by band for employees as at 30 June 2014:

	2014
<\$60,000	23
\$60,000-\$169,999	8
Total employees	29

Total remuneration includes any non-financial benefits provided to employees.

At balance date, the Council employed 20 (2014: 21) full-time employees, with the balance of staff representing 7 (2014: 7) full-time equivalent employees. A full-time employee is determined on a basis of a 37.5 hour working week.

NOTE 26 – Related party transactions

Mackenzie District Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within Council (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties during the year ending 30 June 2015 (2014: Nil). No related party debts have been written off or forgiven during the period (2014: Nil).

Key management personnel compensation

	2014	2015
	Actual	Actual
	\$000's	\$000's
Councillors		
Remuneration	193	212
Full-time equivalent members	7	7
Senior Management Team, including the Chief Executive		
Remuneration	643	696
Full-time equivalent members	5	6

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

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

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

During the reporting period, total remuneration of \$210,000 (2014: \$190,000) was provided by Council to employees who are close family members of key management personnel.

NOTE 27 – Contingencies

2014	2015
Actual	Actual
\$000's	\$000's

Council is aware of the following contingent liabilities as at 30 June 2015:

CONTINGENCIES:

Housing New Zealand contribution to Fairlie Pensioner Housing Units

516	516
-----	-----

TOTAL CONTINGENT LIABILITIES

516	516
------------	------------

HOUSING NEW ZEALAND CONTRIBUTION

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the Pensioner Housing units in Fairlie. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. This liability will cease on 12 June 2028.

There are no contingent assets (2014: \$Nil).

NOTE 28 – Events after balance date

No post balance date events occurred up to the date of the report adoption that are known to have a material effect on the Financial Statements and Notes to the Financial Statements of Council (2014: \$Nil)

NOTE 29 – Commitments**OPERATING CONTRACTS**

Mackenzie District Council has entered into non-cancellable contracts for most of its physical works including infrastructural and town maintenance. The future aggregate minimum contract payments under non-cancellable operating contracts are as follows:

Non-cancellable operating contracts

Non-cancellable contracts for the operation of water, stormwater, wastewater, roading, solid waste collection and disposal, and community facilities:

	2014	2015
	Actual	Actual
	\$000's	\$000's
Not later than one year	3,645	1,769
Later than one year, not later than two years	1,007	547
Later than two years, not later than five years	1,684	1,726
Later than five years	1,400	810
Total non-cancellable operating contracts	7,736	4,852

JOINT VENTURE OPERATING LEASE COMMITMENTS

There are no operating lease commitments associated with the joint venture, Downlands Water Supply, as at 30 June 2015 (2014: \$Nil).

OPERATING LEASES AS LESSOR

Mackenzie District Council leases several properties held for future strategic purposes under operating leases. One lease is non-cancellable and expires in August 2016. The Lake Alexandra leases run for thirty three years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Non-Cancellable Operating Leases as Lessor**Non-cancellable operating lease commitments:**

	2014	2015
	Actual	Actual
	\$000's	\$000's
Not later than one year	135	135
Later than one year, not later than five years	452	390
Later than five years	1,616	1,543
Total non-cancellable operating leases as lessor	2,203	2,068

No contingent rents have been recognised in the Statement of Financial Performance during the period.

NOTE 30 – Financial instruments

2014	2015
Actual	Actual
\$000's	\$000's

FINANCIAL ASSETS**Loans and receivables**

Cash and cash equivalents	9,408	7,286
Receivables	1,704	1,866
Other financial assets		
Eversley Loan	178	155
Term deposits	40	72
TOTAL LOANS AND RECEIVABLES	11,330	9,379

Fair value through other comprehensive revenue and expense

Bonds	2,089	1,620
Local authority stock	1,046	542
Unlisted shares	8,630	17,856
TOTAL FAIR VALUE THROUGH EQUITY	11,765	20,018

FINANCIAL LIABILITIES**Financial liabilities at amortised cost**

Payables	1,961	3,030
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	1,961	3,030

NOTE 31 – Explanation of major variances against budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2014-2015 Annual Report are as follows:

STATEMENT OF COMPREHENSIVE INCOME

Council's net operating surplus of \$1,119,000 was less than the budgeted surplus of \$791,000. Revenue was \$13,584,000, compared to the budgeted revenue of \$13,028,000. This is due to the net effect of the following variances in revenue and in expenditure as detailed below.

Revenue

Refer to Note 4; Revenue.

Rates	Rates were \$7,211,000 being \$83,000 higher than budget of \$7,128,000, which is due to shifts in the rating database numbers between the time the budget for the 2014/2015 Annual Plan is finalised and the actual assessment of rates is conducted at the close of the District valuation roll.
Subsidies and grants	Subsidies and grants were \$2,242,000 being \$714,000 above the budget of \$1,528,000. This is due to minor improvements and the Tekapo footbridge work completed this financial year. Subsidies are directly related to the amount of money the Council spends on the Roothing activity, whether capital expenditure or operating expenditure
Investment revenue	Investment income of \$914,000 was \$103,000 less than the budget of \$1,017,000 due to lower than anticipated call and term deposit rates.
Other revenue	Other income is \$1,742,000; \$267,000 more than the budget of \$1,475,000. This is mainly due to additional carbon credits worth \$195,000 being issued to Council. Also included in this result is higher than expected revenue from Health and Liquor Licensing activity as a result of the introduction of new fees collected under the Sale and Supply of Alcohol Act 2012 and the unbudgeted revenue from the Albury Water Scheme of \$69,000.
Contributions	These contributions are generated as a result of developers giving effect to subdivision plans and have contributed \$38,000 (budget \$432,000) in revenue for the year.
Other Gains	Revenue from other gains was under budget by \$36,000. The gain is due to larger than expected valuation increases from the forestry revaluation of \$564,000 and carbon credits increasing in value by \$172,000.
Vested Assets	Revenue from vested assets is greater than budgeted by \$25,000. This is largely attributable to higher than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed. Council received \$684,000 in assets vested with Council from Tekapo developers, which is made up of water assets \$120,000, sewer assets \$137,000, stormwater assets \$128,000 and roading assets \$299,000.

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

Expenditure

Refer to Note 5; *Expenditure*.

Operational and Maintenance Costs for the year are \$3,394,000; \$320,000 less than the budgeted cost of \$3,714,000. The main reasons for this is that township projects budgeted to be undertaken in this year have not been completed as planned resulting in under-expenditure of \$185,000. Tekapo Township did not spend a total of \$56,000 from its township budget while Twizel did not spend \$60,000. Costs associated with solid waste cartage are under budget by \$31,000 due to lower volumes of waste being generated.

The remainder is mainly attributable to cost savings across the organisation.

Operating expenditure variances are reported in detail by significant activity in the cost of service statements in the Group Activities section.

