



# Mackenzie District Council

**2008-2009  
ANNUAL REPORT**



# Council Directory

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## Location

### Head Office

Postal Address:	Physical Address
P O Box 52	Main Street
FAIRLIE 7925	FAIRLIE
Phone:	(03) 685 9010 (Office and After Hours)
Freephone:	0800 685 8514
Fax:	(03) 685 8533
E-mail:	<a href="mailto:council@mackenzie.govt.nz">council@mackenzie.govt.nz</a>
Website:	<a href="http://www.mackenzie.govt.nz">www.mackenzie.govt.nz</a>
Office Hours:	Monday – Friday, 8.30 am – 5.00 pm

### Twizel Service Centre

Market Place	
TWIZEL	
Phone:	(03) 435 0737
After Hours:	(03) 435 0636
Fax:	(03) 435 0537
Office Hours:	Monday – Friday, 8.30 am – 5.00 pm

## Chief Executive Officer

**Glen Innes (03) 685 9013**  
[exec@mackenzie.govt.nz](mailto:exec@mackenzie.govt.nz)

### Managers

Finance & Administration	Paul Morris (03) 685 9015 <a href="mailto:admin@mackenzie.govt.nz">admin@mackenzie.govt.nz</a>
Asset Manager	Bernie Haar (03) 685 9014 <a href="mailto:assets@mackenzie.govt.nz">assets@mackenzie.govt.nz</a>
Community Facilities	Garth Nixon (03) 685 8514 <a href="mailto:facilities@mackenzie.govt.nz">facilities@mackenzie.govt.nz</a>
Planning & Regulations	Nathan Hole (03) 685 9019 <a href="mailto:planning@mackenzie.govt.nz">planning@mackenzie.govt.nz</a>

### Auditors

Audit New Zealand on behalf of  
The Controller and Auditor-General  
CHRISTCHURCH

### Solicitors

Anthony Harper  
Barristers & Solicitors  
47 Cathedral Square  
CHRISTCHURCH

### Planners

Davie, Lovell-Smith Limited  
P O Box 679  
CHRISTCHURCH

### Bankers

Westpac Banking Corporation  
Cnr Stafford and Church Streets  
TIMARU

# The Mackenzie District

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**Cr S McDermott**  
**(Deputy Mayor)**  
**Pukaki Ward**  
**4359-331**



**Cr D Pullen**  
**Pukaki Ward**  
**4350-386**



**Cr L O'Sullivan**  
**Pukaki Ward**  
**680-6910**



**John O'Neill**  
**Mayor**  
**685-5864**



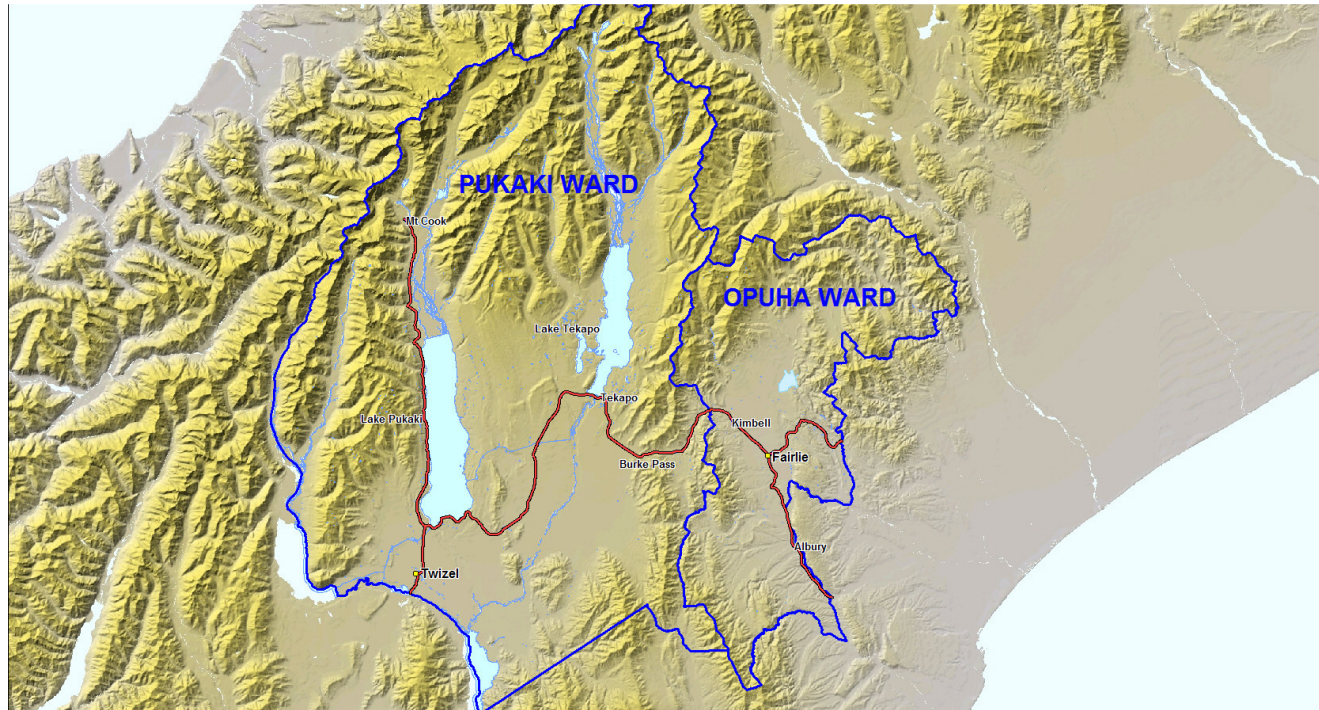
**Cr G Page**  
**Opuha Ward**  
**685-8174**



**Cr E Williams**  
**Opuha Ward**  
**685-8265**



**Cr G Smith**  
**Opuha Ward**  
**615-7804**





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# Introduction by the Mayor and Chief Executive

This report tracks progress Council has made in achieving its long-term goals and also reports the financial results for the year ended 30 June 2009.

The year was marked by several challenges including the difficulty of planning in a very different economic climate from twelve months previously. Progress was made in several areas with further development at the Pukaki Airport, roading improvements and renewal work in water and sewerage. Much time was taken with the proposed controls over subdivision in the Mackenzie basin which prompted many submissions.

## Financial Overview

Financially, the Council's operating expenditure for the year was \$6.829 million (net of depreciation of \$2.696) compared with a budget of \$6.696 million.

Operating revenue was \$10.350 million (net of vested asset income of \$326,000 and forestry revaluation) which was 1.55% ahead of budget.

Real estate sales were down on budget due to the cancellation of a contract in the Lake Tekapo area and the slowing of sales of the Pukaki Airport subdivision.

Contributions from all sources amounted to \$1.07 million compared to a budget of \$0.85 million.

## Performance Measures

Of the 72 performance measures in the plan, 50 were fully achieved, three were substantially achieved and eight were achieved in part. Nine were not achieved and two were not measured.

## Capital Works

Net of vested assets of \$612,000, a total of \$2,526,000 was spent on capital works during the year. The net budget figure was \$2,710,000.

Key items of capital works were as follows:

Pukaki Airport Development	\$1,276,000
Unsealed Road Metalling	\$346,000
Reseals	\$259,000
Camp Valley Bridge	\$169,000

Minor Improvement Works	\$124,000
Pioneer Drive Improvements	\$85,000
Fairlie Water Reticulation Renewal	\$138,000
Twizel Sewerage	\$99,000

## Governance

There were no changes in the membership of Council during the year. An extraordinary vacancy was created on the Tekapo Community Board in May when Catherine Young resigned. No bi-election was needed and Alan Hayman, the only nominee, took up duties in July 2009.

Council agreed to retain the traditional first past the post voting system for the Council elections to be held in 2010.

A new constitution was approved for the South Canterbury Rural Fire Authority which is a joint venture between forestry interests and the three territorial authorities.

A Mayoral Relief Fund was established during the year and the Council's code of conduct was extended to include community board members.

During the year the community lost one of its well known leaders when Bruce Scott died on 10 February 2009. Bruce was first elected in the Mackenzie County Council in 1980 and was County Chairperson from 1986 to 1989. He was the first Mayor of the Mackenzie District and served in that role until 1992. Following a break from local government service, he returned as Chair of the Tekapo Community Board from 1998 to 2004.

## Water, Stomwater & Sewerage

### Water Supplies

The progressive renewal of ageing pipework in Fairlie was continued with the completion of a section of work in Regent St, Fairlie.

A tender for renewal of water connections in Pioneer Drive, Tekapo was accepted in April but the early onset of Winter led to the work being deferred until Spring.

Early in the year, Council confirmed its intention to install a community water supply scheme in Manuka Terrace, Twizel and investigation work has commenced.

# Introduction by the Mayor and Chief Executive

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Investigations and costings of the option of shifting the Twizel Water Supply source was also approved to proceed.

A new bylaw for the Downlands Water Supply was approved during the year to harmonise with the other authorities served by the supply.

## ***Sewerage Disposal***

In August, Council approved the construction of an extension of the Fairlie sewerage system to service the Eversley Reserve area. Work on design and funding has still to be done.

Only a portion of the planned work on upgrading the Twizel disposal area was undertaken. There is pressure to create an alternative means of final treatment due to development nearby.

## ***Stormwater***

The anticipated cost of providing flood protection for Fairlie from streams to the West looks to be beyond the capability of the community but no decisions on this have been made as yet.

## ***Roading***

The key improvements to the roading network undertaken during the year were the strengthening of Camp Valley Bridge and a range of minor improvements including:

- Intersection sealing on Rollesby Valley Rd and Mackenzie Pass Rd
- Extended bridge approach sealing on Exe Stream and Waratah Rd
- Realignment of the Monument Rd/Clayton Rd intersection.

Metalling of unsealed roads and reseals were also completed but the planned seal widening of Clayton, Hamilton & Trentham Roads did not qualify for roading subsidy and was therefore deferred.

Flood damage repairs were completed including repairs to Coal Stream Bridge on Lilybank Road.

## ***Solid Waste***

Council continued to achieve good recovery rates with 79% of the waste received at the recovery parks being diverted away from the Redruth Landfill in Timaru. However, the operating costs of over one million dollars have led Council to review aspects of the operation in an attempt to achieve economies.

In response to a local request, an improved rubbish collection service for Albury was agreed to with effect from the 2009/2010 year.

## ***Planning & Regulatory***

Council was accredited as a Building Control Authority in July 2008.

Hearings and consideration of Plan Change 13 dealing with controls on subdivision in the Mackenzie basin was a major task for the resource management team during the year. Proposals to amend zoning in Twizel was deferred until this plan change was completed.

The cost of the township planning studies was concluded in April 2009 with a review of planning issues affecting Fairlie.

A new fire tanker was purchased for the rural fire party of Burkes Pass with assistance from the National Rural Fire Authority. An increase in the jointly funded fire insurance policy was supported.

## ***Community Services and Recreational Facilities***

The Twizel Town Centre upgrade was completed during the year as was the Fairlie retirement villas with sales of the older Mt Cook Rd units also being finalised and Sloane Street flats being marketed for sale.

Council agreed to help finance the construction of a new toilet block to service the Regional Park in Tekapo.

Community Board discussion continued in Tekapo on the most affordable means of building a new community centre and its most appropriate siting.

Negotiations were undertaken with Mackenzie College over a new contract for provision of community library services.

Community input has been important on the development and planning of walkways for Twizel and control of wilding trees. In Fairlie, the planned development of the village green has become a community-led exercise.

# Introduction by the Mayor and Chief Executive

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A new governance structure for the Twizel Events Centre was approved and agreement in principle reached with the Twizel Area School over cost sharing on the maintenance of the playing field.

Lease agreements were finalised with hut owners at the Outlet and South End settlements at Lake Alexandrina after detailed negotiations.

## Commercial Activities

Pukaki Airport continued with further subdivision of land for aviation related use and proceeded to connect the sections to the Twizel sewerage system. Runway sealing was also undertaken. Council approval was given during the year for additional expenditure above budget.

Declining interest rates affected Council's return on investments but this was potentially offset by greater than expected dividends from Alpine Energy.

Net real estate sales were significantly less than budgeted.

The Council agreed in approving the Statement of Intent for the Forestry Board, to reduce the rental charged on freehold land used for forestry.

The Council transferred the operation of the Visitor Information Centre at Pukaki to the Mackenzie Tourism & Development Trust from 1 July 2008.

## Corporate Services

Both the Annual Report and the Long-term Plan were adopted by Council within the required timeframes. The report and the final version of the Long-Term Plan received unqualified audit opinions.

## Staffing

A number of staff changes were made during the year.

Carl McKay replaced John McGartland as Solid Waste Manager and Nick Froude was appointed to a new position of Asset Assistant.

Anastasia Pronina joined the Planning Team and Dean Brady replaced John Watson as the Twizel based Building Inspector.

In the administration area, we lost the services of Helen Amyes, Mags Gibson and Kate Seal. They were replaced by Heather Kirk and Casey Pridham as Administrative Assistant and Payments Officer respectively.

Stephen Barlow became our new GIS/IT Officer and Julie Hadfield and Catherine Johnson now share the post of Executive Assistant.



Glen Innes  
Chief Executive Officer



John O'Neill  
Mayor

# Statement of Compliance and Responsibility

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## Compliance

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

## Responsibility

The Council and management of Mackenzie District Council accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Council and management of Mackenzie District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2009 fairly reflect the financial position and operations of the Mackenzie District Council.



A handwritten signature in dark ink, appearing to read 'Glen Innes', written on a light-colored background.

Glen Innes  
**Chief Executive**



A handwritten signature in dark ink, appearing to read 'John O'Neill', written on a light-colored background.

John O'Neill  
**Mayor**



A handwritten signature in purple ink, appearing to read 'Paul Morris', written on a light-colored background.

Paul Morris  
**Manager – Finance & Administration**



# Audit Report

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**AUDIT REPORT  
TO THE READERS OF**

**AUDIT NEW ZEALAND**  
*Mana Arotake Aotearoa*

**MACKENZIE DISTRICT COUNCIL AND GROUP'S  
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2009**

## Audit Report cont...

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# Mackenzie Today

## Background

Māori were the first people to travel through the Mackenzie District to gather the natural resources (mahika kai). The Takata Whenua (people of the land) are descendants of the tribes of Kati Mamoe, Waitaha and Kai Tahu. There are many places throughout the District which have been used and occupied by Takata Whenua and the District remains spiritually and culturally important to Takata Whenua.

The District was first settled by Europeans in the 1850's and the first elected representatives served on the Mount Cook electorate of the Canterbury Provincial Council in 1862.

The forerunner of the Mackenzie County and District Councils was the Mount Cook Roads Board which was set up in 1864.

The Mackenzie District has been blessed with a wonderful and unique natural environment which includes wide open spaces, outstanding landscapes, rivers and lakes, mountains (including Aoraki Mt Cook) and both high and low country.

In population, the Mackenzie District is the third smallest territorial authority in New Zealand with a normally resident population count of 3,804 on census night in 2006. Only Kaikoura District and the Chatham Islands have smaller residential populations. In the five years between 2001 and 2006, the population increased by 87 people.

In contrast to its small population, the area of the District is large, comprising 745,562 hectares.

Fairlie, Lake Tekapo and Twizel are the main towns and there are villages at Albury, Kimbell, Burkes Pass and Mount Cook.

## Economy

The economy of the District is built on farming, tourism and hydro electric development.

Pastoralism is the dominant form of agriculture in the region. However, more intensive land uses such as forestry, dairying, cropping and horticulture are becoming increasingly common and offer considerable scope to grow the local economy.

The District is fortunate in having Lake Tekapo and Aoraki Mount Cook, the international tourist icons, within its boundaries. They provide an excellent platform from which to develop the tourism potential of the District.

The vast water resources of the District have provided the base for an extensive hydro electricity generation industry.

## Demographics

The 2006 Census showed Mackenzie District having slightly lower proportions of its population under the age of 15 and over the age of 65, as well as lower proportions in the 20-34 age bracket. However, long-term population projections show an increasingly ageing population for the Mackenzie District.

Ethnically, the district is less diverse than other areas of New Zealand with 77.5% of the people in the district having European ethnic origin compared with 67.6% for all of New Zealand. 4.5% of people in the Mackenzie District belong to the Maori ethnic group compared with 14.6% for all of New Zealand.

The median income of people in the Mackenzie was \$22,700, \$1,700 lower than the national figure. In terms of employment, Mackenzie's unemployment rate in the 2006 census was 1.6% compared with 5.1% for all of New Zealand.

Of the families living in the District at the last Census, there was a greater proportion of families with no children and a lesser proportion of single parent families compared with the national statistics.

There were 390 people (or 27%) who live in one-person households in the Mackenzie District, compared with 23% nationally. In the Mackenzie in 2006 the average household size was 2.4 people compared with an average of 2.7 people nationally.

In the Mackenzie District, 53.4% of households in private occupied dwellings own the dwelling (with or without a mortgage) compared to 54.5% nationally.

56.8% of households in the District have access to the internet, compared with 60.5% of households nationally.

# Mackenzie Tomorrow

If the Mackenzie District is to remain as a thriving area it needs to make significant progress in helping realise the six community outcomes that the Council has outlined:

- 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.

These describe the type of District in which its people wish to live, work and play.

Community outcomes can be defined as goals the community; rather than the Council, considers essential in order to achieve 'community well-being'. Success may be gauged in terms of the contribution made towards the four elements of well-being: economic, social, cultural and environmental. In short, Mackenzie's community outcomes describe the type of District in which its people wish to live, work and play

For its part, the Council will play a role in advancing these outcomes. A major task will be in progressively upgrading the District's extensive roading network and extending the length of sealed roads whenever financial assistance can be obtained. Not only will this benefit our own residents, it will enhance the attractiveness of our area to the large number of visitors that enjoy our unique environment.

The health of the urban community will be enhanced through upgraded sewerage and water treatment systems. Much has already been achieved but higher standards are likely to be required to be met.

A larger population and a growing number of tourists are likely to lead to increased expectations for enhanced amenities throughout the District. Community expectations are rising as revealed through planning exercises in two of our townships. More ratepayers will help fund these heightened expectations but will also contribute to increased demand upon Council infrastructure.

Council will continue to require development to pay its fair share of the increased demand by making provision for reserves contributions and by having new ratepayers match the equity current ratepayers hold in existing infrastructure.

The Council will need appropriate planning controls to ensure that growth and development do not proceed in a way that diminishes the natural attractions and values of the District.

Aside from a growing tourist sector, access to adequate water for irrigation will be critical for the enhancement of farming in the Mackenzie. The equitable allocation of water resources to meet hydroelectric, farming and environmental requirements will be one of the major challenges over the next ten years.

In a 2004 Canterbury-wide survey, 150 Mackenzie residents were asked to compare the way the District was now and how they would like it to be in fifty years time.

The biggest gaps between current performance and future desires were in these areas:

- The economic value of water to be managed
- Ground water systems in a healthy condition
- Good health care for all
- Enough water in lakes and rivers to support living things
- Wages and salaries high enough to earn a decent living.

Council's role in meeting some of these aspirations will not be as prime mover, but it will have an important part to play as advocate and facilitator on behalf of the community.

# Community Outcomes

The aspirations of the people of the Mackenzie can be summarised in six key phrases;

They want:

- 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.

The Council's roles in furthering these outcomes are summarized in the table on the left.

The provision of safe, effective and sustainable infrastructure has always been a key role of local councils and the Mackenzie is no exception. It provides the roads, water supplies, sewage treatment, stormwater disposal, refuse collection and recycling vital for the District. Similarly it is a major provider of recreational and community facilities, working alongside local clubs and volunteers to help create a fit and healthy community. Another major task for Council is in its planning and resource management role, where it attempts to protect the local environment from the effects of ill-considered development. Many factors influence the local economy, and here Council's role is more of a support player. It continues a long tradition of championing a vigorous local democracy and will speak up for the community when required. As part of a supportive and contributing community, Council considers there is scope for increased interaction with its residents and ratepayers and for more opportunities for participation in Council affairs.

The Council believes that the process used in 2006 to identify community outcomes was adequate for its purpose and the extent of its available resources. That involved a series of three facilitated community meetings. Legislation currently requires that these outcomes should be revisited every six years. A similar type of process will be undertaken with the community in 2012.

The roles that Council sees itself playing in furthering those outcomes can be summarised in the following table:

OUTCOME	COUNCIL ROLE
<b><i>An attractive and highly valued natural environment</i></b> 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.
<b><i>A thriving economy</i></b> 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. Some limited funding of business advice through the Tourism and Development Trust. As a regulatory instrument, the Council's District Plan is seen as enabling, not putting barriers in the way of economic development.
<b><i>A democracy which upholds the rights of the individual</i></b> 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 or groups within it.
<b><i>A fit and healthy community</i></b> 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.
<b><i>Safe, effective and sustainable infrastructure</i></b> 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.
<b><i>A supportive and contributing community</i></b> 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.





## Community Outcomes Cont...

A number of documents underpin the Council's efforts to help the community achieve its goals. They include the Council's district plan, key community planning documents for Tekapo and Twizel and detailed management plans for all of its key assets.

The district plan clearly links with the outcome of an attractive and highly valued natural environment as it provides a detailed regulatory framework for managing the natural and physical resources of the District.

The annual plan provides an annual statement of how the Council plans to advance its contribution toward these community outcomes, with this progress being assessed regularly through the annual report. The provision of safer, effective and sustainable infrastructure by Council is guided by its detailed activity management plans.

Council does not envisage any difficulty in working with other local organisations and individuals in helping the District achieve its goals. It is confident that cooperation will be there when required.

Such groups and individuals are likely to include sporting and cultural groups, Federated Farmers, schools, service clubs, medical practitioners, St Johns, volunteer fire brigades, police, resource centre staff, tourism operators, farmers, business people, Alpine Energy, Meridian Energy and the local Department of Conservation office. The mailing list used to invite people to the community outcomes process will also be used.

It plans to write to these groups and individuals seeking their assistance. In doing so, the Council will, in fairness, stress the limited amount of its own resources and its comfort with the traditional role it has played in the community.