Roading expenses Roothing expenses were \$1,269,000; being \$86,000 more than the budget of \$1,183,000. The main reason for this variance is Council experienced a major weather event during the 2014/2015 financial year. Unbudgeted Emergency Re-instatement costs over both these events totalled \$114,000.

Real Estate Cost of Sales Real Estate cost of sales was \$41,000 which was unbudgeted. This relates to the costs associated with the Tekapo Village Centre and did not occur due to delays in obtaining consent.

Depreciation Depreciation of \$3,389,000, being \$111,000 higher than the budget of \$3,278,000. This is due to higher than expected increases in asset values as a result of Councils 3 yearly infrastructure and building revaluation.

Also, the completion of large roading projects being brought forward will result in a higher depreciation charge than planned.

Notes to the Financial Statements For the Year Ended 30 June 2015 (continued)

NOTE 32 – Insurance Contracts

Insurance of assets

The following information relates to the insurance of Council assets as at 30 June 2015.

	2014	2015
	Actual	Actual
	\$000's	\$000's
The total value of all Council assets covered by insurance contracts	180,005	182,711
The maximum amount to which insured assets are insured	32,495	34,052
Total value of assets that are self-insured	126,257	126,464
The value of funds maintained for self-insurance	3,000	3,000

The maximum amount to which assets are insured under Council insurance policies are calculated at cost to reinstate the asset.

In addition to Council's insurance, in the event of natural disaster it is expected that Central Government will contribute up to 60% towards the restoration of water, drainage and sewerage assets and provide a subsidy of 55-75% towards the restoration of roads.

An insurance reserve of \$200,000 (2014: \$200,000) exists to meet the costs of claims that fell below deductible levels under Council insurance policies. Refer to Note 9: Special Fund Reserve.

Annual Report Disclosure Statement

Annual Report Disclosure Statement for Year Ending 30 June 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

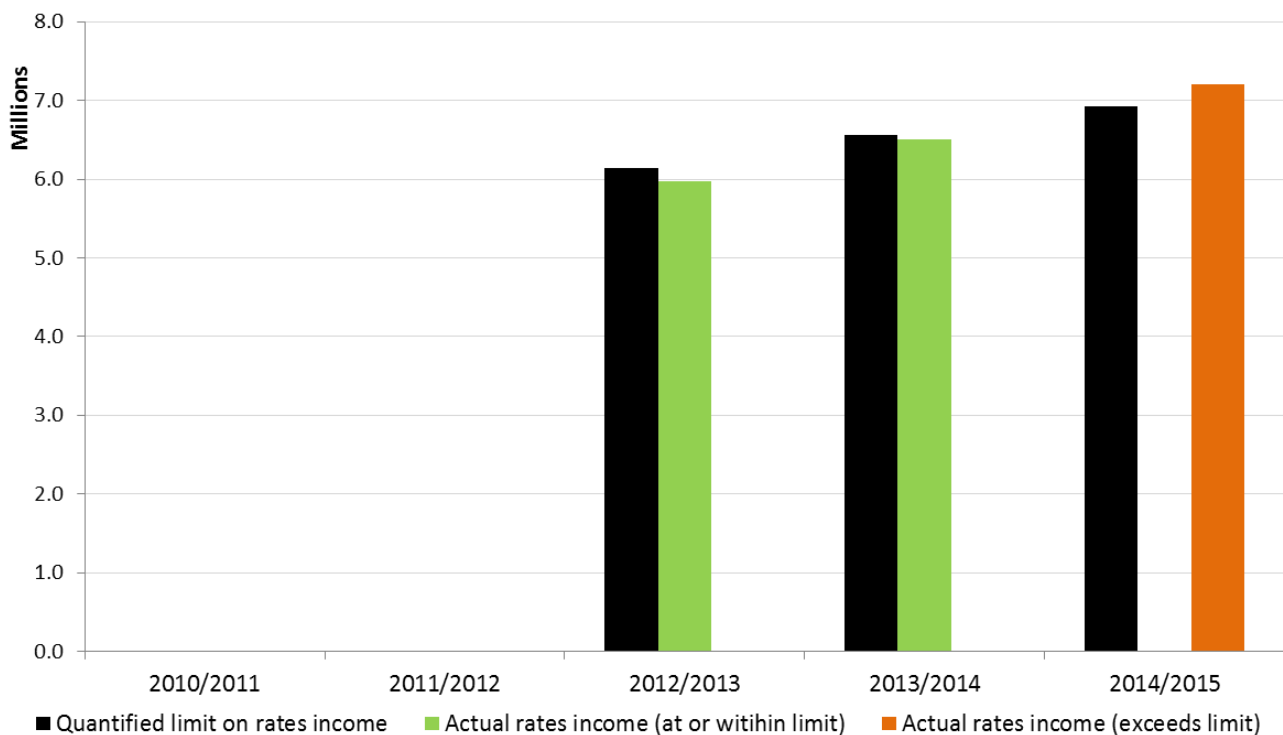
Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

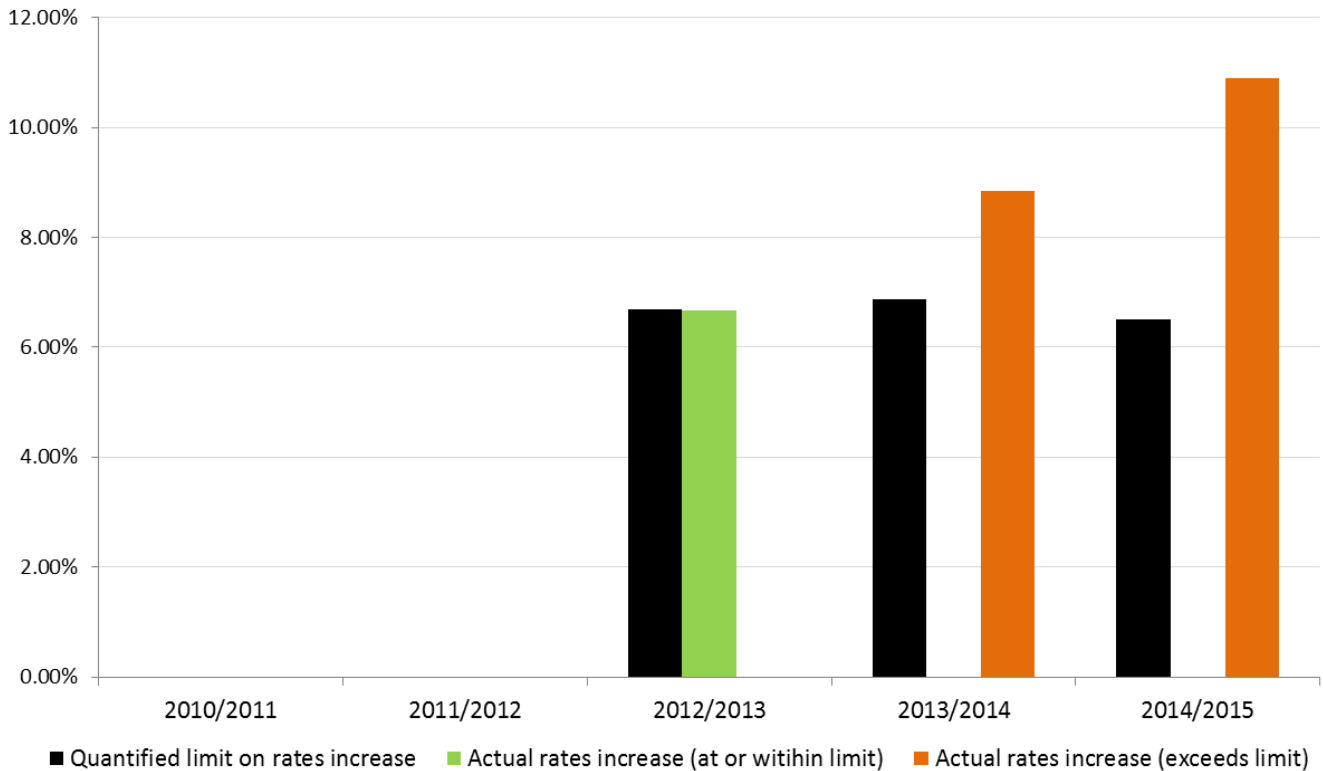
Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is \$6,559,000.



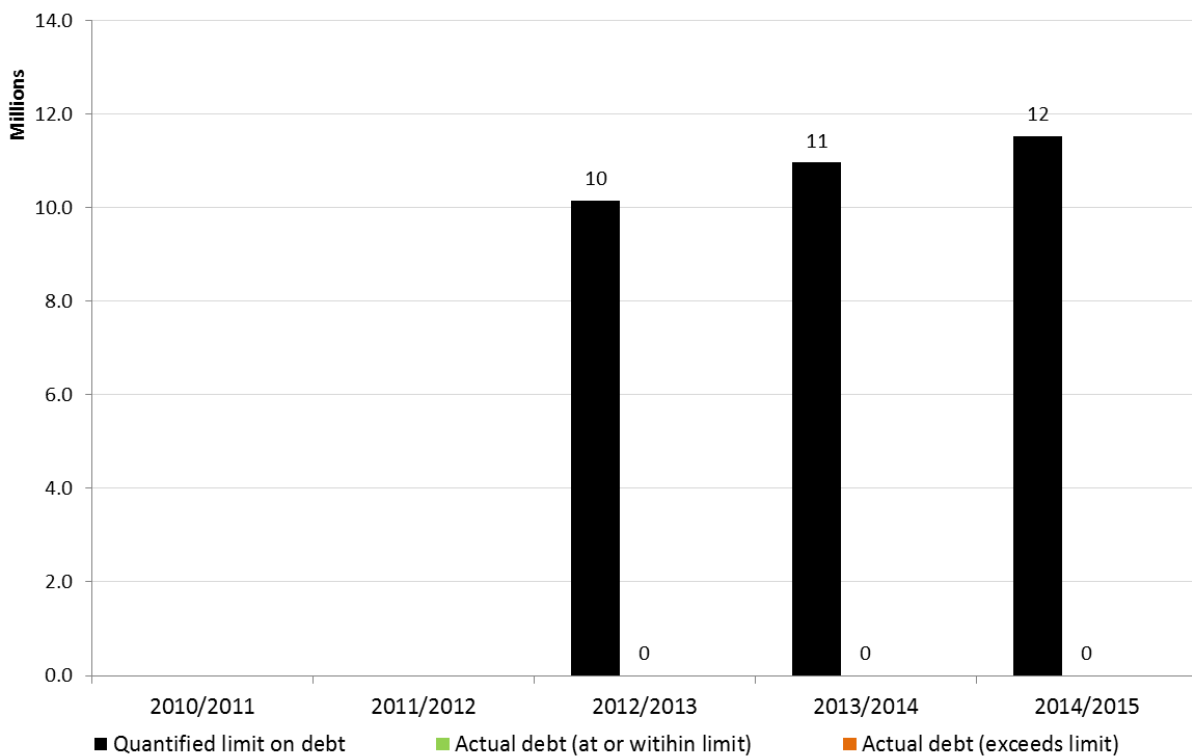
Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases to existing ratepayers will not exceed 6.88%.



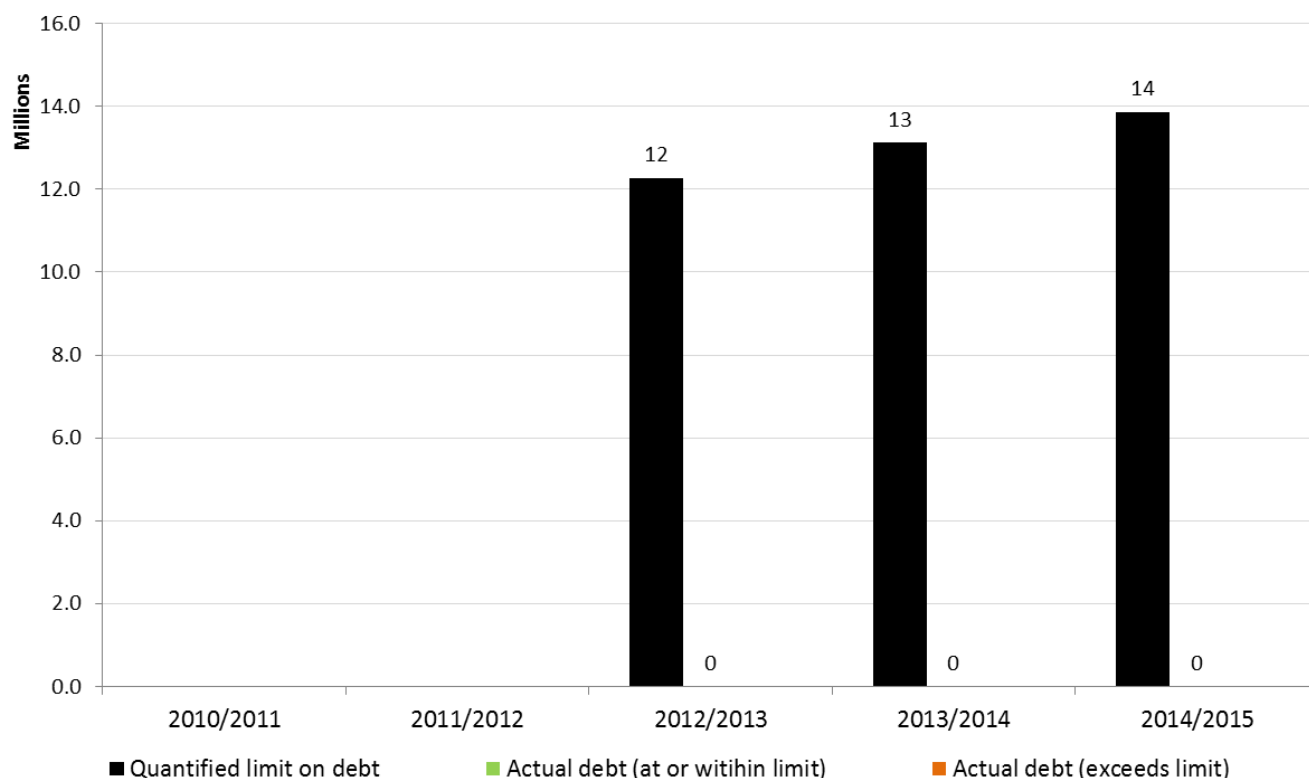
Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that the maximum debt level is \$10,962,000.