Within the limits of its small pool of resources, the Council is happy to maintain close liaison with the three other South Canterbury/North Otago authorities and the Canterbury Regional Council. It recognises that its relationships with Te Runaka o Arowhenua need to be developed.

Ongoing relationships will continue with other governmental bodies or related bodies that the Council has dealings with, including the New Zealand Transport Agency, Sports

South Canterbury, the Ministry of Health, Quotable Value, Housing Corporation of New Zealand and the Ministry of Social Development.

However, the Council is slightly sceptical about the amount of assistance that will flow to one of the least populated districts in the country in pursuit of its community outcomes. It is more likely to piggy back on initiatives that are undertaken in either South Canterbury or the Canterbury region.

## Community Outcomes Cont...

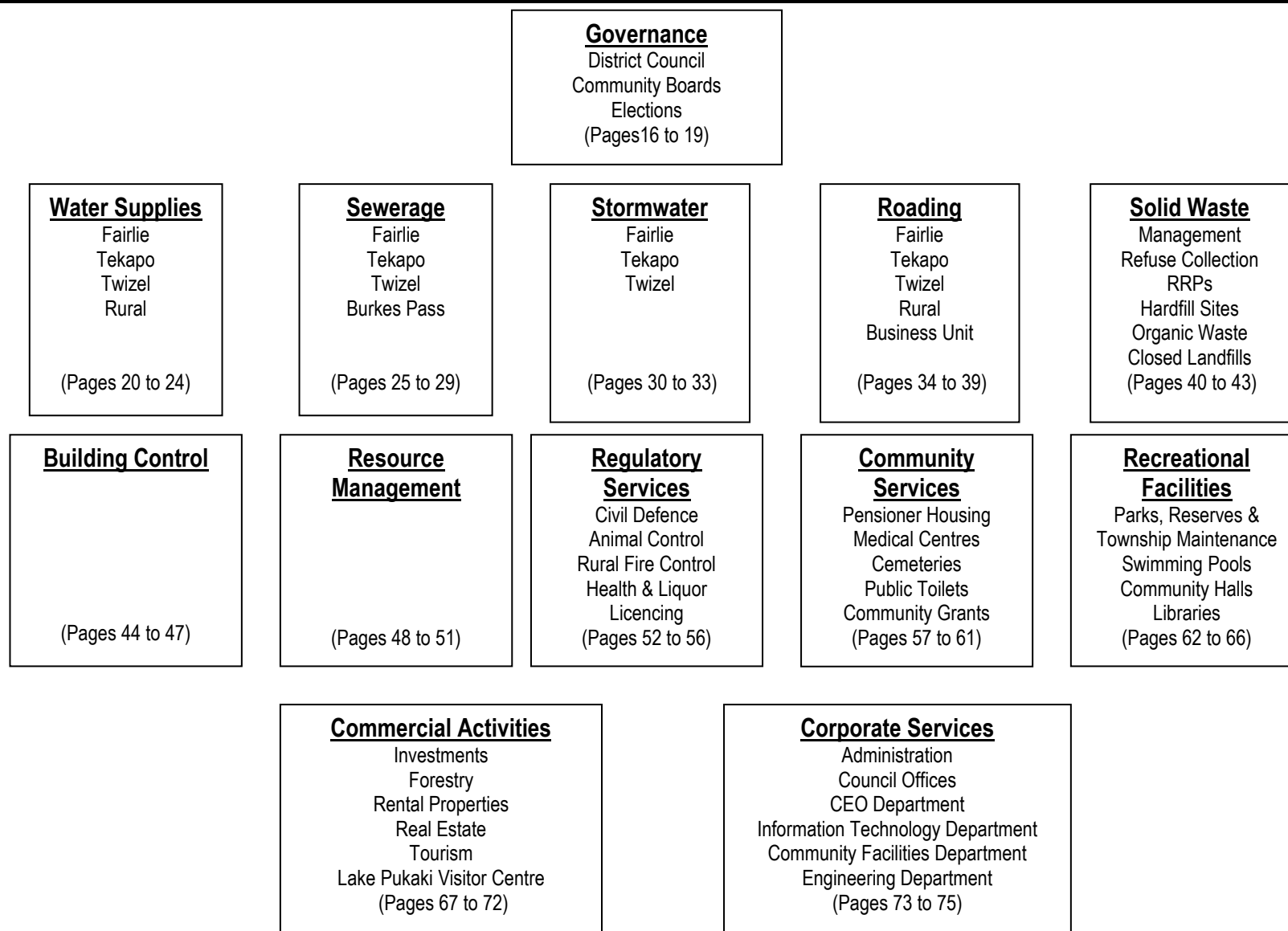
Community Outcomes	Indicator	Data Source	Time Period
An attractive and highly valued natural environment	<ul style="list-style-type: none"> <li>District's awareness of environmental issues</li> <li>Land (ha) affected by animal pests (especially rabbits)</li> <li>Land (ha) affected by noxious plant pests (especially wilding pines)</li> <li>River water quality – drinking and swimming</li> <li>Waste diversion from landfill</li> <li>Recycling volumes</li> </ul>	MDC Survey Regional Council Regional Council Regional Council MDC MDC	3 yearly To be determined To be determined To be determined Quarterly Quarterly
Thriving economy	<ul style="list-style-type: none"> <li>Building consents indicators</li> <li>Demographic Indicators (e.g. income)</li> <li>Property price changes</li> </ul>	MDC, Stats NZ Stats NZ Quotable Value/Real Estate Institute	Monthly Census – 5 yearly Quarterly
Democracy which upholds the rights of the individual	<ul style="list-style-type: none"> <li>Perceptions of satisfaction with Council's' advocacy on behalf of the community</li> <li>Perceptions of ease of dealing with the Council</li> </ul>	MDC survey MDC survey	3 yearly 3 yearly
Fit and healthy community	<ul style="list-style-type: none"> <li>% students leaving school with core numeracy and literacy credits at NCEA level 1</li> <li>Educational attainment of adult population</li> <li>Road traffic accidents and casualties</li> <li>Perceptions of sense of pride in the District</li> <li>Perceptions of satisfaction with health services provided in the Mackenzie District</li> <li>Perceptions of satisfaction with educational services provided in the Mackenzie District</li> </ul>	Ministry of Education Stats NZ Land Transport Safety Authority MDC Survey MDC survey MDC Survey	Annual Census - 5 yearly Annual 3 yearly 3 yearly 3 yearly
Safe, effective and sustainable infrastructure	<ul style="list-style-type: none"> <li>Annual power outages</li> <li>Drinking water standards</li> <li>Satisfaction with Council infrastructural services (e.g. roading, sewer, water supply services, footpaths)</li> <li>Satisfaction with other core infrastructural services (e.g. power, telecommunications)</li> <li>Access to internet, telephone</li> </ul>	Power companies MoH and MDC MDC survey  MDC survey Stats NZ	Annual To be determined 3 yearly  3 yearly Census 5 yearly
Supportive and contributing community	<ul style="list-style-type: none"> <li>Social deprivation index</li> <li>Perceptions of quality of life in the Mackenzie</li> <li>Perceptions of community</li> <li>Perceptions of the Mackenzie as a safe place to live</li> <li>Unpaid work</li> </ul>	Stats NZ MDC survey MDC survey MDC Survey Stats NZ	5 yearly 3 yearly 3 yearly 3 yearly Census – 5 yearly

## Groups of Activities

- Overview
- Governance
- Water Supplies
- Sewerage
- Stormwater
- Roding
- Solid Waste
- Building Control
- Resource Management
- Regulatory Services
- Community Services
- Recreational Facilities
- Commercial Activities
- Corporate Services

# Groups of Activities – Overview

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# Governance

## Background

Governance involves the operation of the District Council and the three Community Boards and the function of elections.

## 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.

## Community Outcomes to which the Activity Contributes

Community Outcome	How the Governance Activity Contributes
<b><i>A democracy which upholds the rights of the individual</i></b>	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.
<b><i>A supportive and contributing community</i></b>	It does this through its support and encouragement of local voluntary community initiatives and through its regular communication and interaction with the community.

## Principal Objectives

### *District Council*

- To provide leadership, direction and policies that will supply efficient and cost effective services to the community.
- To provide prudent stewardship of the assets entrusted to its care.
- To advocate effectively on behalf of the community.
- To ensure communication of Council activities to residents through meetings, speeches and published information.
- To provide opportunities for community feedback through consultative processes.

### *Community Boards*

- To provide focussed debate and feedback to Council on issues affecting the three community areas of the Mackenzie District.

### *Elections*

- To carry out the triennial election in accordance with the Local Electoral Act 2001.
- To ensure that all extraordinary vacancies are filled in accordance with the Local Electoral Act 2001.



## Governance Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets	Performance Measures (2006-2016)	Result
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council's schedule of meetings runs from late January through to December each year, meeting normally on the first and third Tuesdays of each month. The first meeting of the month is usually devoted to more formal business, with the second largely given over to consideration of resource management matters, workshoping of issues and hosting visitors.	<ul style="list-style-type: none"> <li>At least 22 meetings/hearings held during the year.</li> <li>No identified breaches of the Local Government (Official Information and Meetings) Act.</li> </ul>	<p><b>Achieved:</b> Council meetings continued on a 6-weekly cycle. In 2008/09, there were 16 meetings of the full Council and 17 meetings of Council Committees, a total of 33 for the year.</p> <p><b>Achieved:</b> There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>
Effective consultation held on LTCCP, Annual Plan and other significant issues.	A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.	<ul style="list-style-type: none"> <li>Number of special consultations held during the year and number of submissions made in response.</li> </ul>	<p><b>Achieved:</b> Council undertook a special consultative procedure for the adoption of its Long Term Council Community Plan which attracted a total of 41 submissions. The consultation included sending a summary to all residents of the District and to all non-resident ratepayers, with meetings held in each township also. Along with other local authorities in the Canterbury Region, Council began a special consultative procedure setting up a governance group for a regional economic development body in the 2007/2008. The two submissions received were considered with the consultation procedure completed in the 2008/09 year.</p>

## Governance Cont...

Levels of Service	Targets	Performance Measures (2006-2016)	Result
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.	<ul style="list-style-type: none"> <li>Each Community board meets eight times during the year.</li> <li>Recommendations including budget submissions are forwarded to Council for approval.</li> </ul>	<p><b>Achieved:</b> The Fairlie Community Board held eight meetings during the year and the Tekapo and Twizel Community Boards held nine.</p> <p><b>Achieved:</b> All recommendations including budget submissions were forwarded to Council for approval.</p>

### Identified Effects on Community Wellbeing

The Council believes that the Governance activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
L	7	<b>District Council</b>		
		Computers	3	1
	7	<b>TOTAL</b>	3	1
		<b>Funded by:</b>		
	7	District Council Capital Reserve	3	1
	7		<b>3</b>	<b>1</b>

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

### Reasons for Undertaking Capital Expenditure Projects

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

- A replacement computer was purchased for the Committee Clerk.

### Results for the 2008/2009 year

- Total capital expenditure for the year was \$1,307; being \$1,693 under budget due to a bulk purchase discount.

# Governance Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
689	General Rates	672	672
71	Targeted Rates	78	78
<b>760</b>		<b>750</b>	<b>750</b>
<b>DIRECT EXPENDITURE</b>			
47	Employment Expenses	49	73
228	Member Expenses	203	192
-	Consultancy Expenses	-	1
36	Administration	36	42
-	Operational and Maintenance	-	2
-	Interest on Capital Reserves	1	1
517	Internal Expenses	457	430
3	Funded Depreciation*	4	3
<b>831</b>		<b>750</b>	<b>744</b>
<b>(71)</b>	<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>6</b>
<b>Operating Surplus/(Deficit) transferred to/funded by:</b>			
(69)	General Reserve	-	7
-	Fairlie Works & Services Reserve	-	(1)
(1)	Tekapo Works & Services Reserve	-	-
(1)	Twizel Works & Services Reserve	-	-
<b>(71)</b>		<b>-</b>	<b>6</b>

\* Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

## Commentary on Governance Financial Summary

### Surplus/(Deficit)

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

### Revenue

Total revenue for the year was \$750,000, equal to the budgeted revenue of \$750,000. There were no variances from budget.

### Direct Expenditure

The total direct expenditure for the year was \$744,000; \$6,000 less than the budgeted direct expenditure of \$750,000.

The key variances from budget were:

- Employment expenses were greater than budget by \$24,000 due to the under provision for leave.
- Member expenses were \$11,000 below budget due to reductions in meal and travel costs for the Mayor and Councillors.
- Internal expenses were \$27,000 less than budget mainly due to cost reductions in the CEO area.

# 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 a 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
<b><i>Safe, effective and sustainable infrastructure</i></b>	By ensuring that public water supplies provide wholesome drinking water and that private supplies are monitored and that adequate supply is provided in "on demand" schemes for fire fighting.
<b><i>A thriving economy</i></b>	By ensuring that adequate public supplies are provided for household and industrial use at an affordable cost.
<b><i>An attractive and highly valued natural environment</i></b>	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;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public water supply schemes, and to plan accordingly;
- To anticipate the time when it may be necessary to provide public water supply schemes in communities at present not serviced, and to plan accordingly;
- To ensure the maintenance of the public infrastructural 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 supply of potable water

# Water Supplies Cont...

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
<b>Quality</b> <ul style="list-style-type: none"> <li>Water supplied to Tekapo and Fairlie is continuously disinfected with chlorine.</li> <li>Non-disinfected supplies are monitored for the presence of E coli (faecal bacteria) and consumers are advised when a hazard is identified.</li> </ul>	<ul style="list-style-type: none"> <li>Weekly monitoring of disinfected schemes shows no presence of E.coli (faecal bacteria) in the supplies.</li> <li>Monthly monitoring (weekly in Twizel) for presence of E coli (faecal bacteria). Boil water notices issued if either three consecutive samples show the presence of E.coli (faecal bacteria) or any one sample has a concentration of &gt;10cfu/100ml.</li> <li>Three urban water supplies upgraded to meet drinking water standards.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance.</li> <li>Scheduled monitoring completed.</li> <li>No failure to issue boil water notices when hazard identified.</li> <li>Scheduled works completed as noted on Capital Schedule</li> </ul>	<p><b>Substantially Achieved</b> Fairlie – 54 samples were tested during the year with 100% compliance. Lake Tekapo – 54 samples tested with 100% compliance. Allandale – 26 samples were tested with 96% compliance. Burkes Pass – 21 samples were tested and 14 samples complied (67% compliance).</p> <p><b>Substantially Achieved</b> Twizel – 52 samples scheduled and 51 samples taken. No E-coli present in 49 samples..</p> <p><b>Achieved</b></p> <p><b>Achieved</b></p>
<b>Availability</b> <ul style="list-style-type: none"> <li>Water is continuously available apart from programmed shutdowns and unexpected disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>No disruption exceeds eight hours</li> <li>Normal duration of 90% of disruptions is less than six hours</li> </ul>	<ul style="list-style-type: none"> <li>100% Compliance</li> <li>100% Compliance</li> </ul>	<p><b>Achieved</b></p> <p><b>Achieved</b></p>
<b>Environmental</b> <ul style="list-style-type: none"> <li>Supplies cause no environmental ill-effects.</li> </ul>	<ul style="list-style-type: none"> <li>All resource consents conditions are complied with.</li> </ul>	<ul style="list-style-type: none"> <li>100% Compliance</li> </ul>	<p><b>Achieved in Part</b> The water takes for the Fairlie, Lake Tekapo, Allandale and Burke Pass Schemes were within the limits of their respective resource consents. At times Fairlie's take exceeds the limits set by the Opihi River Regional Plan when the "unmodified flow" in the Opihi River at SH 1 bridge is low. The daily take for the Twizel Water Supply exceeded the daily maximum volume on 52 days.</p>



# Water Supplies Cont...

## Identified Effects on Community Wellbeing

The Council believes that the water supply activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

## Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Fairlie</b>		
G	-	Vested Assets	-	
R	157	Fittings Renewal programme-Fairlie including Princess St	36	30
R	1	Water Meters	-	-
G	-	Public Health Risk Management Plan	1	3
R	-	Regent Street	150	138
R	13	Resource Consent Costs	5	17
	<b>171</b>		<b>192</b>	<b>188</b>
		<b>Lake Tekapo</b>		
G	-	Vested Assets	42	70
R	-	Fittings Renewal programme	2	-
R	-	Pioneer Drive	97	13
	-		<b>141</b>	<b>83</b>
		<b>Twizel</b>		
G	311	Vested Assets	286	-
L	2	Resource Consent	10	-
R	17	Fittings Renewal programme	22	9
R	30	Headworks Renewal	50	1
R	60	Town Reticulation	-	1
G	15	Investigation – New Source	-	-
G	-	Investigation – Manuka Terrace	100	10
R&L	-	Treatment – New	50	-
	<b>435</b>		<b>518</b>	<b>21</b>
		<b>Allandale</b>		
G	82	Reticulation Extension	-	3
	<b>82</b>		<b>-</b>	<b>3</b>
		<b>Ashwick/Opuha</b>		
R	-	Resource Consent	11	11
	-		<b>11</b>	<b>11</b>

# Water Supplies Cont...

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
R&L	3	<b>Burkes Pass</b>		
		Treatment and Intake upgrade	7	2
	<b>3</b>		<b>7</b>	<b>2</b>
R	6	<b>School Road Water Race</b>		
		Resource Consent	-	4
	<b>6</b>		<b>-</b>	<b>4</b>
R&L	(4)	<b>Spur Road</b>		
		Sale of Assets	-	-
	20	Reticulation	-	-
	<b>16</b>		<b>-</b>	<b>-</b>
R	-	<b>Eversley/Punaroa</b>		
		Resource Consent	15	-
	<b>713</b>		<b>15</b>	<b>-</b>
		<b>TOTAL</b>	<b>884</b>	<b>312</b>
		Funded by:		
	171	Fairlie Water Capital Reserve	191	188
	-	Tekapo Water Capital Reserve	141	83
	435	Twizel Water Capital Reserve	518	21
	82	Allandale Water Capital Reserve	-	3
	-	Ashwick/Opuha Water Capital Reserve	11	11
	3	Burkes Pass Water Capital Reserve	7	2
	6	School Road Water Capital Reserve	-	4
	16	Spur Road Water Capital Reserve	-	-
	-	Eversley/Puneroa Water Capital Reserve	15	-
	<b>713</b>	<b>TOTAL</b>	<b>884</b>	<b>312</b>

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

## 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 were assessed to ensure continuity of service to the connected properties.
- Amounts were budgeted for investigations in Twizel to determine whether there was a new source available to service Twizel and also to investigate reticulating Manuka Terrace.
- The Resource Consents for the Eversley/Punaroa and Ashwick Opuha water races are in the process of being renewed.
- Assets vested in Council are the result of development.

## Results for the 2008/2009 year

Total capital expenditure for the year was \$312,000; \$572,000 less than the budget of \$884,000. The key variances from budget were:

- Assets vested in the Lake Tekapo area was higher than anticipated during the year.
- Only minor work has been undertaken on Pioneer Drive to date, however a contract has been let to Whitestone for the remainder of the work and this will be undertaken in the 2009/10 year.
- No assets vested in the Twizel area during the year.
- Work on the Twizel water supply headworks and treatment is delayed awaiting a decision on the future source.
- Only minor work was undertaken on Manuka Terrace investigation
- \$15,000 was set aside for costs associated with the resource consent for the Eversley/Puneroa water race; however this was unspent due to the non-commitment of consumers.

# Water Supplies Financial Summary

Depreciation funded via rates 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.

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
	<b>REVENUE</b>		
658	Targeted Rates	652	668
352	Financial Contributions	243	338
311	Vested Assets	328	70
116	Other Income	72	127
7	External Interest Received	-	9
59	Interest on Capital Reserves	104	56
<b>1,503</b>		<b>1,399</b>	<b>1,268</b>
	<b>DIRECT EXPENDITURE</b>		
8	Employment Expenses	-	12
11	Consultancy Expenses	20	20
8	Administration	10	10
276	Operational & Maintenance Expenses	293	374
109	Interest on Capital Reserves	105	81
113	Internal Expenses	124	125
273	Funded Depreciation *	202	264
59	Non-Funded Depreciation **	28	31
<b>857</b>		<b>783</b>	<b>917</b>
<b>646</b>	<b>Operating Surplus/(Deficit)</b>	<b>616</b>	<b>351</b>

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
	<b>Operating Surplus/(Deficit) transferred to/funded by:</b>		
11	Fairlie Water Capital Reserve	24	4
204	Tekapo Water Capital Reserve	76	298
410	Twizel Water Capital Reserve	438	(35)
(59)	Ratepayers' Equity	(28)	(31)
13	Albury Water Operating Reserve	-	10
70	Allandale Water Capital Reserve	70	69
(4)	Ashwick/Opuha Water Capital Reserve	4	4
1	Burkes Pass Water Capital Reserve	-	(1)
1	Kimbell Water Capital Reserve	1	1
(1)	School Road Water Capital Reserve	-	1
-	Spur Road Water Capital Reserve	31	31
<b>646</b>		<b>616</b>	<b>351</b>

## Commentary on Water Supplies Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$351,000; \$265,000 less than the budgeted surplus of \$616,000.

### Revenue

Total revenue for the year was \$1,268,000; \$131,000 less than the budgeted revenue of \$1,399,000.

The key variances from budget were:

- Financial contributions for the year were \$95,000 more than the assessment allowed for in the budget. This was due to a combination of monies being brought to account from the Mt John subdivision in Lake Tekapo and significantly less financial contributions from the Twizel area than anticipated.
- The value of water assets vested in Council for the year were \$258,000 less than allowed for in the budget as no assets vested from the Twizel area and slightly more from the Tekapo area than anticipated. The amount of vested assets in any one year is dependent on developers timing.
- Other income was significantly higher than budget by \$55,000 this was due to income received by the Albury Water Supply Committee which is not included in the Council's budget.