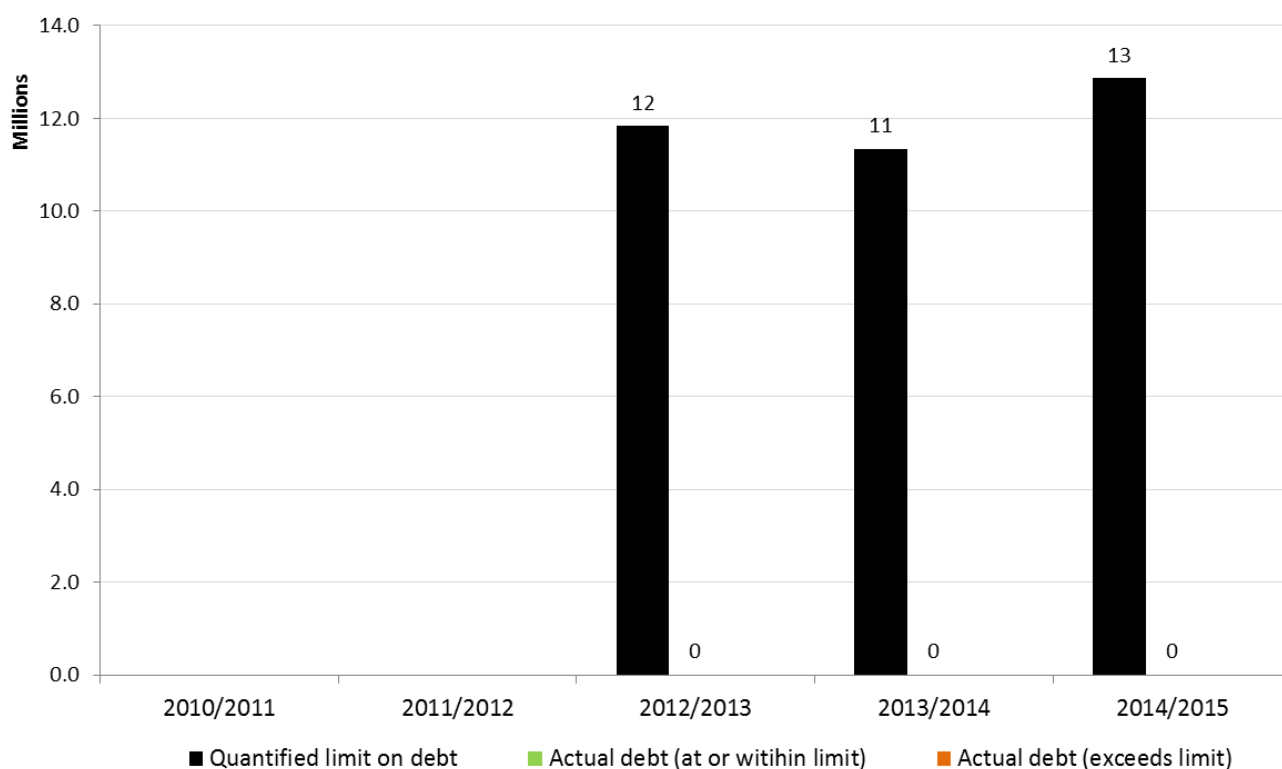
Net borrowing as a percentage of rates income

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, will not exceed two times annual rates income.



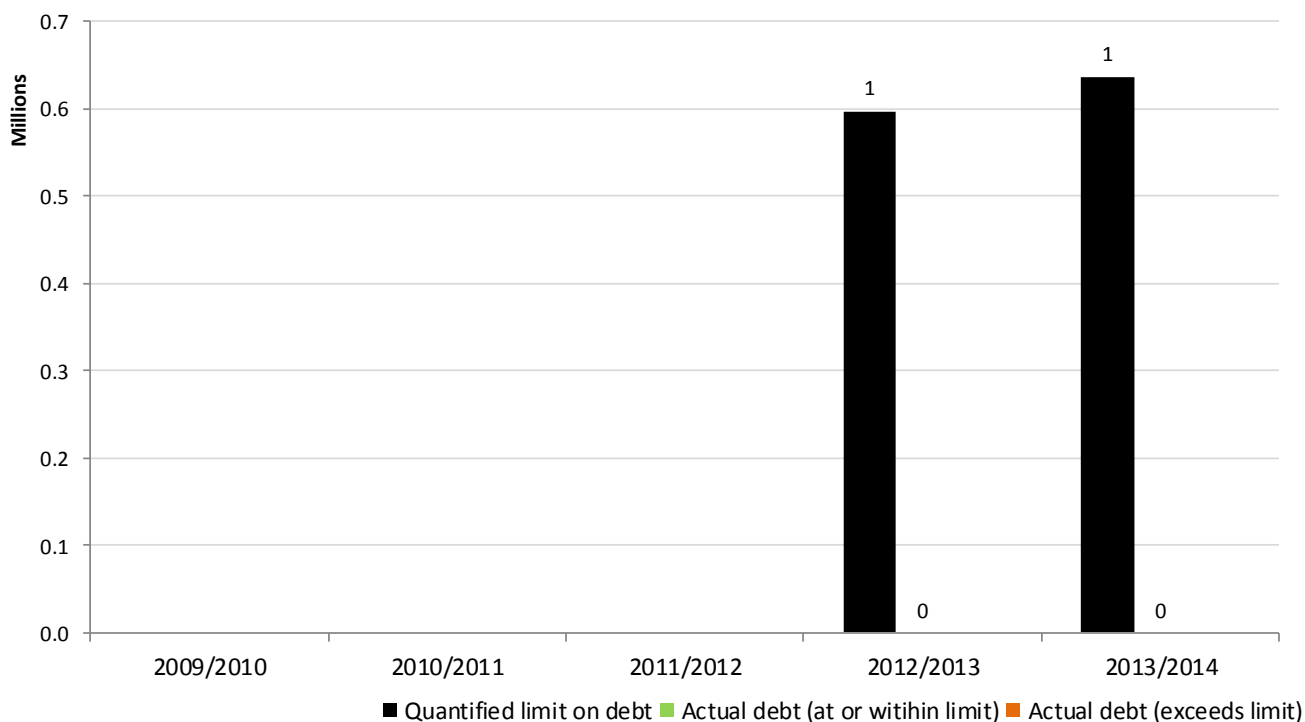
Net borrowing as a percentage of operating income

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council's long-term plan. The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 100% of operating income. For this measure income is defined as total revenue less real estate sales, vested assets and capital contributions income.