# Water Supplies Financial Summary

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## *Direct Expenditure*

The total direct expenditure for the year was \$917,000; \$134,000 more than the budgeted direct expenditure of \$783,000. The key variances from budget were:

- Operational and maintenance expenses were \$81,000 greater than budget due to higher maintenance costs in the Allandale scheme and the Downlands rates payments were \$10,000 higher than budgeted. This is however offset by an extra \$10,000 rates take in regards to the Downlands scheme. Work on the Albury Water scheme amounted to \$52,000 for which no council budget is assigned.
- Depreciation was significantly higher than budgeted for, due to the asset revaluation in the prior year not being reflected in this year's budget.
- Interest earned on capital reserves was \$24,000 less than budgeted due to lower interest rates and a lower opening reserve balance for Fairlie than was included in the original budget.
- Employment expenses totalled \$12,000 which related to the Albury Water Supply scheme for which Council does not prepare a budget for.



# Sewerage

## 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
<b><i>Safe, effective and sustainable infrastructure.</i></b>	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.
<b><i>A fit and healthy community.</i></b>	Every household requires a good wastewater disposal system to avoid exposure to water-borne health risks. The Council is responsible for ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed.
<b><i>A thriving economy.</i></b>	By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council ensures the local economy can thrive and expand.

## 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 except for the Eversley Reserve area of Fairlie);
- 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.

# Sewerage Cont...

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Effluent is treated to required standards of resource consents.	<ul style="list-style-type: none"> <li>All resource consent conditions are met.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance</li> </ul>	<b>Substantially Achieved</b> The resource consent conditions are monitored by the Canterbury Regional Council. Burkes Pass – All conditions monitored were graded as fully compliant. Twizel – No limits of contaminants are specified. Levels were consistent with previous results. Lake Tekapo – A condition requiring non-ponding in the irrigation disposal area was breached. The irrigation area has been extended and the problem overcome in the short term. Stormwater infiltration due to a blocked road culvert caused the discharge to exceed the capacity of the disposal system and emergency discharge to land was necessary. Reporting to Canterbury Regional Council did not happen in the specified time frame. Fairlie – All conditions monitored were graded as fully compliant.
Pump stations cope with effluent volumes	<ul style="list-style-type: none"> <li>No sewage overflows from pump stations.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance</li> </ul>	<b>Achieved</b>
Systems operate with minimal disruption due to blockages.	<ul style="list-style-type: none"> <li>Annual blockages are less than six per 10 km of sewer.</li> </ul>	<ul style="list-style-type: none"> <li>Target met</li> </ul>	<b>Achieved</b> There were 21 blockages in 65.4km of sewer, which equates to 3.21 blockages per 10km.

## Sewerage Cont...

### Secondary Levels of Service for Sewerage

Event	Service Standard
<b>Response</b>	<ul style="list-style-type: none"><li>• Provide a 24 hour, 365 day per year call out service</li><li>• Meet service connection request target times 98% of the time</li><li>• Complete administration functions in a timely manner.</li></ul>
<b>Response Times</b>	New Connection: <ul style="list-style-type: none"><li>• 100mm diameter normal connection – 10 working days</li><li>• Above 100mm diameter – 20 working days</li><li>• Faults with potential to cause disruption of service – two working days</li></ul>
	Blockage in Public Sewer and Other Emergency Repairs <ul style="list-style-type: none"><li>• During working hours – The service to be reinstated by temporary or permanent repairs within six hours of call out.</li><li>• Outside working hours – The service to be reinstated by temporary or permanent repairs within nine hours of call out</li></ul>
<b>Availability/Disruption to Service</b>	<ul style="list-style-type: none"><li>• Maximum duration of one disruption – 24 hours</li><li>• Normal duration of one disruption – eight hours (It should be noted the above duration would not apply for an extraordinary event such as a major earthquake or flood)</li></ul>

As the above are considered as secondary levels of service, the performance of them is measured internally. The most cost effective method of monitoring has proven to be by reviewing all customer service requests provided to the contractor on a monthly basis, allied with regular field inspections.

### Identified Effects on Community Wellbeing

The Council believes that the sewerage activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.



# Sewerage Cont...

## Capital Expenditure

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Fairlie</b>		
G	-	Vested Assets	-	-
R	7	Resource Consent	5	12
G	2	Septic tanks discharge to Oxidation ponds	-	-
	<b>9</b>		<b>5</b>	<b>12</b>
		<b>Tekapo</b>		
R	2	Sewer Treatment - Renewal	-	1
G	-	Vested Assets	79	49
	<b>2</b>		<b>79</b>	<b>50</b>
		<b>Twizel</b>		
R	2	Resource Consent	5	10
G	213	Vested Assets	545	-
R & L	14	Treatment/Disposal Area Upgrade	300	99
	<b>229</b>		<b>850</b>	<b>109</b>
	<b>240</b>	<b>TOTAL</b>	<b>934</b>	<b>171</b>
		Funded by:		
	-	Burkes Pass Sewer Capital Reserve	-	
	9	Fairlie Sewer Capital Reserve	5	12
R & L	2	Tekapo Sewer Capital Reserve	79	50
	229	Twizel Sewer Capital Reserve	850	109
	<b>240</b>		<b>934</b>	<b>171</b>

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

### 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.

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

### Results for the 2008/2009 year

Total capital expenditure for the year was \$171,000; \$763,000 less than the budget of \$934,000. The key variances from budget were:

- There were no sewer assets vested in Council from Twizel and those vested in the Tekapo area were lower than initially anticipated.
- Resource Consent costs in the Fairlie and Twizel areas were twice that of the amount budgeted due to higher than expected Environment Canterbury and consultants charges.
- Only a portion of the work on the Twizel disposal area was completed during the year.

# Sewerage Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
458	Targeted Rates	473	476
773	Financial Contributions	218	635
213	Vested Assets	623	49
-	Other Income	-	-
17	Interest on Capital Reserves	27	21
<b>1,461</b>		<b>1,341</b>	<b>1,181</b>
<b>DIRECT EXPENDITURE</b>			
5	Consultancy Expenses	-	-
8	Administration	9	8
85	Operational & Maintenance Expenses	128	118
124	Interest on Capital Reserves	25	46
83	Internal Expenses	92	92
198	Funded Depreciation*	205	201
4	Non-Funded Depreciation**	3	4
<b>507</b>		<b>462</b>	<b>469</b>
<b>954</b>	<b>Operating Surplus/(Deficit)</b>	<b>879</b>	<b>712</b>
<b>Operating Surplus transferred to/(Operating Deficit funded by):</b>			
(4)	Ratepayer's Equity	(3)	(4)
1	Burkes Pass Sewer Capital Reserve	-	2
(9)	Fairlie Sewer Capital Reserve	-	(7)
393	Tekapo Sewer Capital Reserve	151	614
573	Twizel Sewer Capital Reserve	731	107
<b>954</b>		<b>879</b>	<b>712</b>

## Commentary on Sewerage Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$712,000; \$167,000 less than the budgeted surplus of \$879,000.

### Revenue

Total revenue for the year was \$1,181,000; \$160,000 less than the budgeted revenue of \$1,341,000. The key variances from budget were:

- Financial contributions for the year were \$417,000 greater than allowed for in the budget due to monies being brought to account from the Mt John subdivision in Tekapo.
- The value of sewer assets vested in Council for the year were \$574,000 less than budgeted due to no sections being vested with Council from the Twizel area.

The total direct expenditure for the year was \$469,000; \$7,000 greater than the budgeted direct expenditure of \$462,000. The key variances from budget were:

- Interest on capital reserves was \$11,000 greater than budget due to a combination of financial contributions only credited to the account in the final month, and less capital expenditure incurred than was budgeted.
- Operational and maintenance expenses were \$10,000 less than budgeted due to less repairs required than anticipated.

\* Depreciation funded via rates 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

# Stormwater

## 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
<b><i>Safe, effective and sustainable infrastructure.</i></b>	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.
<b><i>An attractive and highly valued natural environment</i></b>	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.



## Stormwater Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Stormwater control measures minimise damage and inconvenience to property.	<ul style="list-style-type: none"> <li>Specified flood event protection is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>No complaints about damage caused by flooding.</li> </ul>	<b>Achieved</b> No complaints were recorded.
Capital works in Fairlie and Tekapo increase protection to cope with a one in 20 year rainfall event.	<ul style="list-style-type: none"> <li>Completion of works within budget.</li> </ul>	<ul style="list-style-type: none"> <li>Works completed by December 2009.</li> </ul>	<b>Partially Achieved</b> Fairlie Hazard Protection – a flood model was completed and affordability of works is being reassessed. Tekapo- the anticipated requirement for treatment did not eventuate.
No environmental ill effects arising from stormwater protection work.	<ul style="list-style-type: none"> <li>All resource consents conditions are complied with.</li> </ul>	<ul style="list-style-type: none"> <li>100% Compliance.</li> </ul>	<b>Achieved</b> Resource Consent conditions were complied with.

### Secondary Levels of Service for Stormwater

Event	Service Standard
<b>Flood Event Protection</b> <ul style="list-style-type: none"> <li>1 in 2 year event</li> <li>1 in 5 year event</li> <li>1 in 10 year event</li> </ul>	Protection to be provided Minimal ponding No flooding of above ground level floors of non-inhabited parts of buildings No flooding of above ground level floors of dwellings or business premises
<b>Response</b>	Provide a 24 hour, 265 day per year call out service Complete administration functions in a timely manner
<b>Response Times</b>	Minor faults likely to cause problems in event of flooding – repair within two working days Blockages Causing Minor Disruption: During working hours – The service to be reinstated by temporary or permanent repairs within six hours of call out Outside working hours – The service to be reinstated by temporary or permanent repairs within 12 hours of call out
	Localised Emergency Flooding: Take precautions to make site safe and minimise further damage. Response time one hour plus travelling time from depot.
<b>Safety Requirements</b>	OSH requirements are met for all aspects of maintenance and construction

## Stormwater Cont...

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Fairlie</b>		
G	-	Vested Assets	-	-
L	-	Resource Consent	10	-
G	4	Western Catchment Flood Protection Works	-	40
	<b>4</b>		<b>-</b>	<b>40</b>
		<b>Tekapo</b>		
L	-	Treatment Domain Area	10	-
G	-	Vested Assets	27	98
	-		<b>37</b>	<b>98</b>
		<b>Twizel</b>		
G	-	Vested Assets	189	-
	-		<b>189</b>	<b>-</b>
	<b>4</b>	<b>TOTAL</b>	<b>236</b>	<b>138</b>
		<b>Funded by:</b>		
	173	Fairlie Stormwater Capital Reserve	10	40
	59	Tekapo Stormwater Capital Reserve	37	98
	229	Twizel Stormwater Capital Reserve	189	-
	<b>461</b>		<b>236</b>	<b>138</b>

### Reasons for Undertaking Capital Expenditure Projects

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

- Progress a Western Catchment Flood Protection Scheme.
- Assets vested in Council are the result of development.

### Results for the 2008/2009 year

Total capital expenditure for the year was \$138,000; \$98,000 less than the budget of \$236,000.

The key variances from budget were:

- No stormwater assets were vested in Council from the Twizel area as anticipated during the year, however significantly more were vested in the Tekapo area during the year.
- None of the work budgeted for the Tekapo Domain area was undertaken during the year due to current treatment being deemed to be adequate and a planned development not proceeding.
- No money was spent in regards to the Fairlie resource consent as anticipated requirements of the NRRP have not eventuated at this stage.
- \$40,000 was spent in regards to the Western Catchment Flood Protection Scheme.

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

### Identified Effects on Community Wellbeing

The Council believes that the Stormwater activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure

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

# Stormwater Financial Summary

<b>Actual 2007/08 (\$000)</b>		<b>Budget 2008/09 (\$000)</b>	<b>Actual 2008/09 (\$000)</b>
	<b>REVENUE</b>		
68	Targeted Rates	57	57
3	Financial Contributions	-	-
-	Vested Assets	216	98
18	Interest on Capital Reserves	20	13
<b>89</b>	<b>Total Revenue</b>	<b>293</b>	<b>168</b>
	<b>DIRECT EXPENDITURE</b>		
2	Consultancy Expenses	-	-
2	Administration	2	2
7	Operational & Maintenance Expenses	15	18
-	Interest on Capital Reserves	-	-
22	Internal Expenses	24	24
54	Funded Depreciation*	36	54
<b>87</b>		<b>77</b>	<b>98</b>
<b>2</b>	<b>Operating Surplus/(Deficit)</b>	<b>216</b>	<b>70</b>
	<b>Operating Surplus/(Deficit) transferred to/funded from:</b>		
5	Fairlie Township Operating Reserve	-	(12)
-	Tekapo Stormwater Capital Reserve	27	98
	Tekapo Township Operating Reserve		(6)
(3)	Twizel Township Operating Reserve	189	(10)
<b>2</b>		<b>216</b>	<b>70</b>

\*Depreciation funded via rates 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 \$70,000; \$146,000 less than the budgeted surplus of \$216,000.

### Revenue

Total revenue for the year was \$168,000; \$125,000 less than the budgeted revenue of \$293,000.

The key variances from budget were:

- A significantly lower amount of assets vested in the Council during the year than what was anticipated.

### Direct Expenditure

The total direct expenditure for the year was \$98,000; \$21,000 greater than the budgeted direct expenditure of \$77,000.

The significant variance here is the increase in the funded depreciation. The increase in the revaluation of assets was not reflected in the depreciation budget for the 2008/09 year.

# Roading (including land transport programme)

## Background

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

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
<b><i>An attractive and highly valued natural environment</i></b>	By providing vehicular access to areas while minimising the effect on the natural environment.
<b><i>A thriving economy</i></b>	By providing a safe and efficient highway network for the transport of people and goods.
<b><i>A fit and healthy community</i></b>	By providing safe roads that provide access to sporting, recreational, social and medical amenities.
<b><i>Safe, effective and sustainable infrastructure</i></b>	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.



# Roading Cont...

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
<b>Sealed Road Smoothness</b> The National Association of Australian State Road Authorities developed a sealed road roughness test resulting in a NAASRA count, which has been adopted by Land Transport New Zealand. The lower the number is, the smoother the road. For example, a hot-mixed street would have an average count of about 60, whilst a rough urban street would have an average count of about 150.	<ul style="list-style-type: none"> <li>The average roughness of urban roads shall not exceed an average of 100 NAASRA counts and no more than 15% shall exceed 150 NAASRA counts.</li> <li>The average roughness of rural roads shall not exceed an average of 80 NAASRA counts and no more than 15% shall exceed 110 NAASRA counts.</li> </ul>	<ul style="list-style-type: none"> <li>NAASRA counts meet targets.</li> <li>NAASRA counts meet targets.</li> </ul>	<b>Achieved</b> The average count for urban roads was 75 with 3.0% of travel being on roads above 150 counts.  <b>Achieved</b> The average count for rural roads was 92 with the top 1.0% of travel being on roads above 110 counts
<b>Unsealed Road Standard</b> Unsealed roads shall be maintained as per specifications in the roading maintenance contract contracts.	<ul style="list-style-type: none"> <li>All contract specifications are met.</li> </ul>	<ul style="list-style-type: none"> <li>For audited sections of the unsealed roading network, contract specifications are fully met or identified defects are remedied within agreed timeframes.</li> </ul>	<b>Achieved</b> On going audit inspection of unsealed roads revealed a low level of defects, and no large backlog of work required to ensure specifications are met. Some faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. The District experienced a significant rain fall in June that impacted on a lot of our network. These areas were repaired within a month without over expending our budgets. NZTA provided a higher subsidy of 61% for this recovery work. The overall condition of the unsealed network is good and not deteriorating.
<b>Customer Satisfaction</b> Residents surveyed consider roads and footpaths in the District "Satisfactory" or "Very Satisfactory".	<ul style="list-style-type: none"> <li>At least 80% of respondents to a three yearly community survey have an opinion that town roads in general, rural sealed roads and rural unsealed road are "satisfactory" or "very satisfactory".</li> <li>At least 70% of respondents to a three yearly community survey have an opinion that urban footpaths are "satisfactory" or "very satisfactory"</li> </ul>	<ul style="list-style-type: none"> <li>Measure based on three yearly community survey.</li> <li>Measure based on three yearly community survey.</li> </ul>	<b>Not Measured</b> The customer satisfaction surveys for roading were not completed during the year; and the performance was not measured.  <b>Not Measured</b> As above



## Roading Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
<b>Minor Improvements</b> Council continues to identify and prioritise key areas for safety improvements and progressively correct these.	<ul style="list-style-type: none"> <li>Not less than two projects shall be implemented each year.</li> </ul>	<ul style="list-style-type: none"> <li>At least two safety projects completed annually.</li> </ul>	<b>Achieved</b> Intersection seal was completed on Rollesby Valley Rd and Mackenzie Pass Rd. Extended bridge approach sealing was completed at the Exe Stream on Warratah Rd. Monument Rd intersection with Clayton Rd was realigned.
<b>Road Improvement Projects</b> Road improvement projects shall be carried out, in particular seal extensions, when Land Transport New Zealand financial assistance can be achieved	<ul style="list-style-type: none"> <li>All approved road improvement projects qualifying for Land Transport New Zealand financial assistance are undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>100% of approved projects completed annually.</li> </ul>	<b>Part Achieved</b> Camp Valley Bridge strengthening was carried out. This project was delayed beyond June due to a delay in materials being available.  Clayton Rd Seal widening was not undertaken due to NZTA being unable to approve the work under their criteria.

### Identified Effects on Community Wellbeing

The Council believes that the roading activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

# Roading Cont...

## Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Fairlie - Subsidised</b>		
R	3	Street Lighting	8	-
R	1	Drainage Renewals	-	-
R	-	Signs	1	-
R	47	Reseals	14	-
	<b>51</b>		<b>23</b>	<b>-</b>
		<b>Fairlie - Unsubsidised</b>		
R	23	Footpaths - Surfacing	21	8
G	-	Vested Assets	-	-
	<b>23</b>		<b>21</b>	<b>8</b>
		<b>Tekapo - Subsidised</b>		
R	-	Street Lighting	2	-
R	1	Signs	1	-
R	-	Reseals	10	11
	<b>1</b>		<b>12</b>	<b>11</b>
		<b>Tekapo - Unsubsidised</b>		
R	-	Footpaths - Surfacing	4	-
R&L	-	Pioneer Drive Upgrade	75	85
G	-	Vested Assets	108	109
	<b>-</b>		<b>187</b>	<b>194</b>
		<b>Twizel - Subsidised</b>		
R	1	Signs	1	-
R	-	Reseals	84	47
	<b>1</b>		<b>85</b>	<b>47</b>
		<b>Twizel - Unsubsidised</b>		
R	40	Footpaths - Surfacing	38	40
G	780	Vested Assets	745	-
	<b>820</b>		<b>783</b>	<b>40</b>

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Rural - Subsidised Projects</b>		
R	358	Running Course	344	-
R		Basecourse - Unsealed	98	346
R		Cattle Stops	-	7
R	37	Signs	28	47
R	64	Drainage – Culverts	46	24
		Seal Widening – Clayton/Hamilton/Trentham Roads	214	-
R&L	194	Bridges	-	-
R		Bridges – Camp Valley Road Bridge	160	169
R&L	153	Minor Safety Works	148	124
R	139	Reseals	131	201
	<b>945</b>		<b>1,169</b>	<b>918</b>
		<b>Rural – Unsubsidised</b>		
L	4	Sealing Past Houses	11	10
	<b>4</b>		<b>11</b>	<b>10</b>
		<b>Roading Professional Services</b>		
	1	Computers	-	-
	<b>1</b>		<b>-</b>	<b>-</b>
	<b>1,846</b>	<b>TOTAL</b>	<b>2,292</b>	<b>1,228</b>
		<b>Funded by:</b>		
	74	Fairlie Roding Capital Reserve	44	8
	1	Tekapo Roding Capital Reserve	200	205
	821	Twizel Roding Capital Reserve	868	87
	949	Rural Roding Capital Reserve	1,180	928
R	1	Roding Prof Services Capital Reserve	-	-
	<b>1,846</b>		<b>2,292</b>	<b>1,228</b>

# Roading Cont...

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## *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 roading network.
- Assets vested in Council are the result of development.

## *Results for the 2008/2009 year*

Total capital expenditure for the year was \$1,228,000; \$1,087,000 less than the budget of \$2,315,000. The key variances from budget were:

- No roading assets vested in Council from Fairlie and Twizel.
- Subsidised capital expenditure in the rural area was \$251,000 lower than budgeted, this was due to a combination of the Clayton Road seal widening project not being undertaken as the project could not be economically justified, and a reduction in spending in the reseals/running course.
- Not as much resealing was completed in the Twizel area due to priorities elsewhere.
- Approximately half of the budget for footpath resealing was used in the Fairlie area due to deferment of work to 2009/10.
- None of the subsidised roading work budgeted was completed in the Fairlie area due to priorities elsewhere.



# Roading Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
1,207	Targeted Rates	1,326	1,326
1,293	Subsidies & Grants	1,408	1,364
56	Financial Contributions	-	57
780	Vested Assets	853	109
20	Other Income	13	7
55	Interest on Capital Reserves	62	16
61	Internal Income	116	128
<b>3,472</b>		<b>3,778</b>	<b>3,007</b>
<b>DIRECT EXPENDITURE</b>			
43	Employment Expenses	116	95
111	Consultancy Expenses	36	99
7	Administration	6	4
9	Operational & Maintenance Expenses	12	21
1,023	Roading Expenses	990	1,199
2	Interest on Capital Reserves	4	6
218	Internal Expenses	289	300
3	Funded Depreciation*	7	1
1,511	Non-Funded Depreciation**	998	1,575
<b>2,927</b>		<b>2,458</b>	<b>3,300</b>
<b>545</b>	<b>Operating Surplus/(Deficit)</b>	<b>1,320</b>	<b>(294)</b>
<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>			
(1,511)	Ratepayers' Equity	(998)	(1,575)
49	Fairlie Roding Capital Reserve	44	44
10	Tekapo Roding Capital Reserve	200	178
868	Twizel Roding Capital Reserve	868	96
1,140	Rural Roding Capital Reserve	1,180	949
-	Manuka Terrace Roding Capital Reserve	26	14
(11)	Roding Prof Services Operating Reserve	-	-
<b>545</b>		<b>1,320</b>	<b>(294)</b>

\* Depreciation funded via rates 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 Roding Financial Summary

### Surplus/(Deficit)

The deficit for the year was \$294,000; \$1,614,000 less than the budgeted surplus of \$1,320,000.

### Revenue

Total revenue for the year was \$3,007,000; \$771,000 less than the budgeted revenue of \$3,778,000.

The key variances from budget were:

- The value of roading assets vested in Council for the year was \$744,000 less than budgeted due to a significant amount vesting early in the previous year.
- Upgrade contributions of \$57,000 were received during the year, which was not budgeted for. These related to the development of Manuka Terrace.
- Subsidies and grants were less than budgeted by \$44,000 mainly due to a reduction in Transfund income.
- Capital reserve interest was \$46,000 less than budgeted due to a significant reduction in interest rates and higher roading expenditure than budgeted.

### Direct Expenditure

The total direct expenditure for the year was \$3,300,000; \$842,000 greater than the budgeted direct expenditure of \$2,458,000.

The key variances from budget were:

- Additional consultancy costs were incurred in the period due to roading programmes and a contract all required in the 2008/09 year taking the budget over by \$63,000.
- Employment expenses were down on budget by \$21,000 due to a part-time roading assistant.
- Additional rural roading costs took the operational roading expenses over budget by \$209,000 this was due to environmental maintenance and emergency reinstatement from the flooding in May 2009.
- Depreciation costs were up on budget by \$577,000, due to the increase in revaluation of assets not being reflected in the depreciation budget.

# Solid Waste

## Background

Refuse and recycling collections are available at Fairlie, Lake Tekapo and Twizel. Resource Recovery Parks are available at Fairlie, Lake Tekapo and Twizel. A Vertical Composting Unit (VCU) is installed at the Twizel site, to compost the District's organic material.

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

## Rationale for Council's Involvement

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.

## Community Outcomes to which the Activity Contributes

Community Outcome	How the Solid Waste Management Activity Contributes
<b><i>A fit and healthy community</i></b>	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.
<b><i>An attractive and highly valued natural environment</i></b>	
<b><i>A thriving economy</i></b>	By handling, sorting and processing solid waste in an affordable manner and in a way that maximises returns from recovered material.

## Principal Objectives

- 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.

## Solid Waste Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To maximise the diversion of solid waste from landfills.	<ul style="list-style-type: none"> <li>70% of all solid waste received at the three resource recovery parks is diverted from landfill.</li> </ul>	<ul style="list-style-type: none"> <li>70% diverted, with an expectation of 80% by 2009.</li> </ul>	<b>Achieved</b> 79% of the waste received at the recovery parks was diverted away from the Redruth landfill.
To provide a weekly kerbside refuse collection service to each of the main townships in the District – Fairlie, Lake Tekapo and Twizel.	<ul style="list-style-type: none"> <li>To pick up all compliant bags of waste put out for collection at the kerbside.</li> </ul>	<ul style="list-style-type: none"> <li>99.5% compliance.</li> </ul>	<b>Achieved</b> This was achieved as there were no reports of uncollected compliant bags.
To undertake the solid waste activity with no environmental ill-effects.	<ul style="list-style-type: none"> <li>All resource consents conditions are complied with.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance.</li> </ul>	<b>Achieved in Part</b> Ecan investigated a complaint of odour at the Twizel Resource Recovery Park beyond the boundary. Systems were modified to correct the problem.

### Identified Effects on Community Wellbeing

The Council believes that the solid waste activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

## Solid Waste Cont...

### Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
G	-	<b>Fairlie Resource Recovery Park</b>		
	-	Storage Facility	4	-
R	11	<b>Twizel Resource Recovery Park</b>	<b>4</b>	-
	-	Plant & Equipment	-	-
	-	Storage Facility	4	5
	11		<b>4</b>	<b>5</b>
R	<b>11</b>	<b>TOTAL</b>	<b>8</b>	<b>5</b>
	-	<b>Funded by:</b>		
	-	Fairlie RRP Capital Reserve	4	-
	11	Twizel RRP Capital Reserve	4	5
	11	Organic Waste Capital Reserve	-	-
	11		<b>8</b>	<b>5</b>
	<b>11</b>	<b>TOTAL</b>	<b>8</b>	<b>5</b>

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

### Reasons for Undertaking Capital Expenditure Projects

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

- Improvements of the storage facilities at both the Fairlie and Twizel recovery parks.

### Results for the 2008/2009 year

Total capital expenditure for the year was \$5,000; \$3,000 less than budgeted.

The key variances from budget were:

- Modifications to the storage facility in Fairlie were not undertaken as these were later deemed to be unnecessary.



# Solid Waste Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
403	General Rates	449	449
79	Targeted Rates	86	90
272	Other Income	235	276
242	Internal Income	277	280
<b>996</b>		<b>1,047</b>	<b>1,095</b>
<b>DIRECT EXPENDITURE</b>			
258	Employment Expenses	239	247
3	Consultancy Expenses	5	3
14	Administration	18	10
345	Operational & Maintenance Expenses	348	358
66	Interest on Capital Reserves	61	42
275	Internal Expenses	319	321
65	Funded Depreciation*	56	61
6	Non-Funded Depreciation**	4	4
<b>1,032</b>		<b>1,050</b>	<b>1,046</b>
<b>(36)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(3)</b>	<b>49</b>
<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>			
(6)	Ratepayer's Equity	(3)	(4)
2	Fairlie Refuse Operating Reserve	-	6
5	Tekapo Refuse Operating Reserve	-	8
4	Twizel Refuse Operating Reserve	-	7
(41)	General Reserve	-	32
<b>(36)</b>		<b>(3)</b>	<b>49</b>

\* Depreciation funded via rates 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 Solid Waste Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$49,000; \$52,000 greater than the budgeted deficit of \$3,000.

### Revenue

Total revenue for the year was \$1,095,000; \$48,000 greater than the budgeted revenue of \$1,047,000.

The key variances from budget were:

- Twizel Gate fees were up on budget by \$48,000.

### Direct Expenditure

The total direct expenditure for the year was \$1,046,000; \$4,000 less than the budgeted direct expenditure of \$1,050,000.

The key variances from budget were:

- Operational and maintenance expenses were above budget by \$10,000 due to a combination of significantly higher transport and disposal costs at the Redruth landfill, a reduction in refuse collection costs and no expenses incurred this year in relation to the landfill sites.
- Interest on capital reserves was down on budget by \$19,000 due to a reduction in interest rates.



# Building Control

## Background:

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.

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

Under the Building Act 2004, Council became an accredited building consent authority in July 2008 in order to continue to carry out its building control functions. It will be audited in November 2009 to maintain its accreditation.

## Rationale for Council's Involvement:

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.

## Community Outcomes to which the Activity contributes:

Community Outcome	How the Building Control Activity Contributes
<b><i>A thriving economy</i></b>	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.
<b><i>A safe, effective and sustainable infrastructure.</i></b>	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.

## Principal Objectives:

- 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.

# Building Control Cont...

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Building consents are processed in accordance with the prescribed legislation.	<ul style="list-style-type: none"> <li>To process building consents and property information memoranda within the statutory timeframe of 20 days</li> </ul>	<ul style="list-style-type: none"> <li>To process 98.5% of building consents and property information memoranda within the statutory timeframe for the year ended 30 June 2008.</li> </ul>	<b>Achieved in Part</b> During the year, Council processed 99.6% of building consents within the required timeframe. However, only 95% of property information memoranda were issued within the required timeframes.
Council is working to achieve building consent authority accreditation.	<ul style="list-style-type: none"> <li>Council is accredited as a building control authority</li> </ul>	<ul style="list-style-type: none"> <li>Accreditation to be received by November 2007</li> </ul>	<b>Not Achieved</b> The Council received accreditation on 14 July 2008.

### Identified Effects on Community Wellbeing

The Council believes that the building control activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.

# Building Control Cont...

## Capital Expenditure:

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Building Control</b>		
R	-	Computers	4	3
	-	<b>TOTAL</b>	<b>4</b>	<b>3</b>
		<b>Funded by:</b>		
R	-	Building Control Capital Reserve	4	3
	-	<b>TOTAL</b>	<b>4</b>	<b>3</b>

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

## Reasons for Undertaking Capital Expenditure Projects

The computers for the building control activity were scheduled for replacement during the year.

## Results for the 2008/2009 year

- Savings were made on the computer replacements due to a discount for bulk purchases.



# Building Control Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
51	General Rates	66	66
225	Other Income	202	221
-	Interest on Capital Reserves	-	-
3	Internal Income	3	3
<b>279</b>		<b>271</b>	<b>290</b>
<b>DIRECT EXPENDITURE</b>			
128	Employment Expenses	126	110
2	Consultancy Expenses	14	11
21	Administration	21	18
10	Operational & Maintenance Expenses	20	20
-	Interest on Capital Reserves	2	
79	Internal Expenses	86	84
6	Funded Depreciation*	2	1
<b>246</b>		<b>271</b>	<b>244</b>
<b>33</b>	<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>46</b>
<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>			
10	Building Consent Reserve	-	(10)
23	General Reserve	-	56
<b>33</b>		<b>-</b>	<b>46</b>

*Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes*

## Commentary on Building Control Financial Summary

### *Surplus/(Deficit)*

The surplus for the year was \$46,000; \$46,000 more than the budgeted breakeven position.

### *Revenue*

Total revenue for the year was \$290,000; \$19,000 greater than the budgeted revenue of \$271,000.

The key variance from budget was:

- BCA levies of \$19,000 were received during the year which had no separate budget.

### *Direct Expenditure*

The total direct expenditure for the year was \$244,000; \$27,000 less than the budgeted direct expenditure of \$271,000.

The key variances from budget were:

- Employment expenses were down on budget by \$16,000 due to a period of having no building inspector in the Twizel office.

# Resource Management

## 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.

## 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.

## Community Outcome to which the Activity contributes:

Community Outcome	How the Environmental Management Activity Contributes
<b><i>An attractive and highly valued natural environment</i></b>	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.



## 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 90% of resource consents within the statutory timeframe of 20 working days.

## Resource Management cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To maintain an up to date District Plan, providing sustainable management of the resources of the District in the face of changing development pressures.	<ul style="list-style-type: none"> <li>Review of rural subdivision and development rules completed.</li> <li>Continue township planning exercises.</li> <li>Make Improvements to the District Plan</li> </ul>	<ul style="list-style-type: none"> <li>Review of rules completed by 30 June 2008. Subsequent plan changes released for submission by 30 June 2009.</li> <li>Undertake a town development study for Fairlie during the 2006/2007 year. Relevant plan changes completed by 30 June 2008.</li> <li>To prioritise and complete plan changes identified as necessary by Council.</li> </ul>	<p><b>Achieved</b> No new plan changes were undertaken during the 2008/09 year.</p> <p><b>Not Achieved</b> The Fairlie township study commenced in June 2008 and was completed in April 2009.</p> <p><b>Achieved</b> No new plan changes were undertaken during the 2008/09 year.</p>
Resource consents and land information memoranda processed in accordance with legislation.	<ul style="list-style-type: none"> <li>To process resource consents within the statutory timeframe of 20 working days.</li> <li>To process land information memoranda within statutory timeframes of 10 working days</li> </ul>	<ul style="list-style-type: none"> <li>90% compliance till 30 June 2008, 95% compliance thereafter.</li> <li>100% compliance.</li> </ul>	<p><b>Not Achieved</b> Council processed 84% of resource consents within the statutory timeframes.</p> <p><b>Not Achieved</b> Council processed 99% of land information memoranda within the statutory timeframe.</p>



## Resource Management Cont...

### Identified Effects on Community Wellbeing

The Council believes that the resource management activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure:

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Resource Management</b>		
R	1	Computers	2	1
G	-	Plan Change 13	25	81
G	-	Landscape Study	-	-
G	-	Natural Value Study	-	-
	<b>1</b>	<b>TOTAL</b>	<b>27</b>	<b>82</b>
	-	<b>Funded by:</b>		
	1	Resource Planning Capital Reserve	27	82
	<b>1</b>		<b>27</b>	<b>82</b>

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

### Reasons for Undertaking Capital Expenditure Projects

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

- Purchase of computer equipment was scheduled as part of the replacement policy.
- The budget for the landscape study and the natural values study were transferred to fund Plan Change 13 required to update the District Plan.

### Results for the 2008/2009 year

Total capital expenditure for the year was \$82,000; \$55,000 greater than the budget of \$27,000.

The key variance from budget was:

- Significant costs incurred related to hearing and consultancy costs associated with Plan Change 13, while the town planning studies originally budgeted for were not undertaken.



# Resource Management Financial Summary

<b>Actual 2007/08 (\$000)</b>		<b>Budget 2008/09 (\$000)</b>	<b>Actual 2008/09 (\$000)</b>
	<b>REVENUE</b>		
236	General Rates	245	245
116	Reserve Contributions	454	30
131	Other Income	107	85
-	Interest on Capital Reserves	-	-
29	Internal Income	29	29
<b>512</b>		<b>835</b>	<b>389</b>
	<b>DIRECT EXPENDITURE</b>		
181	Employment Expenses	182	172
104	Consultancy Expenses	85	24
24	Administration	21	13
2	Operational & Maintenance Exp	6	7
5	Interest on Capital Reserves	7	6
111	Internal Expenses	124	116
2	Funded Depreciation*	2	1
<b>429</b>		<b>427</b>	<b>339</b>
<b>83</b>	<b>Operating Surplus/(Deficit)</b>	<b>408</b>	<b>50</b>
	<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>		
(33)	General Reserve	-	65
-	Real Estate Reserve	(46)	(45)
116	Land Subdivision Reserve	454	30
<b>83</b>		<b>408</b>	<b>50</b>

## Revenue

Total revenue for the year was \$389,000; \$446,000 less than the budgeted revenue of \$835,000. The key variances from the budget were:

- Reserve contributions for the year amounted to \$30,000; \$424,000 short of the anticipated budget.
- Recoverable services were down on budget by \$22,000.

## Direct Expenditure

The total direct expenditure for the year was \$339,000; \$88,000 less than the budgeted direct expenditure of \$427,000.

The key variances from budget were:

- Employment costs were \$10,000 less than budgeted, due to a vacancy of assistant planner at the start of the year.
- Consultancy costs were \$61,000 less than budgeted as the town planning exercises were not undertaken due to Plan Change 13.

\*Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

## Commentary on Resource Management Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$50,000; \$358,000 less than the budgeted surplus of \$408,000.



# Regulatory Services

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 of Liquor Act 1989
- ❖ Forest and Rural Fires Act 1977
- ❖ Gambling Act 2003

## Background:

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 of Liquor Act 1989 and issues management certificates to individuals who sell liquor.

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 the forest managers of Blakely Pacific Ltd and Waimate Forest Group. The costs of maintaining the rural fire authority are split evenly amongst the three councils and the forest owners group.

## Rationale for Council's Involvement:

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 Outcomes to which the Activity contributes:

Community Outcome	How the Regulatory Services Activity Contributes
<b><i>A attractive and highly valued natural environment</i></b>	<p>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.</p> <p>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.</p>
<b><i>A fit and healthy community.</i></b>	<p>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.</p> <p>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.</p> <p>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</p>

# Regulatory Services Cont...

## Principal Objectives:

- 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.

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
All known dogs in the District registered with Council and entered into the national dog database on a regular basis.	<ul style="list-style-type: none"> <li>• All dogs are registered and national dog database is continually kept up to date.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of dogs are registered by year end.</li> <li>• All registered dogs on the national database.</li> </ul>	<p><b>Achieved</b> All known dogs were registered by 30 June 2009.</p> <p><b>Achieved</b> All known dogs were entered on the national database.</p>
To control the nuisance caused by dogs and wandering stock.	<ul style="list-style-type: none"> <li>• Respond to all complaints of wandering dogs and stock within 12 hours.</li> </ul>	<ul style="list-style-type: none"> <li>• Target met.</li> </ul>	<p><b>Achieved</b> Complaints are responded to within 12 hours by either phone or a site visit.</p>
To provide an effective and efficient response to any civil defence emergency in the District.	<ul style="list-style-type: none"> <li>• To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council civil defence arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Target met.</li> </ul>	<p><b>Not Achieved</b> No trainings were held during the 2008/09 year.</p>

## Regulatory Services Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
To control fire risks in the rural area and to respond to those rural fires that do occur.	<ul style="list-style-type: none"> <li>To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan".</li> </ul>	<ul style="list-style-type: none"> <li>Plan requirements complied with.</li> <li>All volunteer rural fire teams are registered with the NRFA and meet the industry standards.</li> </ul>	<p><b>Achieved</b> The Principal Rural Fire officer advised that all callouts were responded to by volunteer staff or contractors within the one hour target.</p> <p><b>Achieved</b> The two registered rural fire teams at Albury and Burkes Pass achieved their training goals for the year.</p>
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.	<ul style="list-style-type: none"> <li>To ensure all premises selling liquor are licensed and all registered food premises are licensed.</li> </ul>	<ul style="list-style-type: none"> <li>No premises lack the appropriate licence.</li> </ul>	<p><b>Achieved</b> Our contractors, Timaru District Council advise that all premises known to be selling liquor were licensed. One to two inspections were made each month. All licensed premises were inspected during the year, often in conjunction with food premises but also for monitoring purposes</p>

### Identified Effects on Community Wellbeing

The Council believes that the regulatory services activity has effects on the social, economic and environmental well-being of the community; however, these have yet to be formally identified.

# Regulatory Services Cont...

## Capital Expenditure:

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>Civil Defence</b>				
R	23	Plant & Equipment	1	1
	<b>23</b>		<b>1</b>	<b>1</b>
<b>Animal Control</b>				
R	-	Plant & Equipment	1	-
	-		<b>1</b>	-
<b>Rural Fire Control</b>				
R	-	Vehicle Replacement	75	58
G	21	Burkes Pass Fire Shed	-	-
R	5	Plant & Equipment	8	-
	26		<b>83</b>	<b>58</b>
	<b>49</b>	<b>TOTAL</b>	<b>85</b>	<b>59</b>
<b>Funded by:</b>				
	23	Civil Defence Capital Reserve	1	1
	-	Animal Control Capital Reserve	1	-
	26	Rural Fire Control Capital Reserve	83	58
	<b>49</b>		<b>85</b>	<b>59</b>

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

## Reasons for Undertaking Capital Expenditure Projects

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

- A Tanker appliance and plant were budgeted for Rural Fire to continue to meet the desired level of service.

## Results for the 2008/2009 year

Total capital expenditure for the year was \$59,000; \$26,000 less than the budget of \$83,000.

The key variance from budget was:

- The tanker purchased for the Burkes Pass Rural Fire party cost less than quoted.



# Regulatory Services Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
56	General Rates	61	61
108	Targeted Rates	126	126
2	Subsidies & Grants	-	-
40	Other Income	64	42
2	Interest on Capital Reserves	1	1
<b>208</b>		<b>252</b>	<b>230</b>
<b>DIRECT EXPENDITURE</b>			
21	Employment Expenses	19	19
3	Consultancy Expenses	1	1
10	Administration	14	11
77	Operational & Maintenance Expenses	143	115
7	Interest on Capital Reserves	8	5
19	Internal Expenses	21	21
34	Funded Depreciation*	46	32
<b>171</b>		<b>252</b>	<b>204</b>
<b>37</b>	<b>Operating Surplus/(Deficit)</b>	<b>-</b>	<b>26</b>
<b>Operating Surplus/(Deficit) transferred to/funded by:</b>			
24	General Reserve	-	26
13	Rural Works & Services Reserve	-	-
<b>37</b>		<b>-</b>	<b>26</b>

\*Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes

## Commentary on Regulatory Services Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$26,000; \$26,000 greater than the budgeted break even position.

### Revenue

Total revenue for the year was \$230,000; \$22,000 less than the budgeted revenue of \$252,000.

The key variance from budget was:

- Income from food premises and publicans was down \$17,000 on budget as the fees have been offset against the expenditure.
- Dog registration and call out fees were \$5,000 less than budgeted.

### Direct Expenditure

The total direct expenditure for the year was \$204,000; \$48,000 less than the budgeted direct expenditure of \$252,000.

The key variances from budget were:

- Health and Liquor Licensing Costs have been offset against the income.
- Contributions to the South Canterbury Rural Fire District were greater than budgeted due to the funding of a previous year's deficit.



# Community Services

## 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.

## 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.

## Community Outcomes to which the Activities Contribute

Community Outcome	How the Community Services Activity Contributes
<b><i>A supportive contributing community</i></b>	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.
<b><i>A fit and healthy community</i></b>	The provision of the medical centres provides for local access to medical services.
<b><i>A thriving economy</i></b>	The provision of the public toilets is primarily for tourists who contribute to the economy.