Financing costs as a percentage of rates income

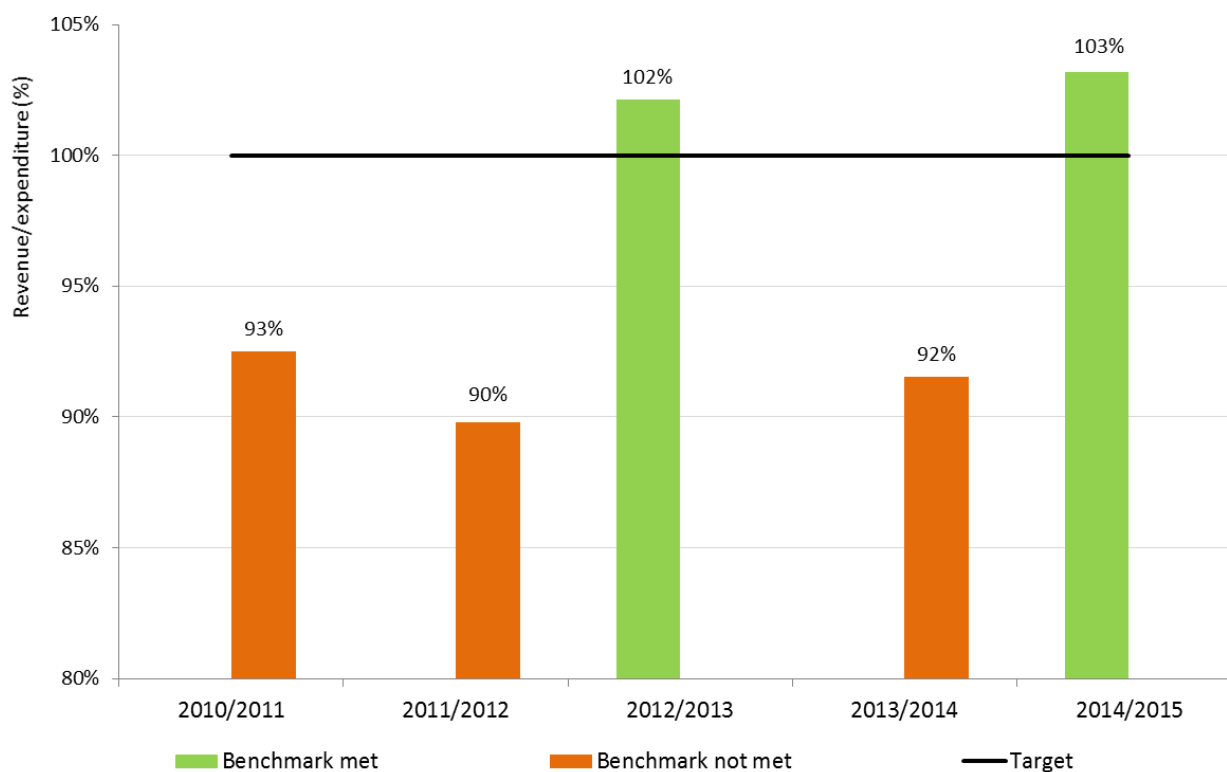
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council's long-term plan. The quantified limit is net interest, as defined as interest expense less interest income, being less than or equal to 10% of annual rates income.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

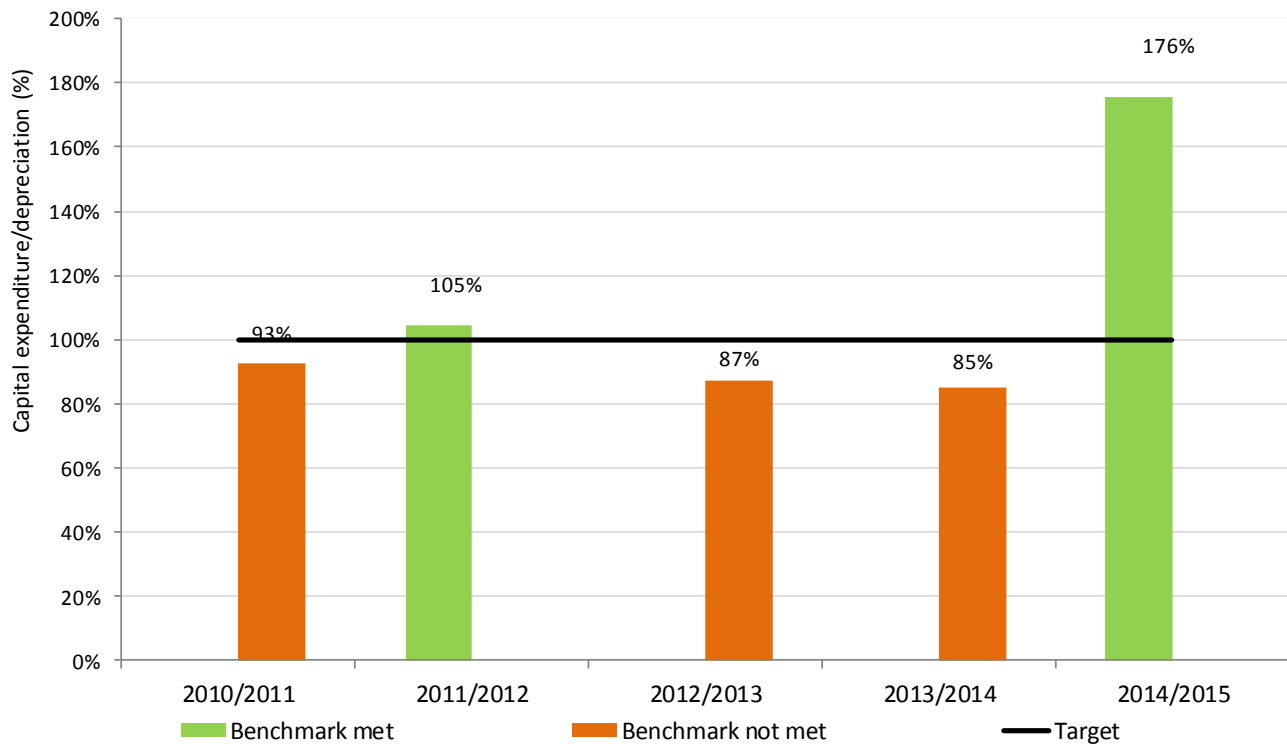
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