## 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.



## Community Services Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<b>Pensioner Housing</b> <ul style="list-style-type: none"> <li>Provision of seven pensioner units in Fairlie and three pensioner units in Twizel</li> </ul>	<ul style="list-style-type: none"> <li>Pensioner housing occupancy is maintained at 95%</li> <li>Target rentals set to achieve 80% of market rental.</li> <li>Units are maintained in line with the building maintenance plan.</li> </ul>	<ul style="list-style-type: none"> <li>Actual occupancy on an annual basis.</li> <li>Target is effective for all units leased after June 2005. All other rentals adjusted as per Council policy (increases no more than five dollars per week for existing tenants until target rental is achieved).</li> <li>Programmed maintenance is completed</li> </ul>	<p><b>Achieved</b> Occupancy for the year has achieved 99%.</p> <p><b>Achieved</b> Rentals were charged in accordance with the policy.</p> <p><b>Achieved</b> No work programmed this year, maintenance inspections were completed. New paint and carpet in 1 Twizel unit.</p>
<ul style="list-style-type: none"> <li>Units are adequately maintained.</li> </ul> <b>Medical Centres</b> <ul style="list-style-type: none"> <li>Council provides doctors' residences and medical centres in Fairlie and Twizel and buildings are adequately maintained.</li> </ul>	<ul style="list-style-type: none"> <li>Buildings are maintained in line with the building maintenance plan.</li> </ul>	<ul style="list-style-type: none"> <li>Programmed maintenance is completed.</li> </ul>	<p><b>Achieved</b> Six monthly inspections were undertaken.</p>

## Community Services Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<b>Public Toilets</b> <ul style="list-style-type: none"> <li>Public toilets are provided in the three main townships and at the Pukaki / Mt Cook lookout. These toilets are open 24 hours per day seven days per week.</li> <li>Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use.</li> <li>Summer toilets are provided and cleaned weekly during the summer months and twice weekly during peak periods at Pines Beach Lake Tekapo, Lake Opuha and Lake Wardell.</li> </ul>	<ul style="list-style-type: none"> <li>Toilets maintained in line with contract specifications.</li> </ul>	<ul style="list-style-type: none"> <li>As determined by at least four random audits performed on each set of public toilets per annum and by recording and assessing all customer complaints.</li> </ul>	<b>Achieved</b> Random audits revealed no issue.
<b>Cemeteries</b> <ul style="list-style-type: none"> <li>Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel.</li> <li>Provision of RSA sections within Fairlie and Twizel cemeteries.</li> </ul>	<ul style="list-style-type: none"> <li>User charges cover the majority of costs associated with cemeteries.</li> <li>Cemeteries maintained in line with contract specification.</li> </ul>	<ul style="list-style-type: none"> <li>User charges recover 75% of operational cost.</li> <li>As determined by quarterly audits performed by staff.</li> </ul>	<b>Achieved</b> User charges recovered 80% of the operational costs.  <b>Achieved</b> Periodic inspections undertaken of all cemeteries with no areas of concern emerging.
<b>Grants</b> <ul style="list-style-type: none"> <li>Council makes grants to assist the running of the resource centres in Fairlie and Twizel.</li> <li>Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme.</li> </ul>	<ul style="list-style-type: none"> <li>All contractual requirements are met</li> <li>That all funds are allocated in line with rules from the granting organisations (SPARC and Creative New Zealand)</li> </ul>	<ul style="list-style-type: none"> <li>As determined by six monthly report.</li> <li>No complaints from SPARC or Creative New Zealand received with regards to the allocation of the funds.</li> </ul>	<b>Achieved</b> Reports received and reviewed by Fairlie and Twizel Community Boards  <b>Achieved</b> Grant allocations were completed and distributed during the year and reported to the funding providers. No complaints or issues raised by them.



## Community Services Cont...

### Identified Effects on Community Wellbeing

The Council believes that the community services activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
R	5	<b>Twizel Pensioner Housing</b>		
	<b>5</b>	Furniture and Fittings	-	<b>5</b>
R&L	956	<b>Fairlie Pensioner Housing</b>		
		New Buildings	17	41
	<b>961</b>	<b>TOTAL</b>	<b>17</b>	<b>41</b>
		<b>Funded by:</b>		
	961	Surplus from Operating	-	
	-	Twizel Pensioner Housing		
		Capital Reserve	-	5
	-	Fairlie Pensioner Housing		
		Capital Reserve	17	41
	<b>961</b>		<b>17</b>	<b>46</b>

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

### Reasons for Undertaking Capital Expenditure Projects

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

- The completion of new pensioner housing units was to meet a community need.

### Results for the 2008/2009 year

Total capital expenditure for the year was \$46,000; \$29,000 greater than the budget of \$17,000.

The key variances from budget were:

- Costs for completion of the new pensioner housing units in Fairlie were \$24,000 greater than budgeted, as no provisions were made for variations and provisional items.
- Heat pumps of \$5,000 were installed in the Twizel pensioner units, which were not budgeted for.

# Community Services Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
220	General Rates	210	191
67	Targeted Rates	75	64
17	Subsidies & Grants	19	18
94	Other Income	95	99
1	Interest on Capital Reserves	2	-
<b>399</b>		<b>401</b>	<b>372</b>
<b>DIRECT EXPENDITURE</b>			
-	Employment Expenses	-	-
150	Administration	140	118
173	Operational & Maintenance Expenses	200	189
34	Interest on Capital Reserves	-	10
49	Internal Expenses	54	52
23	Funded Depreciation*	10	16
37	Non-Funded Depreciation**	27	49
<b>466</b>		<b>431</b>	<b>434</b>
<b>(67)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(30)</b>	<b>(62)</b>
<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>			
(546)	General Reserve	-	5
(37)	Ratepayer's Equity	(27)	(49)
-	Real Estate Reserve	-	-
516	Pensioner Housing Capital Reserve	-	(12)
-	Building Maintenance Reserve	(3)	(6)
<b>(67)</b>		<b>(30)</b>	<b>(62)</b>

\* Depreciation funded via rates 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 Services Financial Summary

### Surplus/(Deficit)

The deficit for the year was \$62,000; \$32,000 greater than the budgeted deficit of \$30,000.

### Revenue

Total revenue for the year was \$372,000; \$29,000 less than the budgeted revenue of \$401,000.

The key variances from budget were:

- Rates in total were down \$30,000 on budget due to a reduction in the level of community grant spending.

### Direct Expenditure

The total direct expenditure for the year was \$434,000; \$3,000 greater than the budgeted direct expenditure of \$431,000.

The key variances from budget were:

- Administration costs were \$22,000 lower than budgeted due to a reduction in community grant spending.
- Depreciation was higher than budgeted for, due to the increase in the revaluation of assets in the prior year not being reflected in the 2008/09 budget.
- Interest on Capital Reserves of \$10,000 was incurred for the year, due to the extra capital expenditure required to complete the Fairlie Pensioner Housing units, and that the sale of the Mt Cook Road units only occurred this year and was expected to occur in the previous year.
- Operational and maintenance expenses were \$11,000 less than budgeted due to a reduction in community grant spending and a reduction in building repairs budgeted for.

# Recreational Facilities

## Background

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

## Rationale for Council's Involvement

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 Activity Contributes

Community Outcome	How the Community Services Activity Contributes
<b><i>A thriving economy</i></b>	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.
<b><i>A fit and healthy community</i></b>	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.
<b><i>A supportive contributing community</i></b>	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.
<b><i>An attractive and highly valued natural environment</i></b>	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 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



## Recreational Facilities Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<b>Swimming Pools</b> <ul style="list-style-type: none"> <li>The Swimming Pools at Fairlie and Twizel are operated between November to March each year and are open to the public from 3pm to 5pm week days during school terms and from 1pm to 5pm during weekends, public and school holidays. Public lane swimming sessions are held week day mornings and evenings.</li> <li>Pools are safe for swimming.</li> <li>The pools are available for private sessions outside of these times.</li> </ul>	<ul style="list-style-type: none"> <li>Pools available for use during programmed opening times.</li> <li>Pool water quality meets applicable standards.</li> <li>Facility use is maximised.</li> </ul>	<ul style="list-style-type: none"> <li>The pools are available for use during the specified times.</li> <li>Pool water quality meets New Zealand Standard (NZS 5826: 2000).</li> <li>Increase usage outside public hours by an average of two hours per week of opening.</li> </ul>	<p><b>Achieved in part</b> The Fairlie pool was open and available 100%, but there were some closures in Twizel due to problems with old equipment and breakdowns.</p> <p><b>Achieved</b> Both pools were tested on a monthly basis and were fully compliant with the standard.</p> <p><b>Achieved</b> Extra sessions were used during the year but these cannot keep expanding.</p>
<b>Halls and Community Centres</b> <ul style="list-style-type: none"> <li>The community centres are available seven days per week and usage is only restricted by other bookings.</li> <li>Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall.</li> <li>Buildings are adequately maintained. Sherwood and Albury halls are run by their local community committees. Council involvement with these facilities is limited to administration and some contribution to major repairs and maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Community centres and halls are kept clean and always available for use.</li> <li>Fees and charges are reviewed annually, to ensure they move in line with operational costs.</li> <li>Buildings are maintained in line with the building maintenance plan.</li> </ul>	<ul style="list-style-type: none"> <li>Community centres and halls are kept clean and available for use 365 days per year.</li> <li>List of updated fees and charges published in long-term council community plan or annual plan.</li> <li>Programmed maintenance is completed.</li> </ul>	<p><b>Achieved</b> Halls available for booking 365 days per year, clean and ready for use</p> <p><b>Achieved</b> Fees and charges published on the Council's website and in the long-term council community plan</p> <p><b>Not Achieved</b> Building inspections are completed on a six monthly basis by Whitestone. Not all maintenance achieved by June 2009.</p>

## Recreational Facilities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
<b>Parks, Reserves and Amenity Areas</b> <ul style="list-style-type: none"> <li>Council maintains a range of parks and reserves across the District ranging from sports grounds, passive reserve areas, public street gardens, play areas, Twizel greenways, lakeside reserves, walkways and undeveloped sites.</li> <li>The service levels for the majority of these sites are specified in the township maintenance contracts and detail items like grass heights, litter collection frequency, shrub bed and annual bed maintenance. Within these reserve areas there are areas that are maintained by community groups and these include passive parks and walkways.</li> </ul>	<ul style="list-style-type: none"> <li>Walkways adequately maintained.</li> <li>All play areas replaced or upgraded will be compliant with appropriate safety standards.</li> <li>As determined by regular audits of work.</li> </ul>	<ul style="list-style-type: none"> <li>Walkways maintained in line with the National Standard for Walkways.</li> <li>All play areas replaced or upgraded comply with New Zealand Standard 5828:2004.</li> <li>Specifications complied with.</li> </ul>	<p><b>Achieved</b> All walkways were maintained in line with the National Standard.</p> <p><b>Achieved</b></p> <p><b>Achieved in Part</b> The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work.</p> <p>There was a significant issue with garden maintenance in Tekapo, however, other areas complied with the specifications.</p>
<b>Libraries</b> <ul style="list-style-type: none"> <li>The libraries are run as "Community Libraries" catering for a cross section of educational and recreational reading requirements. They also offer other services such as photocopying, Internet access etc</li> <li>The libraries are open to the public 39 hours per week over six days.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain ratio between borrowers and the District's rateable properties.</li> <li>Hours maintained</li> </ul>	<ul style="list-style-type: none"> <li>Currently 45,573 issues made per year for 3600 rateable properties, therefore the ratio is 12.66 issues per ratepayer per annum.</li> <li>Target met.</li> </ul>	<p><b>Achieved in Part</b> 49,764 issues were made during the year for 4,085 rateable properties; a ratio of 12.18 issues per ratepayer. This was an improvement on last year however, additional ratepayers offset the ratio.</p> <p><b>Achieved</b> Target has been met by opening hours being maintained throughout the year.</p>

## Recreational Facilities Cont...

### Identified Effects on Community Wellbeing

The Council believes that the recreational facilities activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure

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:

- The playground upgrade for Fairlie was scheduled after a planning exercise for the township was to be undertaken.
- Initial work for a new recreation centre for Lake Tekapo was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002.

#### Results for the 2008/2009 year

Total capital expenditure for the year was \$86,000; \$27,000 less than the budget of \$113,000.

The key variances from budget were:

- The playground upgrade for Fairlie was not undertaken as the planning exercise was deferred.
- Only \$8,000 was spent in Lake Tekapo with regards to a new recreation centre due to further investigations being required to confirm the site and development.
- Significant unbudgeted expenditure occurred in the Twizel area, with the purchase of a chipper at the request of the Twizel Community Board, and work on the completion of the town centre upgrade.

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
R	6	<b>District General</b>		
	<b>6</b>	Aerial Photos	15	11
R	-	<b>Mackenzie Community Centre Furniture &amp; Fittings</b>	15	11
	-		3	3
	40	<b>Twizel Community Library</b>	3	3
	<b>40</b>	Entrance Upgrade	-	-
R	36	<b>Twizel Community Centre</b>	-	-
	<b>36</b>	Plant	-	1
R	-	<b>Fairlie Township</b>	-	1
	-	Playground Upgrade	25	-
G&L	1,049	<b>Twizel Township</b>	25	-
	-	Implementation of Development Plan	-	34
	<b>1,049</b>	Plant	-	29
G&L	19	<b>Tekapo Community Hall</b>		<b>63</b>
	<b>19</b>	Upgrade of Recreation Area	70	8
	<b>1,150</b>	<b>TOTAL</b>	70	8
	6	<b>Funded by:</b>	113	86
	59	District General Capital Reserve	15	11
	-	Land Subdivision Reserve	95	8
	1,049	Mackenzie Community Centre Capital Reserve	3	3
	36	Twizel Township Capital Reserve	-	63
	<b>1,150</b>	Twizel Events Centre Capital Reserve	-	1
			113	86

R = Renewal G = New works – driven by growth L = New works – driven by increased level of service

# Recreational Facilities Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>REVENUE</b>			
179	General Rates	214	250
992	Targeted Rates	1,063	1,086
8	Financial Contributions	-	10
155	Other Income	138	223
8	Interest on Capital Reserves	16	5
<b>1,342</b>		<b>1,431</b>	<b>1,574</b>
<b>DIRECT EXPENDITURE</b>			
66	Employment Expenses	65	63
6	Consultancy Expenses	-	12
106	Administration	109	104
787	Operational & Maintenance Expenses	853	706
69	Interest on Capital Reserves	97	66
180	Internal Expenses	198	188
86	Funded Depreciation*	34	31
142	Non-Funded Depreciation**	187	217
<b>1,442</b>		<b>1,543</b>	<b>1,387</b>
<b>(100)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(112)</b>	<b>187</b>
<b>Operating Surplus tfr'd to/(funded by)</b>			
(142)	Ratepayer's Equity	(187)	(213)
(20)	Building Maintenance Reserve	(29)	7
(25)	General Reserve	-	44
16	Fairlie Works & Services Reserve	5	11
98	Tekapo Works & Services Reserve	80	35
(46)	Twizel Works & Services Reserve	-	(4)
2	Rural Works & Services Reserve	-	61
17	Tekapo Township Capital Reserve	100	-
-	Tekapo Community Hall Capital Reserve	-	99
-	Twizel Township Capital Reserve	72	117
-	Twizel Events Centre Capital Reserve	15	15
1	Sherwood Downs Capital Reserve	2	14
(1)	Albury Hall Operating Reserve	-	-
<b>(100)</b>		<b>(112)</b>	<b>187</b>

\* Depreciation funded via rates 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 Recreational Facilities Financial Summary

### Surplus/(Deficit)

The surplus for the year was \$187,000; \$299,000 greater than the budgeted deficit of \$112,000.

### Revenue

Total revenue for the year was \$1,574,000; \$143,000 greater than the budgeted revenue of \$1,431,000.

The key variances from budget were:

- The level of rates increased due to the Community facilities rate not being included in the budget, and a higher level of general rates due to new sections being added.
- Financial contributions of \$10,000 were received from J & E Hutt for the benefit of the Sherwood Downs Hall.
- Other income increased by \$85,000, this was due to lease income received from the Lake Alexandrina hut holders, and lakeside land in Lake Tekapo.
- Interest on capital reserves was down \$11,000 due to lower interest rates and a planned transfer from the operating reserve which did not happen.

### Direct Expenditure

The total direct expenditure for the year was \$1,387,000; \$156,000 less than the budgeted direct expenditure of \$1,543,000.

The key variances from budget were:

- Consultancy expenses of \$12,000 were incurred in relation to the Lake Alexandrina hut rental agreements.
- Operational and maintenance expenses were \$147,000 lower than budget due to township projects not going ahead, no spending occurring on the Peace Avenue Trees, the Road Safety campaign or the maintenance planned for the Mackenzie Community centre.
- Interest on capital reserves was \$31,000 lower than budgeted due to lower interest rates.
- Depreciation was higher than budgeted as the increase in the asset values were not reflected in the depreciation budget for the 2008/09 year.



# Commercial Activities

## 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 the activities of the Mackenzie Tourism and Economic Development Trust; and operating the Lake Pukaki Visitor Information Centre.

## 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.

### Mackenzie Tourism and Economic Development Trust

After consulting the public through a special consultative procedure, the Council created a new Council Controlled Organisation, the Mackenzie Tourism and Development Trust. The Trust took over the role previously undertaken by the Mackenzie Tourism and Development Board and also assumed the operational responsibilities of the Pukaki Visitor Information Centre.

### 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"> <li>The income derived from investments is used to offset the rate requirement and as such reduces the rates charged.</li> <li>The Council is committed to investing in the District through the forestry activity as all plantations must be within the District.</li> <li>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.</li> <li>By leasing the commercial areas of land, the Council is assisting the lessees in running their businesses as well as providing rental returns.</li> <li>The Mackenzie Tourism and Development Trust is responsible for promoting sustainable development of tourism and business throughout the District.</li> <li>The Pukaki Visitor Information Centre provides information about the tourist activities and accommodation throughout the District.</li> </ul>



## Commercial Activities Cont...

### Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
<b>Investments</b> The Community expects the investments of the Council to be managed wisely.	<ul style="list-style-type: none"> <li>Council's cash investment portfolio independently reviewed each quarter.</li> <li>Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>Investments outperform benchmark portfolio.</li> <li>Reviews undertaken.</li> </ul>	<p><b>Not Achieved</b> The Council's Investment Portfolio outperformed the benchmark for one of the four quarters.</p> <p><b>Achieved</b> Council reviewed the Annual Report for the year ended 31 March 2008 for Alpine Energy Limited on 8 July 2008 and reviewed the 2009-2012 Statement of Intent for Alpine Energy Limited on 12 May 2009.</p>
<b>Mackenzie Forestry Board</b> The Board is required to operate and administer the Mackenzie District Council's forestry estate as a successful business.	<ul style="list-style-type: none"> <li>Council will approve the statement of intent for the Mackenzie Forestry Board.</li> <li>To ensure that all new planting should achieve the minimum internal rate of return.</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the statement of intent is made prior 30 June in each year.</li> <li>100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax.</li> </ul>	<p><b>Achieved</b> Council reviewed the Statement of Intent for the Mackenzie Forestry Board on 16 December 2008.</p> <p><b>Achieved</b> Achieved in a previous year.</p>
<b>Real Estate</b> The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	<ul style="list-style-type: none"> <li>Council will progress the disposal of the areas of land identified for sale.</li> <li>Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.</li> <li>A full land rationalisation process will be completed by September 2007.</li> </ul>	<p><b>Not Achieved</b> No additional review during the year.</p> <p><b>Not Achieved</b> The land rationalisation process was deferred.</p>

## Commercial Activities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
<b>Rental Properties</b> It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	<ul style="list-style-type: none"> <li>Council will ensure that the terms of each commercial lease agreement are adhered to.</li> </ul>	<ul style="list-style-type: none"> <li>All lease agreements are reviewed on a regular basis.</li> </ul>	<b>Achieved</b> Terms of all commercial leases were adhered to.
<b>Pukaki Airport Board</b> Operation of the Pukaki Airfield as a public facility	<ul style="list-style-type: none"> <li>The board achieves the goals set in its Statement of Intent.</li> </ul>	<ul style="list-style-type: none"> <li>The board will report to Council on regular basis on its activities and progress towards meeting its goals.</li> </ul>	<b>Achieved</b> Council reviewed the Statement of Intent for Pukaki Airport Board for 2009-12 on 2 June 2009.

## Commercial Activities Cont...

### Identified Effects on Community Wellbeing

The Council believes that the commercial activities activity has effects on the economic and environmental well-being of the community; however, these have yet to be formally identified.

### Capital Expenditure

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

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
<b>G</b>	113	<b>Real Estate</b>		
	<b>113</b>	Land Transactions	-	-
			-	-
	2	<b>Tourism &amp; Economic Development</b>		
	(4)	Computers	-	-
	<b>(2)</b>	Motor Vehicle	-	-
			-	-
	1,031	<b>Pukaki Airport Board</b>		
	<b>1,031</b>	Airport Development	590	1,277
	<b>1,142</b>		<b>590</b>	<b>1,277</b>
		<b>TOTAL</b>	<b>590</b>	<b>1,277</b>
		<b>Funded by:</b>		
	1,031	Pukaki Airport Board Capital Reserve	<b>590</b>	<b>1,277</b>
	113	Real Estate Reserve	-	-
	(2)	Tourism Operating Reserve	-	-
	<b>1,142</b>		<b>590</b>	<b>1,277</b>

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

### Reasons for Undertaking Capital Expenditure Projects

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

- Stages five and six of the Pukaki Airport subdivision were undertaken during the year.

### Results for the 2008/2009 year

Total capital expenditure for the year was \$1,277,000; \$463,000 greater than the budget of \$590,000.

The key variance from budget was:

- Spending on the Pukaki Airport development was significantly higher than budgeted due to higher than expected survey and development costs, the power and phone connections were installed and the runway resealing project was undertaken. The decision to reseal the runway was specifically approved by Council as an unbudgeted item.



## Commercial Activities Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
	<b>REVENUE</b>		
-	General Rates	75	-
156	Targeted Rates	70	204
3,521	Gross Real Estate Sales	838	683
(514)	Cost of Real Estate Sales	-	(439)
208	Other Income	41	164
(173)	Other Gains/Losses	-	621
440	Dividend	389	480
354	External Interest	638	498
262	Internal Interest	84	161
4,254		2,135	2,372
(1,129)	Less used to offset Rates	(1,069)	(1,088)
<b>3,125</b>		<b>1,066</b>	<b>1,284</b>
	<b>DIRECT EXPENDITURE</b>		
145	Employment Expenses	-	-
80	Members Expenses	40	40
142	Consultancy Expenses	67	143
135	Administration	72	89
159	Operational & Maintenance Expenses	413	504
-	Interest on Capital Reserves	-	-
133	Internal Expenses	136	136
42	Non-Funded Depreciation*	6	13
<b>836</b>		<b>734</b>	<b>925</b>
<b>2,289</b>	<b>Operating Surplus/(Deficit)</b>	<b>332</b>	<b>359</b>

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
	<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>		
72	Real Estate Reserve	(155)	(166)
(222)	Forestry Capital Reserve	(161)	156
(42)	Ratepayer's Equity	(6)	(13)
-	Fairlie Township Operating Reserve	-	4
-	Rural Works & Services Operating Reserve	-	35
-	Tekapo Township Operating Reserve	-	8
-	Twizel Township Operating Reserve	-	10
2,524	Pukaki Airport Board Operating Reserve	654	17
(3)	Tourism Operating Reserve	-	(11)
	Investment Revaluation Reserve	-	319
(40)	General Reserve	-	-
<b>2,289</b>		<b>332</b>	<b>359</b>

\*Depreciation funded via rates is deposited into the appropriate capital reserve, which is used for capital expenditure purposes.

### Commentary on Commercial Activities Financial Summary

#### Surplus/(Deficit)

The surplus for the year was \$359,000; \$27,000 greater than the budgeted surplus of \$332,000.

#### Revenue

Total revenue for the year was \$1284,000; \$218,000 greater than the budgeted revenue of \$1,066,000. The key variances from budget were:

- Rates were up on budget by \$59,000 due to further rates collected from Tourism than budgeted.
- External interest was down on budget by \$140,000 due to significantly lower interest rates and a reduced cash balance than was expected.
- Other income was up on budget by \$123,000 mainly due to contract cancellation fees received.
- Dividend income ended the year \$91,000 greater than budgeted due to a special dividend paid out by Alpine Energy Limited.
- Net real estate sales were significantly less than budgeted as only one section sold in the Pukaki airport subdivision; this was however offset by \$578,000 of sales from the Real estate portfolio which were not budgeted for.
- Other Gains/losses resulted from the write up of the forestry investment of \$301,000 and the investment portfolio of \$319,000.

## Commercial Activities Financial Summary cont...

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- Internal interest was \$77,000 higher than budgeted due to higher levels of internal lending than was originally budgeted for.

### *Direct Expenditure*

The total direct expenditure for the year was \$925,000; \$191,000 greater than the budgeted direct expenditure of \$734,000.

The key variances from budget were:

- Consultancy expenses were up on budget by \$76,000 due to significant consultancy costs required in Real Estate, this was regarding the cancellation of a contract and other costs related to future sales.
- Operational and maintenance expenses were greater than budgeted by \$91,000. This is a combination of \$226,000 of contract costs related to the Twizel supermarket development, offset by \$301,000 from an increase in the value of the forestry assets.
- Administration costs were \$17,000 over budget mainly due to an increase in costs incurred by the Pukaki Airport Board.



# Corporate Services

## Background

Corporate services provides the administration and accommodation support for all other activities of Council.

## Rationale for Council's Involvement

Corporate services provide managerial or 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 the Activity Contributes

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.

## Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
The service levels are internally agreed between the Corporate Services and the area of the organisation that it provides services to. The key organisation wide function is compliance with the Local Government Act 2002.	<ul style="list-style-type: none"><li>• All plans and reports completed in accordance with the Local Government Act 2002.</li></ul>	<ul style="list-style-type: none"><li>• Completion of Annual Reports by 31 October each year.</li><li>• Adoption of long-term council community plans by 30 June every three years.</li><li>• Adoption of Annual Plans by 30 June in the intervening years.</li></ul>	<p><b>Achieved:</b> Council's Annual Report for the year ended 30 June 2008 was adopted on 28 October 2008.</p> <p><b>Achieved:</b> Council's 2009-2019 Long Term Council Community Plan was adopted by Council on 30 June 2009.</p>

# Corporate Services Cont...

## Identified Effects on Community Wellbeing

The Council believes that the Corporate Services activity has effects on the social, economic, environmental and cultural well-being of the community; however, these have yet to be formally identified.

## Capital Expenditure

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:

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

### Results for the 2008/2009 year

Total capital expenditure for the year was \$167,000; \$7,000 less than the budget of \$174,000.

The key variances from budget were:

- Budgeted furniture and plant replacements in the administration department were not required.

*R = Renewal G = New works – driven by growth L = New works – driven by increased level of service*

Requirement for Work	Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
		<b>Administration</b>		
R	8	Computers	2	2
R	2	Furniture & Fittings	2	-
R	3	Plant & Equipment	3	-
	<b>13</b>		<b>7</b>	<b>2</b>
		<b>Information Technology Department</b>		
	3	Computers	-	-
	-	Communications Equipment	-	3
R	11	Printers, Copiers & Scanners	10	-
R		Network Infrastructure	2	2
R	2	Software	-	-
R		Virtual Server	38	49
R	1	Plant & Equipment	5	3
	<b>17</b>		<b>55</b>	<b>57</b>
		<b>Community Facilities Department</b>		
R	-	Computers	3	1
	-		<b>3</b>	<b>1</b>
		<b>Engineering Department</b>		
R	1	Computers	-	-
	<b>1</b>		-	-
		<b>Plant Account</b>		
R	19	Vehicle Replacement	109	107
	<b>19</b>		<b>109</b>	<b>107</b>
	<b>50</b>	<b>TOTAL</b>	<b>174</b>	<b>167</b>
		<b>Funded by:</b>		
	13	Administration Capital Reserve	7	2
	19	CEO Dept Capital Reserve	-	-
	17	IT Department Capital Reserve	55	57
	-	Comm Fac Dep Capital Reserve	3	1
	-	Plant Account	109	107
	1	Engineering Dept Capital Reserve	-	-
	<b>50</b>	<b>TOTAL</b>	<b>174</b>	<b>167</b>



# Corporate Services Financial Summary

Actual 2007/08 (\$000)		Budget 2008/09 (\$000)	Actual 2008/09 (\$000)
75	<b>REVENUE</b>	90	80
-	Other Income	1	1
1,758	Interest on Capital Reserves	1,829	1,751
<b>1,833</b>	Internal Income	<b>1,920</b>	<b>1,832</b>
	<b>DIRECT EXPENDITURE</b>		
900	Employment Expenses	936	938
115	Consultancy Expenses	123	112
277	Administration	323	272
181	Operational & Maintenance	178	105
6	Interest on Capital Reserves	8	10
295	Internal Expenses	328	302
59	Funded Depreciation*	82	95
40	Non-Funded Depreciation**	39	45
<b>1,873</b>		<b>2,017</b>	<b>1,879</b>
<b>(40)</b>	<b>Operating Surplus/(Deficit)</b>	<b>(97)</b>	<b>(47)</b>
	<b>Operating Surplus transferred to/ (Operating Deficit funded by):</b>		
-	Administration Operating Reserve	(33)	
-	Plant Operating Reserve	-	1
(40)	Ratepayer's Equity	(39)	(45)
-	Building Maintenance Reserve	(25)	(3)
<b>(40)</b>		<b>(97)</b>	<b>(47)</b>

\* Depreciation funded via rates 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 Corporate Services Financial Summary

### Surplus/(Deficit)

The deficit for the year was \$47,000; \$50,000 less than the budgeted deficit of \$97,000.

### Revenue

Total revenue for the year was \$1,832,000; \$88,000 less than the budgeted revenue of \$1,920,000.

The key variance from budget was:

- Cost savings made in the Corporate Services area has meant that internal income is reduced by \$78,000.

### Direct Expenditure

The total direct expenditure for the year was \$1,879,000; \$138,000 less than the budgeted direct expenditure of \$2,017,000.

The key variances from budget were:

- Administration costs were lower than budget by \$51,000 due to cost savings made in this area, and the oncharging of costs to the Tourism and Development Trust which had not happened in the previous year.
- Operational and maintenance expenses and consultancy expenses were both down on budget by \$73,000 and \$11,000 respectively.



## Council Controlled Organisations

- **Mackenzie Holdings Limited**
- **Mackenzie Tourism & Development Trust**

# Council Controlled Organisations

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## **Mackenzie Holdings Limited**

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

The Council reviewed the structure of the operation of the Pukaki Airfield in October 2006 and for a number of reasons, including taxation and financing, the Council reverted the operation back to a Committee of Council.

The assets and liabilities of Mackenzie Holdings Ltd were assumed by the Council as of 1 July 2007 and the company has ceased trading.

Council's operation of the Pukaki Airport has been transferred to the Pukaki Airport Board. Consequently Mackenzie Holdings Ltd will be wound up.

## **Mackenzie Tourism and Development Trust**

As a result of feedback the Council received to its amendment to the LTCCP to change its rating structure to provide targeted rates for the tourism sector, the Mackenzie Tourism and Development Board undertook a review of its activities and structure.

### **Organisational Review**

The review made nine recommendations as to the most appropriate direction for tourism promotion in the Mackenzie District. The recommendations included:

- That a Charitable Trust be formed
- That the Trust establishes an office in Fairlie
- That the Trust appoints employees to manage and operate the marketing of the region.
- That the Trust takes over responsibility of the Pukaki Visitor Centre
- That the Trust continue to contribute to the International Marketing Fund administered by Christchurch and Canterbury Tourism.

### **Public Consultation**

In September 2007, a Statement of Proposal for the establishment of the Mackenzie Tourism and Development Trust was released for public consultation with the submission period closing on 17<sup>th</sup> October 2007. Two submissions were received on the proposal, both in support, and as a result the Council, at its 30 October 2007 meeting resolved to establish the Mackenzie Tourism and Development Trust and appointed the following as Trustees:

- Lesley O'Hara (Chair)
- Denis Callesen
- Peter Foote
- Kieran Walsh
- Graeme Murray
- John O'Neill (Mayor)
- Leon O'Sullivan (Councillor)

### **Trust's Vision**

The vision of the organisation is to provide economic and social benefit to the Mackenzie District through effective promotion of tourism and business development.

### **Trust's Objectives**

The objectives of the Trust are as follows:

- Efficient Business Management
- Increase Visitors and Dollar Spend
- Effective Marketing and Promotion
- Regional and National relationships
- Enhance Business Practice and Develop a Learning Culture
- Grow and Develop Income Opportunities
- Catalyst for Development

### **Performance Measures**

As the Trust is still in its establishment phase, key performance measures will be developed.

# Māori Capacity to Contribute to Decision-making Processes

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## 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.

The Council has also consulted with Te Runanga o Ngai Tahu with regards Plan Change 13 relating to development in the Mackenzie Basin.

## 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 2008-2009 annual plan and encouraged comment.

During the 2008/2009 year, the Council did not formally meet with the Runanga.

# Statement of Accounting Policies

# Statement of Accounting Policies

## Reporting Entity

The Mackenzie District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and qualifies as a 'public benefit entity' (PBE) under the New Zealand equivalents of International Financial Reporting Standards (NZ IFRS).

The Mackenzie District Council group consists of Mackenzie District Council, and subsidiaries, Mackenzie Holdings Ltd (100% owned), and the Mackenzie Tourism and Development Trust (Charitable Trust)

The primary objective of Mackenzie District Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Mackenzie District Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

The financial statements of Mackenzie District Council are for the year ended 30 June 2009. The financial statements were authorised by Council on 28 October 2009.

## *Standards and Interpretations issued and not yet adopted*

A number of new Interpretations and Standards are not yet effective for the year ended 30 June 2009 and have not been applied in preparing these financial statements:

- *NZ IFRS 3: Business Combinations (revised 2008) and the amended NZ IAS 27; Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009.*

## Measurement Base

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis modified by the revaluation of land, buildings, certain infrastructural assets, investment property, and biological assets, have been followed.

## *Subsidiaries*

Mackenzie District Council consolidates as subsidiaries in the group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

## *Basis of Consolidation*

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenditure on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Council's investment in its subsidiary is carried at cost in the Council's own "parent entity" financial statements.



# Statement of Accounting Policies

## Summary of Accounting Policies

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with NZ IFRS and other applicable financial reporting standards as appropriate for PBEs. The principal accounting policies adopted are set out below.

### Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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:

#### *Landfill closure costs:*

As the former operator of the various closed landfills in the Mackenzie District, the Council has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs was initially recognised as a liability when the obligation for post-closure costs arose. 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 provision includes all other costs associated with landfill post-closure. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### *Infrastructural assets:*

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, sewerage and water supply pipes which are underground. This risk is minimised by inspection of a range of infrastructural assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do

not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience and experience with other entities. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

## 1 Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

## 2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

- Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.
- Rates revenue is recognised by Council as income on a straight line basis over the rating period.
- Excess water charges are recognised based on the volumes delivered. Revenue is recognised on an accrual basis.
- Revenue from a contract to provide services is recognised by reference to the stage of completion.
- Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Lease incentives granted are recognised as part of the total rental income. Rental income from investment and other property is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease.
- Land Transport New Zealand roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

# Accounting Policies Cont...

- 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.
- Revenue from assets vested in Council, with or without restrictions, are recognised when control over the assets is obtained.

## 3 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 a number of reserves to enable clearer identification of the specified uses that the Council make of its accumulated surpluses.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its long-term council community plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

The 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 overdrawn. An overdrawn capital reserve is, in effect, an internal loan from the Council to the community and conversely, a capital reserve in funds is an internal loan from the community to the Council. An interest component is applied to the capital reserve depending on whether the particular reserve is in funds or overdrawn. The Council policy is to charge interest on overdrawn capital reserves at 100 basis points above the Official Cash Rate and pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

### *Asset Revaluation Reserve*

Any increases in equity as a result of assets being revalued have been recognised as an increase to the Asset Revaluation Reserve. Any decreases as a result of a devaluation have been recognised as a decrease to the Asset Revaluation Reserve to the extent of any credit balance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial performance up to the amount previously expensed, and the remainder credited to the revaluation reserve for that class of asset. Any devaluations that result in the relevant asset being valued at less than the original cost have been recognised as an expense.

### *Other Reserves & Special Funds Reserves*

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





# Accounting Policies Cont...

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 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.

## **4 Trade and Other Receivables**

Trade and other receivables include rates and water charges and are recorded at their amortised cost which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Trade receivables are stated at their amortised cost which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

## **5 Inventories**

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

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The writedown from cost to net realisable value is recognised in the statement of financial performance.

## **6 Investments**

Equity investments in subsidiaries are valued in the Council's parent financial statements at cost.

Equity investments in other companies are valued at fair value. Any gains and losses arising from changes in fair value are recognised directly in the income statement for the period.

Other investments are recognised on a trade-date basis and are initially measured at fair value, including transaction costs. At subsequent reporting dates, debt securities that the Council has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities and loans and receivables are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

# Accounting Policies Cont...

## 7 Property, Plant and Equipment and Depreciation

Property, plant and equipment have been separated into operational and restricted assets. Operational and restricted assets are defined as follows:

- *Operational Assets:* Tangible assets able to be dealt with as part of the operating strategy.
- *Restricted Assets:* These cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

The cost of an item of plant, property 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 the Council and the cost of the item can be measured reliably.

### *Revaluation*

Property, plant and equipment are stated at their revalued amounts except for furniture and equipment; motor vehicles, plant and machinery, heritage assets, rural water races, landfills and village projects. Furniture and equipment; motor vehicles, plant and machinery, heritage assets, rural water races, landfills and village projects are stated at their cost or deemed cost.

The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

Additions between valuations are recorded at cost, except for vested assets. 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 components vested and the current "in the ground" cost of providing identical services.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the net book value of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to Accumulated General 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 the Council and the cost of the item can be measured reliably.

### *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, have been included in this document at their 1 July 2007 valuations, plus additions at cost, less associated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis, was conducted by a registered valuer, Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2007. Subsequent additions have been valued at cost and depreciated. Rural water races, landfills and village projects 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.

### *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.

### *Land Under Roads*

Land under roads includes land under formed roads. 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.

### *Land & Buildings*

All land has been revalued to rating valuation as at 1 July 2006, determined by Valuation New Zealand. Future valuations will be carried out on a three yearly basis. Buildings have been revalued as at 1 July 2007 by Quotable Value. Future valuations will be carried out on a three yearly basis. Buildings have been valued using market



# Accounting Policies Cont...

values where a market exists for that asset, or at depreciated replacement cost. These valuations have been adopted as a deemed cost. Each building has also been componentised into: structure; services and internal fitout. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

## *Plant & Machinery*

Plant & machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2007 by registered valuer, Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

## *Heritage Assets*

Heritage assets have been included in these accounts at cost less accumulated depreciation.

## *Other Assets*

All other assets are valued at the lower of cost and net realisable value.

## **Depreciation**

### *Land*

Land is not depreciated.

### *Motor Vehicles*

Motor vehicles are depreciated at 20% per annum on a straight line basis.

### *Infrastructural Assets and Buildings*

Depreciation is provided on a straight line basis at rates that will write off the cost (or valuation) of the asset over their estimated useful lives. The estimated useful lives of the assets are as follows:

#### *Roading/Bridge Network*

▪ Land under roads	Not depreciated
▪ Formation	Not depreciated
▪ Sub base	Not depreciated
▪ Base Course	75 - 100 years
▪ Surfacing	0 - 17 years
▪ Kerb & Channelling	10 - 100 years
▪ Street Signs	13 years
▪ Street Lighting	20 - 40 years
▪ Bridges	80 years

#### *Water Network*

▪ Piping Mains	60 - 80 years
▪ Pumps	15 years
▪ Servicelines	80 - 100 years
▪ Hydrants	100 years
▪ Valves and Air Valves	80 years
▪ Meters	25 years
▪ Reservoirs	80 years

#### *Sewerage Network*

▪ Mains	60 - 80 years
▪ Pumps	15 years
▪ Oxidation Ponds	Not depreciated
▪ Box Culverts	100 years
▪ Manholes	100 years

#### *Stormwater Network*

▪ Lines	100 years
▪ Manholes	100 years
▪ Open Drains	Not depreciated

#### *Buildings*

▪ Structure	80 years
▪ Services	45 years
▪ Internal Fitout	25 years

#### *Other Assets*

All other assets are depreciated on a straight line basis at rates that will write off their costs, less any estimated final sales value, over their expected useful economic life. The expected useful lives of major classes of assets are as follows:

▪ Light Plant & Machinery	5-10 years
▪ Plant & Machinery	5-10 years
▪ Office Equipment	2-10 years
▪ Furniture & Fittings	5-10 years
▪ Computer Equipment	3-5 years
▪ Computer Network Cabling	10 years
▪ Heritage Assets	60-150 years
▪ Village Projects	5-80 years
▪ Landfills	33-50 years
▪ Resource Recovery Parks:	
○ Formation/Site Development	35 years
○ Surfacing/Metalling	15 years
○ Signage, Plant & Equipment	5-10 years

# Accounting Policies Cont...

## 8 Forestry

Forests were valued as at 30 June 2009, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with NZ IAS 41. All forests have been valued at 'fair value' less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Council has a policy to revalue its forests annually. Any increase or decrease in the valuation is reflected in the Statement of Financial Performance.

## 9 Intangible Assets

### *Software*

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

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

### *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 statement of financial performance.

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

- Computer Software 3 years

## 10 Impairment

At each balance date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where it is not possible to estimate the recoverable amount of an

individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of fair value less costs to sell, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount and the impairment loss reverses a previous revaluation increment. In this case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

## 11 Employee Entitlements

Employee entitlements 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 measured as a rolling average of sick leave paid out over the previous two financial years and the current financial year.

Liabilities for accumulated annual leave are measured as the additional amount of unused entitlement accumulated at the balance date.

# Accounting Policies Cont...

## 12 Borrowings

Interest-bearing bank loans and overdrafts and other term borrowings, are initially recorded at fair value which is usually the proceeds received, net of direct issue costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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

## 13 Trade and other Payables

Trade payables are stated at their amortised cost which approximates their nominal value given their short term nature.

## 14 Leases

### Finance Leases

Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. The leased assets are depreciated over the period the Council is expected to benefit from their use.

### Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis.

## 15 Financial Instruments

The Council is party to financial instrument arrangements as part of its everyday operations. These financial arrangements include bank deposits, investments, bonds, accounts receivable, bank overdraft facility, accounts payable and term loans.

Revenue and expenditure in relation to all financial instruments are recognised in the income statement. All financial instruments are recognised in the balance sheet, at

their fair value when the Council becomes a party to the contractual provisions of the instrument.

## 16 Statement of Cash Flows

*Cash and cash equivalents* comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which the Council invests as part of its day-to-day cash management.

*Operating activities* include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's main bank account.

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

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

## 17 Cost of Service Statements

The Cost of Service Statements as provided in the Statement of Service Performance, report the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

## 18 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 are charged to significant activities based on cost drivers and related activity/usage information.

### Criteria for Direct and Indirect Costs

'Direct costs' are those costs directly attributable to a significant activity.

'Indirect costs' are those costs, which cannot be identified in an economically feasible manner with a specific significant activity.

### Cost Drivers for Allocation of Indirect Costs

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

## Accounting Policies Cont...

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### **19 Cash and Cash Equivalents**

Cash and Cash Equivalents includes, cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

# Financial Statements

**Statement of Financial Performance**

**Statement of Changes in Equity**

**Statement of Financial Position**

**Statement of Cashflows**

**Statement of Commitments and Contingencies**

**Notes to the Accounts**



# Statement of Financial Performance

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Note	Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
		<b>REVENUE</b>				
1,816	1,816	General Rates		1,992	1,915	
2,753	2,753	Targeted Rates	2	2,935	3,107	
1,312	1,312	Subsidies & Grants	3	1,345	1,382	
801	801	Investment Income	4	1,027	986	
1,304	1,304	Vested Assets		2,022	325	
1,336	1,336	Other	5	1,209	1,328	
3,008	3,008	Real Estate Sales		839	244	
1,191	1,191	Financial Contributions		391	1,040	
116	116	Reserve Contributions		454	30	
(173)	(173)	Other – Gains/(losses)	6	-	621	
<b>13,464</b>	<b>13,464</b>	<b>Total Revenue</b>		<b>12,214</b>	<b>10,978</b>	
		<b>OPERATING EXPENSES</b>				
1,797	1,842	Employment Expenses		1,733	1,730	
309	309	Member Expenses		243	233	
503	503	Consultancy Expenses		352	426	
799	800	Administration		779	703	
2,111	2,118	Operational & Maintenance Expenses		2,599	2,538	
1,023	1,023	Roading Expenses		990	1,199	
2,614	2,614	Depreciation		1,988	2,674	
33	33	Loss on Sale		-	22	
<b>9,189</b>	<b>9,242</b>	<b>Total Expenditure</b>	<b>7</b>	<b>8,684</b>	<b>9,525</b>	
<b>4,275</b>	<b>4,222</b>	<b>OPERATING SURPLUS (DEFICIT) BEFORE TAXATION</b>		<b>3,530</b>	<b>1,453</b>	
-	-	Provision For Taxation	16	-	-	
<b>4,275</b>	<b>4,222</b>	<b>OPERATING SURPLUS (DEFICIT) AFTER TAXATION</b>		<b>3,530</b>	<b>1,453</b>	

The accompanying notes form part of these financial statements.