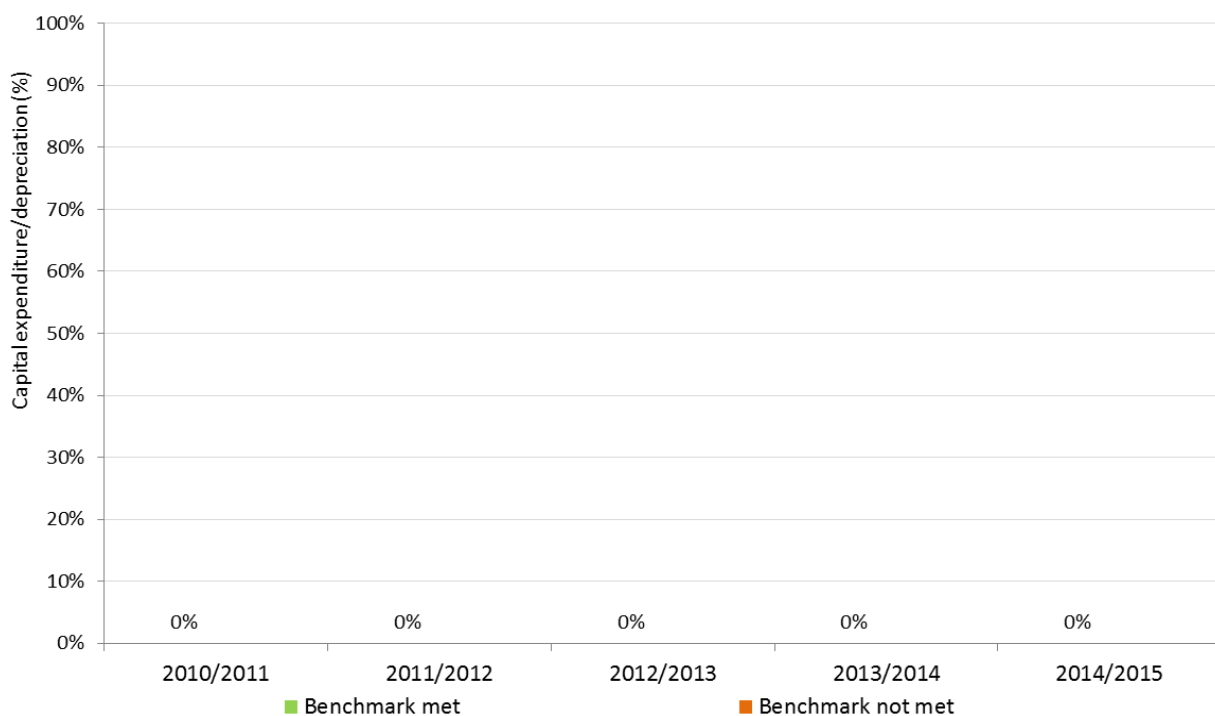
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

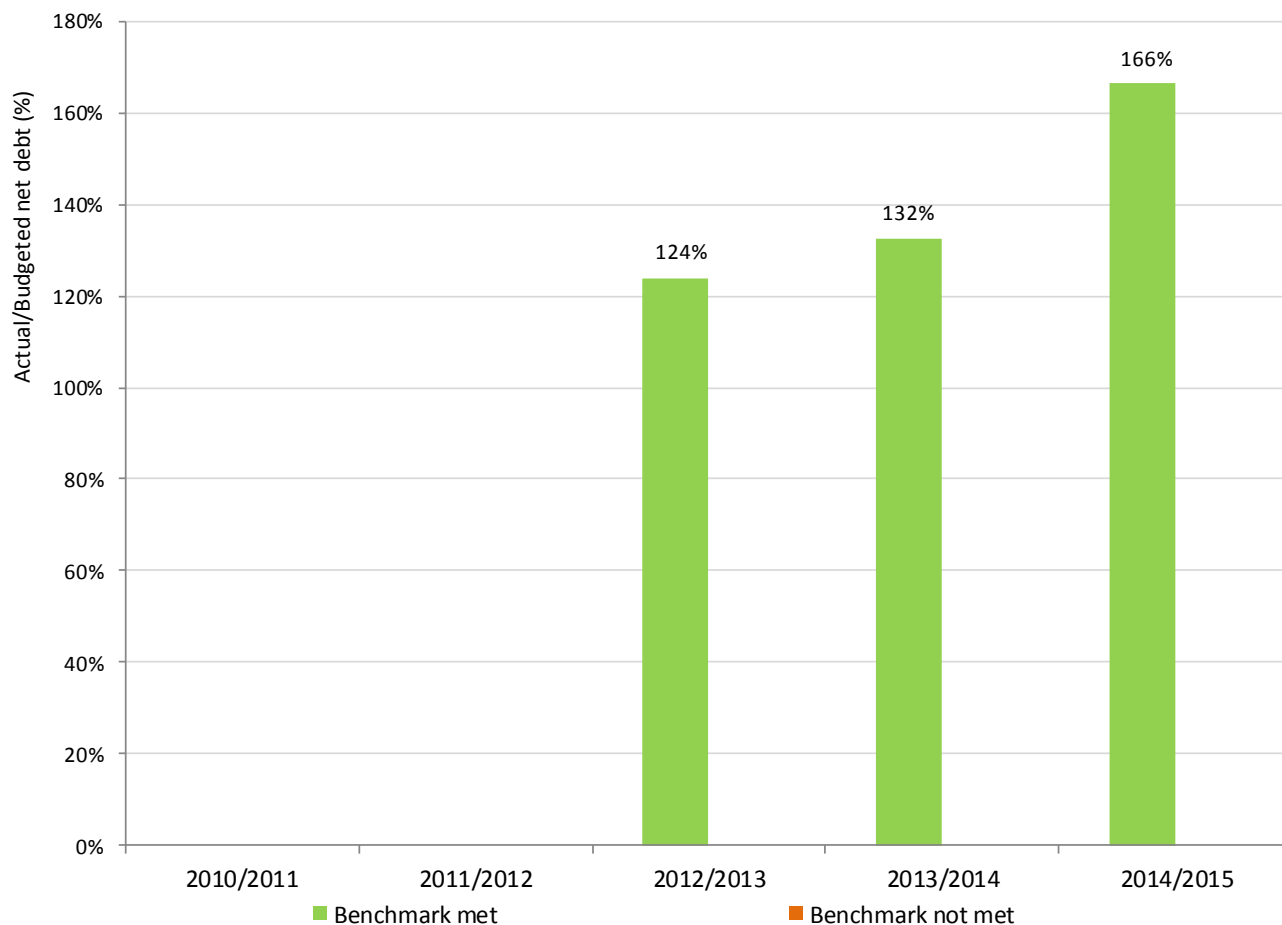
Because Statistics New Zealand projects the council's population will grow [as fast as, or faster than,/more slowly than] the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