## Statement of Comprehensive Income

<b>Council Actual 2007/08 \$000's</b>	<b>Group Actual 2007/08 \$000's</b>		<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
4,275	4,222	Net Surplus/(Deficit)	3,530	1,453	
(181)	-	Equity in Mackenzie Holdings Ltd	-	-	
19	19	Bequest – Enid Hutt Beautifying Fund	-	-	
-	-	Transfer to Mackenzie Tourism & Development Trust	-	(71)	
39	39	Revaluation on water assets sold	-	-	
25,791	25,791	Increase/(Decrease) in Revaluation Reserves	-	12	
<b>29,943</b>	<b>30,071</b>	<b>Net Comprehensive Income</b>	<b>3,530</b>	<b>1,394</b>	

## Statement of Changes in Equity

<b>Council Actual 2007/08 \$000's</b>	<b>Group Actual 2007/08 \$000's</b>		<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
<b>139,516</b>	<b>139,335</b>	<b>Equity at the Start of the Period</b>	<b>115,053</b>	<b>169,459</b>	<b>169,405</b>
29,943	30,071	Net comprehensive income	3,530	1,394	
<b>169,459</b>	<b>169,405</b>	<b>Equity at the End of the Period</b>	<b>118,583</b>	<b>170,853</b>	

The accompanying notes form part of these financial statements.

# Statement of Financial Position

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Note	Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
90,436	90,382	Accumulated General Funds		102,034	91,892	
(2,188)	(2,188)	Capital Reserves	12	(2)	(2,376)	
586	586	Operational Reserves	13	1,430	986	
6,419	6,419	Special Funds	10	6,420	6,384	
45	45	Other Reserves	11	19	46	
74,161	74,161	Asset Revaluation Reserve	9	8,566	73,921	
<b>169,459</b>	<b>169,405</b>	<b>PUBLIC EQUITY</b>		<b>118,583</b>	<b>170,853</b>	
		<b>NON CURRENT LIABILITIES</b>				
516	516	Housing New Zealand	29	-	516	
61	61	Accrued landfill Closure Costs	26	58	61	
<b>577</b>	<b>577</b>	<b>Total Non Current Liabilities</b>		<b>58</b>	<b>577</b>	
		<b>CURRENT LIABILITES</b>				
1,828	1832	Trade & other payables	27	812	1,048	
159	159	Employee Entitlements		-	105	
<b>1,987</b>	<b>1,991</b>	<b>Total Current Liabilites</b>		<b>812</b>	<b>1,153</b>	
<b>172,023</b>	<b>171,973</b>	<b>TOTAL PUBLIC EQUITY &amp; LIABILITIES</b>		<b>119,453</b>	<b>172,583</b>	
		<b>NON CURRENT ASSETS</b>				
155,039	155,039	Property, Plant & Equipment	18	103,310	155,695	
9	9	Intangible Assets	20	-	21	
1,529	1,529	Forestry	21	-	1,831	
9,704	9,704	Investments	17	14,526	11,329	
<b>166,281</b>	<b>166,281</b>	<b>Total Non Current Assets</b>		<b>117,836</b>	<b>168,876</b>	
		<b>CURRENT ASSETS</b>				
1,638	1,588	Trade & other receivables	15	480	1,449	
80	80	Inventories		80	90	
3,285	3,285	Cash and Cash Equivalents	14	230	2,168	
739	739	Current portion of Investments	17	-	-	
<b>5,742</b>	<b>5,692</b>	<b>Total Current Assets</b>		<b>1,617</b>	<b>3,707</b>	
<b>172,023</b>	<b>171,973</b>	<b>TOTAL ASSETS</b>		<b>119,453</b>	<b>172,583</b>	

The accompanying notes form part of these financial statements.

# Statement of Cashflows

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
		<b>OPERATING ACTIVITIES</b>			
		<b>Cash was Provided From</b>			
4,569	4,569	Rates	4,927	5,022	
7,109	6,465	Other Income	4,238	3,957	
563	563	Interest Received	638	709	
440	440	Dividends Received	389	452	
183	183	Goods and services tax (net)	-	21	
12,864	12,220		10,192	10,161	
		<b>Cash was Applied To:</b>			
6,274	6,309	Payment to Suppliers and Employees	6,696	6,960	
262	262	Interest Paid	-	161	
<b>6,328</b>	<b>5,649</b>	<b>Net Cashflow from Operating Activities</b>	<b>3,496</b>	<b>3,040</b>	
		<b>INVESTING ACTIVITIES</b>			
		<b>Cash was Provided From</b>			
226	226	Sale of Assets/Investments	-	507	
19	19	Bequests	-	-	
-	-	Mackenzie Tourism & Development Trust	-	(71)	
13	-	Mackenzie Holdings Ltd	-	-	
258	245		-	436	
4,621	3,944	Applied to: Purchase assets/investments	3,539	4,593	
<b>(4,363)</b>	<b>(3,699)</b>	<b>Net Cashflow from Investing Activities</b>	<b>(3,539)</b>	<b>(4,157)</b>	
		<b>FINANCING ACTIVITIES</b>			
516	516	Provided from: Debt borrowed	-	-	
-	-	Applied to: Debt repayment	3	-	
<b>516</b>	<b>516</b>	<b>Net cashflow from Financing Activities</b>	<b>(3)</b>	<b>-</b>	
		<b>SUMMARY OF NET CASHFLOWS</b>			
6,328	5,649	Net cashflow from Operating Account	3,496	3,040	
(4,363)	(3,699)	Net cashflow from Investing Account	(3,539)	(4,157)	
516	516	Net cashflow from Financing Account	(3)	-	
<b>2,480</b>	<b>2,466</b>	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(46)</b>	<b>(1,117)</b>	
805	819	Cash & cash equivalents at beginning of period (1 July 2008)	276	3,285	
<b>3,285</b>	<b>3,285</b>	<b>Cash &amp; cash equivalents at end of period (30 June 2008)</b>	<b>230</b>	<b>2,168</b>	

The accompanying notes form part of these financial statements.

# Statement of Cashflows

## RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
4,275	4,222	<b>Net Surplus/(Deficit)</b>	3,530	1,453	
		<b>Add (subtract) non cash items</b>			
(1,304)	(1,304)	Assets Vested in Council	(2,022)	(326)	
-	-	Prior Period Adjustment	-	-	
2,647	2,647	Depreciation	1,988	2,696	
-	-	Movements in Current assets (other than Cash)	-	71	
-	-	Movements in Landfill Liability	-	-	
5,618	5,565		(34)	3,894	
		<b>Movements in Working Capital Items</b>			
480	(160)	Accounts Receivable & Prepayments	-	173	
131	238	Creditors & Provisions	-	(1,038)	
12	12	Inventories	-	(10)	
6,241	5,655		3,496	3,019	
		<b>Other Movements</b>			
-	-	Fixed Asset related payables	-	-	
-	-	Employee Entitlements	-	-	
54	(38)	Net GST	-	21	
33	33	Gain/(Loss) on Sale included in Investing Activities	-	-	
6,328	5,649	<b>Net Cashflow from Operating Activities</b>	3,496	3,040	

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

# Statement of Commitments and Contingencies

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

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

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
	<b>Community Services</b>		
49	Contribution to Twizel Library	52	
51	Contribution to Mackenzie Community Library	55	
5	Heritage Museum	5	
<b>105</b>		<b>112</b>	

## Other Non-Cancellable Contracts

The Council has entered into non-cancellable contracts for most of its physical works including infrastructural, and town maintenance. Details of the commitments under these contracts are as follows:

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
1,613	Not later than one year	1,910	
40	Later than one years & not later than five years	40	
40	Later than five years	40	
-	Capital Projects approved and contracted not later than one year	-	
<b>1,693</b>		<b>1,990</b>	

## Non-Cancellable Leases

Council leases several properties as lessor. One lease is non-cancellable and expires in August 2013. The Lake Alexandrina leases run for 33 years. The future aggregate minimum lease payments to be collected under the non-cancellable lease are as follows:

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>
10	No later than one year	109
40	Later than one year but no later than five years	436
-	Later than five years (per year)	71
<b>50</b>		<b>616</b>

No contingent rents have been recognised in the statement of financial performance during the year.

## Contingencies

Council has no contingent liabilities or assets as at 30 June 2009 (2008: nil).

# Notes to the Accounts



# Notes to the Accounts cont...

## Note 1 Summary of cost of services

	<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
<b>INCOME</b>			
Governance	750	750	
Water supplies	1,399	1,268	
Sewerage	1,341	1,181	
Stormwater	293	168	
Roading	3,778	3,007	
Solid waste	1,047	1,095	
Building control	271	290	
Resource management	835	389	
Regulatory services	252	230	
Community services	401	372	
Recreational facilities	1,431	1,574	
Commercial activities	1,066	1,284	
Corporate services	1,920	1,832	
	14,784	13,440	
Less Interest on Capital Reserves	(317)	(271)	
Less internal income	(2,254)	(2,191)	
<b>TOTAL INCOME</b>	<b>12,213</b>	<b>10,978</b>	
<b>EXPENDITURE</b>			
Governance	750	744	
Water supplies	783	917	
Sewerage	462	469	
Stormwater	77	98	
Roading	2,458	3,300	
Solid waste	1,050	1,046	
Building control	271	244	
Resource management	427	339	
Regulatory services	252	204	
Community services	431	434	
Recreational facilities	1,543	1,387	
Commercial activities	734	925	
Corporate services	2,017	1,879	
	11,255	11,987	
Less Interest on Capital Reserves	(317)	(271)	
Less internal expenditure	(2,254)	(2,191)	
<b>TOTAL EXPENDITURE</b>	<b>8,684</b>	<b>9,525</b>	

## Note 2 – Targeted Rates Income

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 & Services Rate to be levied over each community. The distribution of investment income is on the basis of each community's capital values. In order to fairly reflect the total external operations for the Council in the Statement of Financial Performance, these transactions are eliminated.

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

<b>Council Actual 2007/08 \$000's</b>	<b>Group Actual 2007/08 \$000's</b>		<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>	<b>Group Actual 2008/09 \$000's</b>
		<b>Targeted Rates Required</b>			
71	71	Governance	78	78	
658	658	Water Supplies	652	668	
458	458	Sewerage	473	476	
68	68	Stormwater	57	57	
1,207	1,207	Roading	1,326	1,326	
78	78	Solid Waste	86	90	
-	-	Building Control	-	-	
-	-	Resource Management	-	-	
108	108	Regulatory Services	126	126	
68	68	Community Services	75	64	
992	992	Recreational Facilities	1,063	1,086	
156	156	Commercial Activities	70	204	
-	-	Corporate Services	-	-	
<b>3,864</b>	<b>3,864</b>	<b>Total Targeted Rates Required</b>	<b>4,006</b>	<b>4,175</b>	
		<b>Less Distribution of Investment Income</b>			
(1,111)	(1,111)	Budgeted Contribution to Rates from Commercial Activities	(1,071)	(1,069)	
<b>2,753</b>	<b>2,753</b>	<b>Targeted Rates Struck</b>	<b>2,935</b>	<b>3,107</b>	

## Notes to the Accounts cont...

### Note 3–Subsidies and Grants

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
19	19	Grants	19	19	
1,207	1,207	LTNZ Subsidies	1,240	1,274	
68	68	Petroleum Tax	68	60	
18	18	Transit	18	29	
<b>1,312</b>	<b>1,312</b>	<b>Total Subsidies and Grants</b>	<b>1,345</b>	<b>1,382</b>	

### Note 4–Investment Income

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
361	361	External Interest	637	506	
262	262	Internal Interest	262	161	
440	440	Dividend	390	480	
1,063	1,063		1,288	1,147	
(262)	(262)	Less Internal Interest	(262)	(161)	
<b>801</b>	<b>801</b>	<b>Total Investment Income</b>	<b>1,027</b>	<b>986</b>	

### Note 5 –Other Income

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
5	5	Contributions towards projects	5	4	
119	119	Rental Income	119	243	
1,072	1,072	User Fees & Donations	1,045	1,037	
140	140	Other Sales	40	44	
<b>1,336</b>	<b>1,336</b>	<b>Total Other Income</b>	<b>1,209</b>	<b>1,328</b>	

### Note 6–Other – Gains/(losses)

Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's	Group Actual 2008/09 \$000's
(113)	(113)	Gain on changes in fair value of forestry assets	-	302	
-	-	Gain on changes in fair value of equity investments	-	-	
(60)	(60)	Change in value of Investment portfolio	-	319	
<b>(173)</b>	<b>(173)</b>	<b>Total Other Gains/(losses)</b>	<b>-</b>	<b>621</b>	

### Note 7–Expenditure

Included in the Statement of Financial Performance for Council are the following items of expenditure:

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
<b>1,797</b>	<b>Salaries and Wages</b>	<b>1,733</b>	<b>1,730</b>
	<b>Audit Fees</b>		
67	Fees paid to principal auditor – Annual Report	70	70
6	Fees paid to principal auditor – NZ IFRS		-
-	Long Term Council Community Plan	50	47
12	Other services provided by the principal auditor (NZIFRS)		-
<b>85</b>	<b>Total Audit Fees for the year</b>	<b>120</b>	<b>117</b>

## Notes to the Accounts cont...

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
	<b>Depreciation</b>		
286	Building	266	263
33	Light Plant & Machinery	27	38
42	Plant & Machinery	35	42
43	Motor Vehicles	48	53
8	Office Equipment	4	4
11	Furniture & Fittings	11	12
45	Computer Equipment	45	52
11	Resource Recovery Parks	11	11
1	Heritage Assets	1	1
3	Resource Consents	3	3
202	Sewerage Schemes	209	204
53	Stormwater Schemes	36	53
70	Rural Water Supplies	50	55
235	Urban Water Supplies	181	236
4	Landfills	4	4
52	Village Projects	52	67
1,511	Roading	1,005	1,576
<b>2,610</b>	<b>Total Depreciation for the year</b>	<b>1,988</b>	<b>2,674</b>

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
	<b>Elected Member Fees</b>		
5	Barry Stringer	-	-
13	Leon O'Sullivan	14	15
12	Graham Smith	14	16
6	John Gallagher	-	-
25	Simon McDermott	16	18
21	Dave Pullen	16	17
18	Evan Williams	14	15
19	Graeme Page	14	16
53	John O'Neill	50	54
8	Fairlie Community Board Members	8	9
9	Tekapo Community Board Members	8	8
9	Twizel Community Board Members	8	9
<b>198</b>	<b>Total Councillors Fees for the year</b>	<b>162</b>	<b>177</b>
106	Insurance	115	106
26	Subscriptions	24	37
129	Donations & Grants	117	90
33	Loss on Sale of Assets and Assets Written Off	-	22
6	Amortisation of Intangible Assets	-	11

# Notes to the Accounts cont...

## Note 8 –Reconciliation of Internal Income & Internal Expenses

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

### Internal Expenses

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

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
	<b>Internal Income</b>		
61	Roading	116	128
243	Solid Waste	277	280
3	Building Control	3	3
29	Resource Management	29	29
1,758	Corporate Services	1,829	1,751
<b>2,094</b>	<b>Total Internal Income</b>	<b>2,254</b>	<b>2,191</b>
	<b>Internal Expenses</b>		
517	Governance	457	430
113	Water Supplies	124	125
83	Sewerage	92	92
22	Stormwater	24	24
218	Roading	289	300
276	Solid Waste	319	321
79	Building Control	86	84
111	Resource Management	124	116
19	Regulatory Services	21	21
49	Community Services	54	52
179	Recreational Services	198	188
133	Commercial	136	136
295	Corporate Services	328	302
<b>2,094</b>	<b>Total Internal Expenses</b>	<b>2,254</b>	<b>2,191</b>

## Note 9 –Revaluation Reserve

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
2,438	Share Revaluation Reserve	2,227	2,449
	Infrastructural Assets Revaluation Reserves		
30,933	- Land	-	30,852
6,600	- Water Supplies	1,027	6,600
3,580	- Wastewater Schemes	790	3,580
1,697	- Stormwater Schemes	737	1,697
23,707	- Rooding	3,785	23,707
213	- Plant	-	213
4,993	- Buildings	-	4,823
<b>74,161</b>	<b>Total Revaluation Reserves</b>	<b>8,566</b>	<b>73,921</b>

## Note 10 –Special Fund Reserve

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
40	Albury Water Fund	40	40
(40)	Ashwick/Opuha Water Fund	(40)	(40)
17	Building Maintenance	31	16
10	Building Consent Reserve	-	-
7	Housing Replacement	7	7
200	Insurance Reserve	200	200
675	Land Subdivision	633	696
2	Pensioner Housing Amenities	2	2
5,506	Real Estate Investment	5,546	5,461
2	Strathconan Pool Capital	1	2
<b>6,419</b>	<b>Total Special Fund Reserves</b>	<b>6,420</b>	<b>6,384</b>

## Notes to the Accounts cont...

### Note 11 – Other Reserves

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
5	Albury War Memorial	4	5
2	Ashwick/Allandale War Memorial	2	3
1	Davidson Bequest	1	1
1	Gillingham Bequest	1	1
1	Gould Bequest	1	1
10	Paterson Ponds	10	10
25	Enid Hutt Fairlie Beautifying Fund	-	25
<b>45</b>	<b>Total Other Reserves</b>	<b>19</b>	<b>46</b>

### Note 12 –Capital Reserve

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
50	Administration		64
(752)	Allandale Water		(662)
-	Animal Control		-
32	Ashwick/Opuha Water		25
(21)	Asset Management		(19)
(9)	Burkes Pass Sewer		(7)
3	Burkes Pass Water		-
(12)	CEO Department		(11)
12	Civil Defence		16
(1)	Community Facilities		(1)
(7)	District Council		(5)
5	District General		11
(413)	Fairlie Pensioner Housing		(469)
(41)	Fairlie Rooding		(5)
(89)	Fairlie RRP		(85)
(110)	Fairlie Sewer		(93)
16	Fairlie Stormwater		(8)
-	Fairlie Township		-

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
(334)	Fairlie Water		(447)
136	Forestry		(9)
(4)	Hardfill Sites		(4)
2	Inspectorate		1
(68)	IT Department		(99)
7	Kimbell Water		8
-	Lake Tekapo Community Hall		99
7	Lake Tekapo Rooding		(21)
(130)	Lake Tekapo RRP		(127)
(1,345)	Lake Tekapo Sewer		(707)
47	Lake Tekapo Stormwater		52
71	Lake Tekapo Township		90
(7)	Lake Tekapo Water		262
(52)	Planning		(68)
-	Plant Account		(71)
208	Pukaki Airport Board	(1)	(1,069)
3	Rooding Professional Business Unit		4
(61)	Rural Fire Control		(92)
847	Rural Rooding		912
(9)	School Road Water		(12)
10	Sherwood Downs Hall		21
30	Sherwood Downs Recreation Reserve		32
(158)	Spur Road Water		(127)
(306)	Treatment of Organic Waste		(260)
(71)	Twizel Events Centre		(6)
4	Twizel Pensioner Housing		3
83	Twizel Rooding		92
(147)	Twizel RRP		(145)
500	Twizel Sewer		590
172	Twizel Stormwater		187
(1,079)	Twizel Township	(1)	(1,069)
798	Twizel Water		857
(5)	Waste Management		(4)
<b>(2,188)</b>	<b>Total Capital Reserves</b>	<b>(2)</b>	<b>(2,376)</b>

## Notes to the Accounts cont...

### Note 13 – Operating Reserve

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
2	Albury Hall	5	2
46	Albury Water Supply	21	56
(1,041)	District – General	(514)	(358)
11	Downlands Water Supply	7	11
(1)	Eversley/Punaroa Water Races	-	(1)
5	Fairlie Community Refuse Collection	-	11
20	Fairlie Works & Services	(34)	23
-	Investment Revaluation	-	319
12	Lake Tekapo Community Refuse Collection	-	20
100	Lake Tekapo Works & Services	-	125
-	Other Reserves	-	50
447	Pukaki Airport Board	-	465
-	Plant Account	-	(10)
(108)	Roading Professional Services Business Unit	(56)	(109)
1,053	Real Estate	1,921	386
15	Rural Works & Services	-	31
71	Tourism & Development	80	(12)
4	Twizel Community Refuse Collection	-	11
(50)	Twizel Works & Services	-	(34)
<b>586</b>	<b>Total Operating Reserves</b>	<b>1,430</b>	<b>986</b>

### Note 14 – Cash and Cash Equivalents

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
129	National Bank Current Account	-	33
56	Westpac Banking Corporation	230	19
3,100	Funds on Call	-	2,116
<b>3,285</b>	<b>Total Cash Resources</b>	<b>230</b>	<b>2,168</b>

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

The total value of cash that can only be used for a specified purpose as outlined in the relevant trust deeds is \$25,000 (2008: \$25,000).

### Note 15 – Trade & other receivables

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
89	Rates	80	153
135	Accrued dividend	-	163
121	Accrued Interest	-	79
1,235	Sundry Receivables	400	1,025
75	Prepayments	-	44
-	Accrued Land Sales	-	-
(17)	Provision for doubtful debts	-	(15)
<b>1,638</b>	<b>Total Accounts Receivable</b>	<b>480</b>	<b>1,449</b>

The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

As at 30 June 2009 and 2008, all overdue receivables, except rates receivables, have been assessed for impairment. No impairment has been indicated. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## Notes to the Accounts cont...

### Note 16 –Taxation

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
4,275	Surplus (Deficit) From Operations	3,530	1,453
1,411	Prima Facie Taxation @30% (2007/08 33%)	1,059	436
(1,194)	Taxation Effect of Permanent Differences	(892)	(230)
(217)	Imputation Credit Adjustment	(167)	(206)
-	Prior Period Adjustments	-	-
-	Tax Loss Not Recognised	-	-
-		-	-
	The Taxation Charge is Represented By:		
-	Prior Years over Provision	-	-
-	Current Taxation	-	-
-	Deferred Taxation	-	-
-		-	-

The Council has unrecognised tax losses \$118,840 (2008: \$117,360), with the tax effect \$35,652 (2008: \$38,729) available for carry forward in offsetting assessable income in future years.