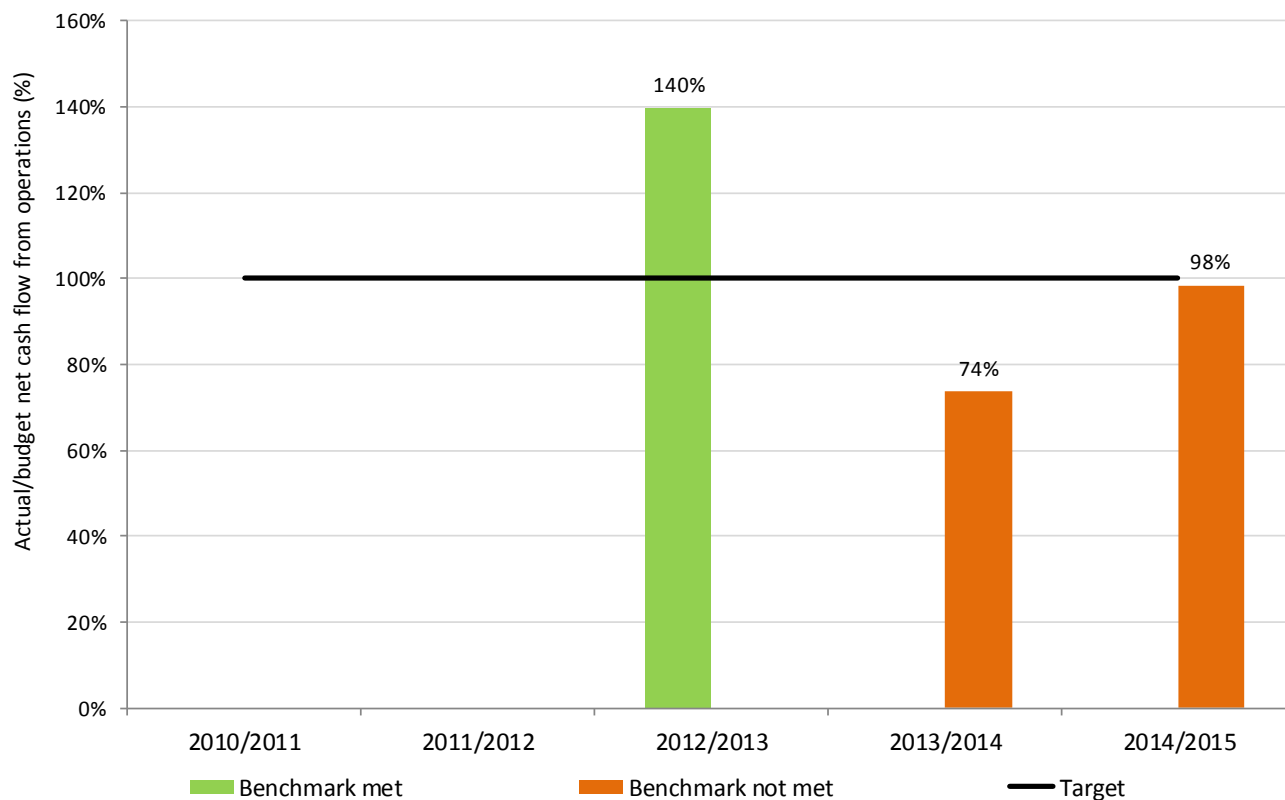


Mathematically, the results shown in the graph above are correct. The graph shows “benchmark met” whenever the Council is better off (either less indebted or with greater net assets) than planned. In this case, there is no net debt, so figures are comparing actual net assets against budgeted net assets.

Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council Structure

Council Structure

Division of Responsibility between Council and Management

Community Board Structure

Organisational Chart

COUNCIL STRUCTURE

Governance, Management and Employees

Role of the Council

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

- Formulating the District's strategic direction
- Managing principle risks facing Mackenzie District
- Administering various regulations and upholding the law
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of elected members
- Reporting to ratepayers.

Structure of the Council

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

Council has four committees – Finance, Asset and Services, Planning and Regulation, and Strategy and Policy. All councillors are members of each committee with the following councillors appointed to chair the meeting:

- Chair of Finance – Councillor Smith
- Chair of Asset and Services – Councillor Leslie
- Chair of Planning and Regulation – Councillor Cox
- Chair of Strategy and Policy – Mayor Barlow

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

Council has two sub-committees – Audit and Risk and the Tekapo Property Group. The Audit and Risk sub-committee is a subset of the Finance Committee and consists of the Mayor, deputy mayor and two councillors. The Tekapo Property Group consists of four councillors and two outside appointments. This is also a sub-committee of the Finance Committee. The chair of Audit and Risk is Mayor Barlow, and the chair of the Tekapo Property Group is Cr Cox.

The Chair of the Audit & Risk Subcommittee is Mayor Barlow. The Chair of the Tekapo Property Subcommittee is Cr Cox.

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to him as required under Section 119c(1)(a) of the Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Appointed Boards of Council

At 30 June 2015 there were two Boards of Council; the Forestry Board and the Pukaki Airport Board.

The Mackenzie Forestry Board is made up of four Councillors.

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

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

Community Boards

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

DIVISION OF RESPONSIBILITY BETWEEN COUNCIL AND MANAGEMENT

Governance Framework

Independent Election

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

Communication/Reporting;

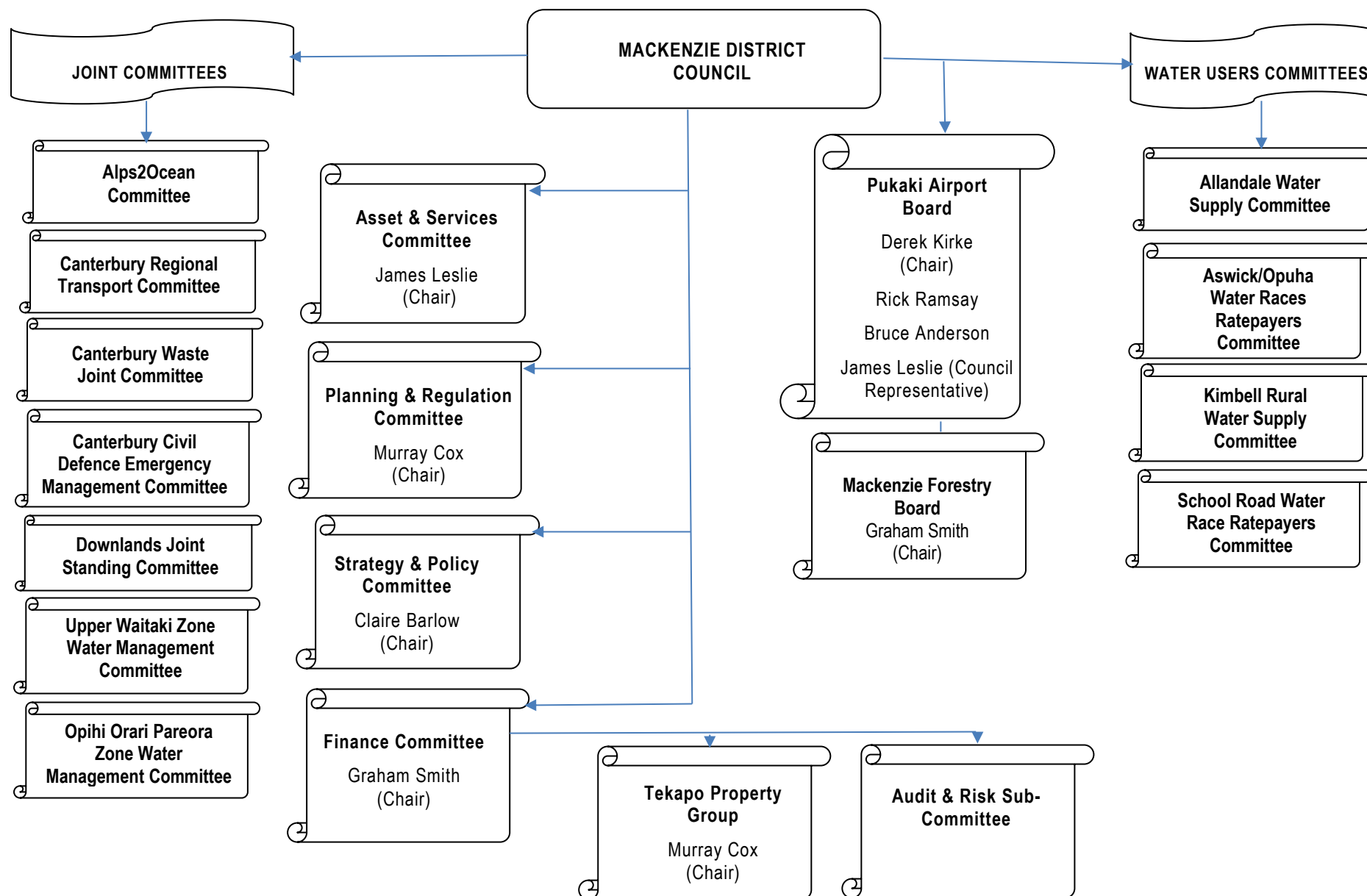
Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of “good citizenship” and high standards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

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

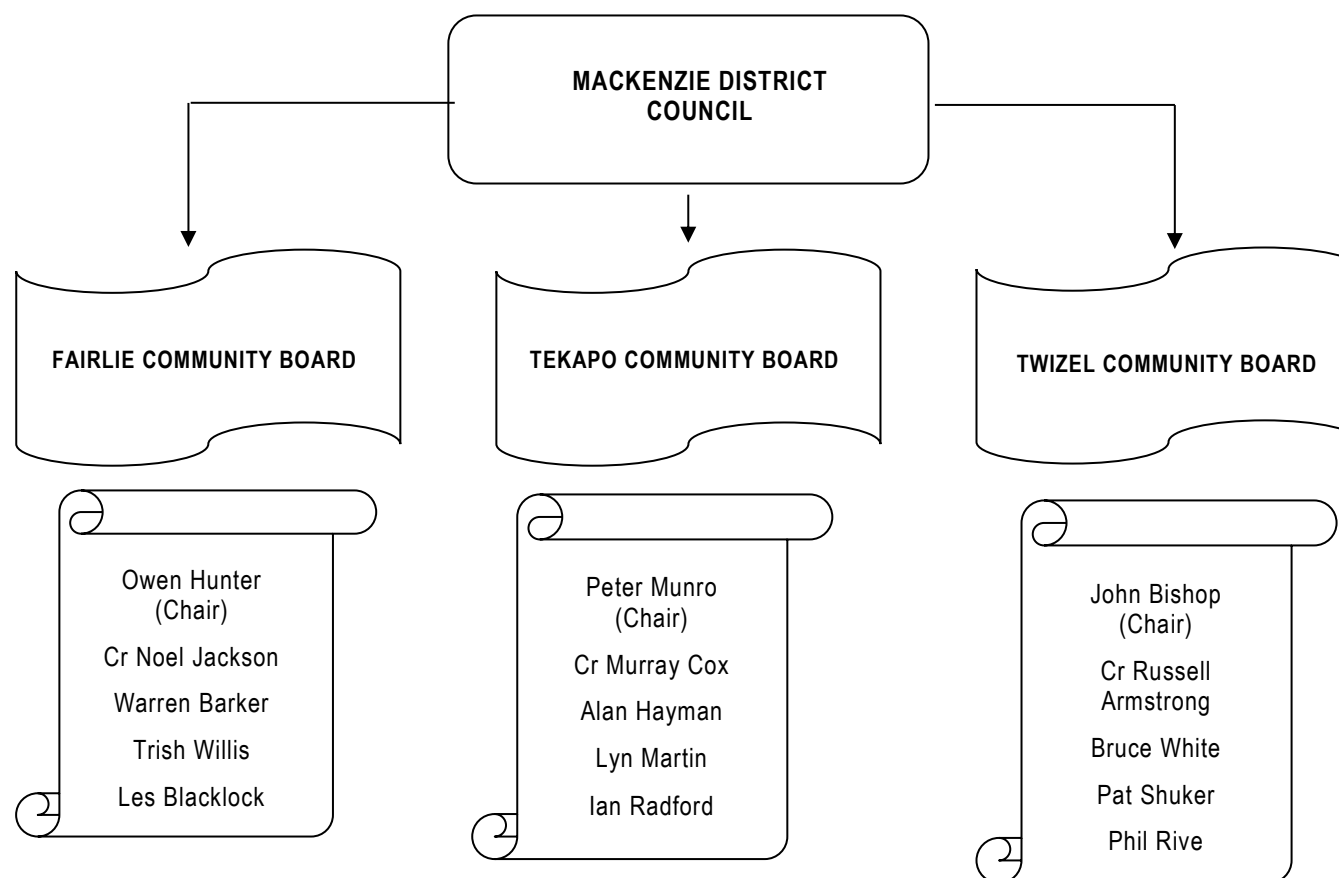
Legislative Compliance

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

COUNCIL COMMITTEE STRUCTURE as at June 2015



COMMUNITY BOARD STRUCTURE as at June 2015



ORGANISATIONAL CHART *as at June 2015*