### Note 17 –Investments

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
	<i>Held for trading</i>		
1,762	Other Registered Banks	5,938	3,234
2,104	Strongly Rated Corporates	2,000	993
-	Local Government Stock	-	514
	<i>Fair value through equity</i>		
655	Downlands Water Scheme	665	665
	<i>Loans &amp; receivables</i>		
60	Mortgages	60	60
	<i>Equity investment held in other company</i>		
5,863	Shares – Alpine Energy Limited	5,863	5863
10,443		14,526	11,329
739	Less Current Portion of Investments	-	-
<b>9,704</b>		<b>14,526</b>	<b>11,329</b>

### Interest Rates

The weighted average effective interest rates on investments were:

2007/08		2008/09
8.25%	Call accounts	2.5%
-	Local authority stock	5.95%
7.32%	State owned enterprises and strongly rated corporates	7.37%
8.27%	Trading bank stock	7.75%



## Notes to the Accounts cont...

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### **Downlands Water Supply**

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

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

Council's investment in the scheme is stated at deemed cost, amounting to \$665,574.

### **Investment in Alpine Energy limited**

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. Each year Council's shareholding is revalued in accordance with council's accounting policies.

No	Value
2,049,870	\$2.86 per share

# Notes to the Accounts cont...

## Note 18 –Property, plant & equipment

	Net Book Value 30 June 2008 \$000's	Current year Additions/ \$000's	Current Year Disposals \$000's	Revaluation \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2009 \$000's	GROUP Net Book Value 30 June 2009 \$000's
<b>Operational Assets</b>									
Land	20,756	90	(222)	-	-	20,624	-	20,624	
Buildings	9,423	1,023	(148)	-	(263)	10,574	(539)	10,035	
Light Plant & Machinery	247	56	-	-	(38)	628	(363)	265	
Plant & Machinery	462	-	-	-	(42)	504	(84)	420	
Motor Vehicles	175	180	(50)	-	(53)	511	(259)	252	
Office Equipment	16	4	-	-	(4)	170	(154)	16	
Furniture & Fittings	56	8	-	-	(12)	424	(372)	52	
Computer Equipment	57	50	-	-	(41)	494	(428)	66	
Properties identified for disposal	11,148	-	(85)	-	-	11,063	-	11,063	
Resource Recovery Parks	182	-	-	-	(12)	244	(74)	170	
Heritage Assets	20	-	-	-	(-)	30	(10)	20	
	42,542	1,411	(505)	-	(465)	45,266	(2,283)	42,983	
<b>Restricted Assets</b>									
Land	3,899	-	-	-	-	3,899	-	3,899	
<b>Total Operational &amp; Restricted Assets</b>	<b>46,441</b>	<b>1,411</b>	<b>(505)</b>	<b>-</b>	<b>(465)</b>	<b>49,165</b>	<b>(2,283)</b>	<b>46,882</b>	
<b>Infrastructural Assets</b>									
Sewerage Schemes	10,784	99	-	-	(204)	11,089	(410)	10,679	
Stormwater Schemes	3,216	98	-	-	(53)	3,367	(106)	3,261	
Rural Water Supplies	3,226	3	-	-	(51)	3,292	(115)	3,177	
Rural Water Races	223	-	-	-	(3)	226	(6)	220	
Urban Water Supplies	10,270	260	-	-	(237)	10,764	(469)	10,295	
Landfills	103	-	-	-	(4)	136	(37)	99	
Village Projects	1,355	48	-	-	(67)	1,650	(314)	1,336	
Land Under Roads	5,872	29	-	-	-	5,901	-	5,901	
Roading	71,367	1,142	-	-	(1,575)	74,020	(3,086)	70,934	
Resource Consents	94	-	-	-	(3)	103	(12)	91	
<b>Total Infrastructural Assets</b>	<b>106,510</b>	<b>1,679</b>	<b>-</b>	<b>-</b>	<b>(2,197)</b>	<b>110,548</b>	<b>(4,555)</b>	<b>105,993</b>	
<b>Capital Work In Progress</b>									
Operational	1,086	2,064	(1,014)	-	-	2,136	-	2,136	
Infrastructural	1,002	217	(534)	-	-	685	-	685	
<b>Total Capital Work in Progress</b>	<b>2,088</b>	<b>2,281</b>	<b>(1,548)</b>	<b>-</b>	<b>-</b>	<b>2,821</b>	<b>-</b>	<b>2,821</b>	
<b>Total Property, Plant &amp; equipment</b>	<b>155,039</b>	<b>5,371</b>	<b>(2,053)</b>	<b>-</b>	<b>(2,662)</b>	<b>162,534</b>	<b>(6,838)</b>	<b>155,695</b>	

# Notes to the Accounts cont...

	Net Book Value 30 June 2007 \$000's	Current year Additions/ \$000's	Current Year Disposals \$000's	Revaluation \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2008 \$000's	GROUP Net Book Value 30 June 2008 \$000's
<b>Operational Assets</b>									
Land	21,347		(591)	-	-	20,756	-	20,756	20,756
Buildings	8,353	85		1,272	(287)	9,710	(287)	9,423	9,423
Light Plant & Machinery	99	159		22	(33)	572	(325)	247	247
Plant & Machinery	410	-		94	(42)	504	(42)	462	462
Motor Vehicles	202	42	(26)	-	(43)	443	(268)	175	175
Office Equipment	24	-		-	(8)	166	(150)	16	16
Furniture & Fittings	57	10		-	(11)	416	(360)	56	56
Computer Equipment	74	28		-	(45)	444	(387)	57	57
Properties identified for disposal	10,706	512	(70)	-	-	11,148	-	11,148	11,148
Resource Recovery Parks	193	-		-	(11)	244	(62)	182	182
Heritage Assets	20	-		-	(-)	30	(10)	20	20
	41,485	836	(687)	1,388	(480)	44,433	(1,891)	42,542	42,542
<b>Restricted Assets</b>									
Land	3,911		(12)	-	-	3,899	-	3,899	3,899
<b>Total Operational &amp; Restricted Assets</b>	<b>45,396</b>	<b>836</b>	<b>(699)</b>	<b>1,388</b>	<b>(480)</b>	<b>48,332</b>	<b>(1,891)</b>	<b>46,441</b>	<b>46,441</b>
<b>Infrastructural Assets</b>									
Sewerage Schemes	8,512	250		2,224	(202)	10,990	(206)	10,784	10,784
Stormwater Schemes	2,065	-		1,204	(53)	3,269	(53)	3,216	3,216
Rural Water Supplies	1,381	760	(29)	1,181	(67)	3,293	(67)	3,226	3,226
Rural Water Races	77	-		149	(3)	226	(3)	223	223
Urban Water Supplies	6,358	678		3,469	(235)	10,505	(235)	10,270	10,270
Landfills	107	-		-	(4)	136	(33)	103	103
Village Projects	541	866		-	(52)	1,602	(247)	1,355	1,355
Land Under Roads	5,872	-		-	-	5,872	-	5,872	5,872
Roading	54,508	2,154		16,216	(1,511)	72,878	(1,511)	71,367	71,367
Resource Consents	97	-		-	(3)	103	(9)	94	94
<b>Total Infrastructural Assets</b>	<b>79,518</b>	<b>4,708</b>	<b>(29)</b>	<b>24,443</b>	<b>(2,130)</b>	<b>108,874</b>	<b>(2,364)</b>	<b>106,510</b>	<b>106,510</b>
<b>Capital Work In Progress</b>									
Operational	89	1,841	(844)	-	-	1,086	-	1,086	1,086
Infrastructural	1,349	432	(779)	-	-	1,002	-	1,002	1,002
<b>Total Capital Work in Progress</b>	<b>1,438</b>	<b>2,273</b>	<b>(1,623)</b>	<b>-</b>	<b>-</b>	<b>2,088</b>	<b>-</b>	<b>2,088</b>	<b>2,088</b>
<b>Total Property, Plant &amp; equipment</b>	<b>126,352</b>	<b>7,817</b>	<b>(2,351)</b>	<b>25,831</b>	<b>(2,610)</b>	<b>159,294</b>	<b>(4,255)</b>	<b>155,039</b>	<b>155,039</b>

# Notes to the Accounts cont...

## Fair Values

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

The latest rating valuations of land, as at 1 August 2006, show the following amounts:

Council Actual 2007/08 \$000's		Council Actual 2008/09 \$000's
35,803	Land	35,586
<b>35,803</b>	<b>Balance as at 30 June</b>	<b>35,586</b>

Included in the fair value of land is \$3,899,000 of restricted land. Council has pledged no property, plant and equipment as security for liabilities.

## Note 20 – Intangible assets

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
88	Cost as at 1 July	-	97
9	Additions from acquisitions	-	24
(88)	Accumulated Amortisation	-	(100)
<b>9</b>	<b>Balance as at 30 June</b>	<b>-</b>	<b>21</b>

## Note 21 – Forestry

Council Actual 2007/08 \$000's		Council Budget 2008/09 \$000's	Council Actual 2008/09 \$000's
1,642	Balance as at 1 July	-	1,529
-	Gains/(losses) arising from changes in fair value less estimated point of sale costs.	-	-
(113)		-	302
<b>1,529</b>	<b>Balance as at 30 June</b>	<b>-</b>	<b>1,831</b>

## Financial risk management strategies:

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, Council has not taken any measure to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## Note 22 –Financial Instruments

Mackenzie District Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## Market risk

### Price Risk

Price Risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Council is not exposed to price risk as it does not hold financial instruments that are affected by movements in market prices.

### Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

### Interest rate risk

Council's investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its investments.

The CEO approves interest rate risk management strategy as recommended by the Manager – Finance and Administration, who determines the appropriate interest rate profile to adopt for investments, after reviewing on a regular basis, cash flow forecasts incorporating plans for approved expenditure and strategic initiatives, monitoring the interest rate markets, evaluating the interest rate outlook and seeking appropriate advice where necessary. The Manager – Finance and Administration implements an interest rate risk management strategy by using risk management instruments to protect investment returns and to change interest rate and maturity profiles.

The use of interest rate risk management instruments requires Council approval.

## Notes to the Accounts cont...

### Credit Risk

Credit Risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests in approved financial assets, which excludes dealing in shares. Council invests in the following instruments:

- Government investments
- Registered bank investments
- Local Authority investments
- State Owned Enterprises (SOE) investments
- Corporate investments
- District Health Board Investments

Council's Investment Policy limits the amount of credit exposure to any one institution or organisation.

Investments in other local authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities, which have a Standard and Poor's, Moody's or Fitch's credit rating of at least A1 for short term and A- for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The accounting policies for financial instruments have been applied to the line items below:

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>
	<b>FINANCIAL ASSETS</b>	
	<b>Loans and receivables</b>	
3,285	Cash and Cash Equivalents	2,168
1,638	Debtors and other receivables	1,449
<b>4,923</b>	<b>Total loans and receivables</b>	<b>3,617</b>
	<b>Held to maturity</b>	
	Other financial assets:	
3,866	- investments	4,741
715	- Debentures and other stock	725
<b>4,581</b>	<b>Total held to maturity</b>	<b>5,466</b>
	<b>Fair value through equity</b>	
	Other financial assets:	
5,862	- unlisted shares	5,863
<b>5,862</b>	<b>Total fair value through equity</b>	<b>5,863</b>
	<b>FINANCIAL LIABILITIES</b>	
	<b>Financial liabilities at amortised cost</b>	
1,828	Creditors and other payables	1,048
<b>1,828</b>	<b>Total financial liabilities at amortised cost</b>	<b>1,048</b>

## Notes to the Accounts cont...

### Maximum exposure to credit risk

The maximum exposure for each class of financial instrument is as follows:

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>
3,285	Cash at bank and term deposits	2,168
1,638	Debtors and other receivables	1,449
10,443	Investments, Shares and Debentures	11,329
<b>15,366</b>	<b>Total credit risk</b>	<b>14,946</b>

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be

Assessed by reference to Standard and Poor's credit ratings (if available) or to Historical information about counterparty default rates:

<b>Council Actual 2007/08 \$000's</b>		<b>Council Actual 2008/09 \$000's</b>
	<b>COUNTERPARTIES WITH CREDIT RATINGS</b>	
	<b>Cash at bank and term deposits:</b>	
3,263	AA	2,144
22	BBB-	-
-	BB+	24
<b>3,285</b>	<b>Total cash at bank and term deposits</b>	<b>2,168</b>
	<b>Investments:</b>	
1,762	AA	2,768
919	A+	766
691	A	693
494	BBB+	-
<b>3,866</b>	<b>Total investments</b>	<b>4,227</b>
	<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>	
	Unlisted shares and debentures	514
6,577	Existing counterparty with no defaults in the past	6,588
<b>6,577</b>	<b>Total shares and debentures</b>	<b>7,102</b>

Debtors and other receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Mackenzie District Council has no significant concentrations of credit risk in relation to debtors and other receivable, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government Act 2002 to recover outstanding debts from ratepayers.

# Notes to the Accounts cont...

## Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which includes an External Liability management policy. These policies have been adopted as part of the Council's Long-term council community plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2008: \$500,000). Despite having this facility, it is rarely utilised.

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Furthermore, Council requires that the duration of the Council's portfolio must be within a range of 25% shorter or longer than the benchmark portfolio set in conjunction with the Council's investment adviser.

## Contractual maturity analysis of financial liabilities

The table below analyses Mackenzie District Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000
<b>Council 2009</b>			
Creditors and other payables	1,048	1,048	1,048
<b>Group 2009</b>			
Creditors and other payables			
<b>Council 2008</b>			
Creditors and other payables	1,828	1,828	1,828
<b>Group 2008</b>			
Creditors and other payables	1,832	1,832	1,832

## Contractual maturity of financial assets

The table below analyses Mackenzie District Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000	2-5 years \$000
<b>Council 2009</b>				
Cash and cash equivalents	2,168	2,168	2,168	-
Debtors and other receivables	1,449	1,449	1,449	-
Other financial assets:				
- Investments	4,741	4,500	-	4,741
- Debentures and other stock	725	725	60	-
- Shares	5,863	5,863	-	-
<b>Group 2009</b>				
Cash and cash equivalents				
Debtors and other receivables				
Other financial assets:				
- investments				
- Debentures and other stock				
- Shares				
<b>Council 2008</b>				
Cash and cash equivalents	3,285	3,285	3,285	-
Debtors and other receivables	1,638	1,638	1,638	-
Other financial assets:				
- Investments	3,866	4,000	739	3,127
- Debentures and other stock	715	715	60	-
- Shares	5,862	5,862	-	-
<b>Group 2008</b>				
Cash and cash equivalents	3,285	3,285	3,285	-
Debtors and other receivables	1,588	1,588	1,588	-
Other financial assets:				
- Investments,	3,866	4,000	739	3,127
- Debentures and other stock	715	715	60	-
- Shares	5,862	5,862	-	-



## Notes to the Accounts cont...

### *Sensitivity Analysis*

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Mackenzie District Council's financial instrument exposures at balance date.

<b>Interest Rate Risk</b>	<b>2009 \$000</b>	<b>2009 \$000</b>	<b>2008 \$000</b>	<b>2008 \$000</b>
	-100bps Profit Equity	+100bps Profit Equity	-100bps Profit Equity	+100bps Profit Equity
Financial assets				
Cash and Cash equivalents <b>(a)</b>	(21)	21	(32)	32
Other financial assets:				
- Shares <b>(b)</b>	(586)	586	(586)	586

#### **(a) Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$2,115,872.67 (2008 \$3,200,659.86) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$21,159 (2008 \$32,006)

#### **(b) Unlisted Shares**

Mackenzie District Council holds unlisted shares in Alpine Energy Ltd, these are not publicly traded. If there was a movement of plus or minus 10% in the

share price the effect would have an increase in the fair value through equity reserve of \$586,000 (2008 \$586,000).

## Notes to the Accounts cont...

### Note 23 – Components of Equity – Council Only

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
<b>Equity at the Start of the Period</b>	<b>169,459</b>	<b>90,436</b>	<b>74,161</b>	<b>586</b>	<b>6,419</b>	<b>45</b>	<b>(2,188)</b>
Net Surplus (Deficit)	1,453	1,453	-	-	-	-	-
Transfer to Mackenzie Tourism & Development Trust	(71)	-	-	(71)	-	-	-
Revaluation on sale of Land and Buildings	252	252	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	(240)	-	(240)	-	-	-	-
<b>Recognised Revenue &amp; Expenditure</b>	<b>1,394</b>	<b>1,705</b>	<b>(240)</b>	<b>(71)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reserve Transfers</b>							
Appropriation of Net Surplus	-	(1,453)	-	1,453	-	-	-
Transfers between Reserves	-	1,204	-	(982)	(35)	1	(188)
<b>Equity at the End of the Period</b>	<b>170,853</b>	<b>91,892</b>	<b>73,921</b>	<b>986</b>	<b>6,384</b>	<b>46</b>	<b>(2,376)</b>

### Note 24 –Related Party Transactions

Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust. As at 30 June 2009 there are no balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2009. The following transactions were carried out with related parties:

	Council Actual 2007/08 \$000's	Council Actual 2008/09 \$000's
<b>Mackenzie Tourism &amp; Development Trust</b>	-	-
Loans payable to Council	51	27
	51	27
<b>Mackenzie Holdings Limited</b>	-	-
Loans payable to Council	-	-
Interest paid to Council	41	-
	41	-
<b>Total</b>	<b>92</b>	<b>27</b>

Revenue paid to Mackenzie Tourism & Development Trust was \$207,568

Revenue received from Mackenzie Tourism & Development Trust was \$16,500

### Key Management and Members of the Council

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc). Except for the transactions mentioned above, no Councillors or senior management have entered into related party transactions with the Council.

#### Key management personnel compensation

	Council Actual 2007/08 \$000's	Council Actual 2008/09 \$000's
Salaries and other short term employee benefits	683	653
	<b>683</b>	<b>653</b>

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

## Notes to the Accounts cont...

### Note 25 –Chief Executive Officer's Remuneration

As at 30 June 2009, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$138,242 (2008 \$134,216).

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

	<b>Council Actual 2007/08 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>
Super Subsidy	5	5
Vehicle	15	14
<b>Total Additional Benefits</b>	<b>20</b>	<b>19</b>

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$157,444 (2008 \$154,585).

### Note 26 –Accrued landfill closure costs

<b>Council Actual 2007/08 \$000's</b>		<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>
6	<b>Current Portion of Debt</b>		
6	Accrued Landfill Closure Costs	6	6
		<b>6</b>	<b>6</b>
61	<b>Non-Current Portion of Debt</b>		
61	Accrued Landfill Closure Costs	61	61
		<b>61</b>	<b>61</b>

The critical accounting estimates and assumptions section in the Statement of Accounting policies discusses Council's treatment of Accrued Landfill Closure Costs

### Note 27 –Trade & other payables

<b>Council Actual 2007/08 \$000's</b>		<b>Council Budget 2008/09 \$000's</b>	<b>Council Actual 2008/09 \$000's</b>
1,107	Creditors	806	1,148
38	Rates in Advance	-	34
677	Income in Advance	-	(140)
6	Current Portion of accrued landfill closure costs	6	6
<b>1,828</b>		<b>812</b>	<b>1,048</b>

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

### Note 28 –Remission of Rates

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 \$5,359.94 (2008 \$6,690), and during the year decided not to provide any further remissions.

### Note 29 – Housing New Zealand Loan

\$516,029 was provided via a suspensory loan from Housing New Zealand to assist with the building of the new pensioner flats in Fairlie. The loan will become payable within 20 years if the terms of the agreement have not been met. Otherwise in 2028 the full amount received will be written off.

### Note 30 – Disclosure of Severance Payments

For the year ended 30 June 2009 Mackenzie District Council made no (2008: two) severance payments to employees (2008: \$10,000). The value of each of the severance payments in 2008 was \$6,000 and \$4,000.

# Notes to the Accounts cont...

## Note 31 Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilizing the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Mackenzie District Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## Note 32 – Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2008/09 Annual Plan are as follows:

### Statement of financial performance

The operating surplus was down on budget by \$2,077 this was due to:

- income from vested assets was less than budgeted by \$1.7m because subdivisions which were anticipated would vest with the Council during the 2008/09 year did not.
- a significant real estate sale was expected in Lake Tekapo this year however the contract fell through.
- On the positive side was the forestry and investment valuations produced increases in value this year of \$302,000, and \$319,000 respectively.

### Statement of financial position

The greatest movement within equity is in the asset revaluation reserve due to the revaluation of assets at 1 July 2007, as this was not reflected in the budget figures for 2008/09. This has also resulted in higher than budgeted fixed asset values for the 2008/09 year.

### Statement of movement in equity

The major variation occurred due to the reduction in profits being less than was anticipated.

## Note 33– Events after Balance Date

There were no significant events after balance date.

# Council Structure

## **Council Structure**

### **Division of Responsibility between Council and Management**

### **Community Board Structure**

### **Organisational Chart**

# Council Structure

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## **Governance, Management and Employees**

### **Role of the Council**

The Council has overall responsibility and accountability for the proper direction and control of the District's activities. This responsibility includes areas of stewardship such as:

- Formulating the District's strategic direction
- Managing principal risks facing Mackenzie District
- Administering various regulations and upholding the law
- Ensuring the integrity of management control systems
- Safeguarding the public interest
- Ensuring effective succession of elected members
- Reporting to ratepayers.

### **Structure of the Council**

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

After the 2004 election, with a smaller number of elected members around the Council table it was decided to disband the Finance, Operations and Planning Committees that operated previously. The Council has recently re-instated these committees. All Councillors are members of each committee with the following Councillor appointed to Chair the meetings:

- Cr McDermott – Chair of Finance Committee
- Cr Pullen – Chair of Operations Committee
- Mayor O'Neill – Chair of Planning Committee.

Each Committee and the full Council meets on a six weekly basis.

### **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 2009 there were two Boards of Council; Forestry Board and the Pukaki Airport Board.

The Mackenzie Forestry Board is made up of the Mayor and three 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

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## **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.

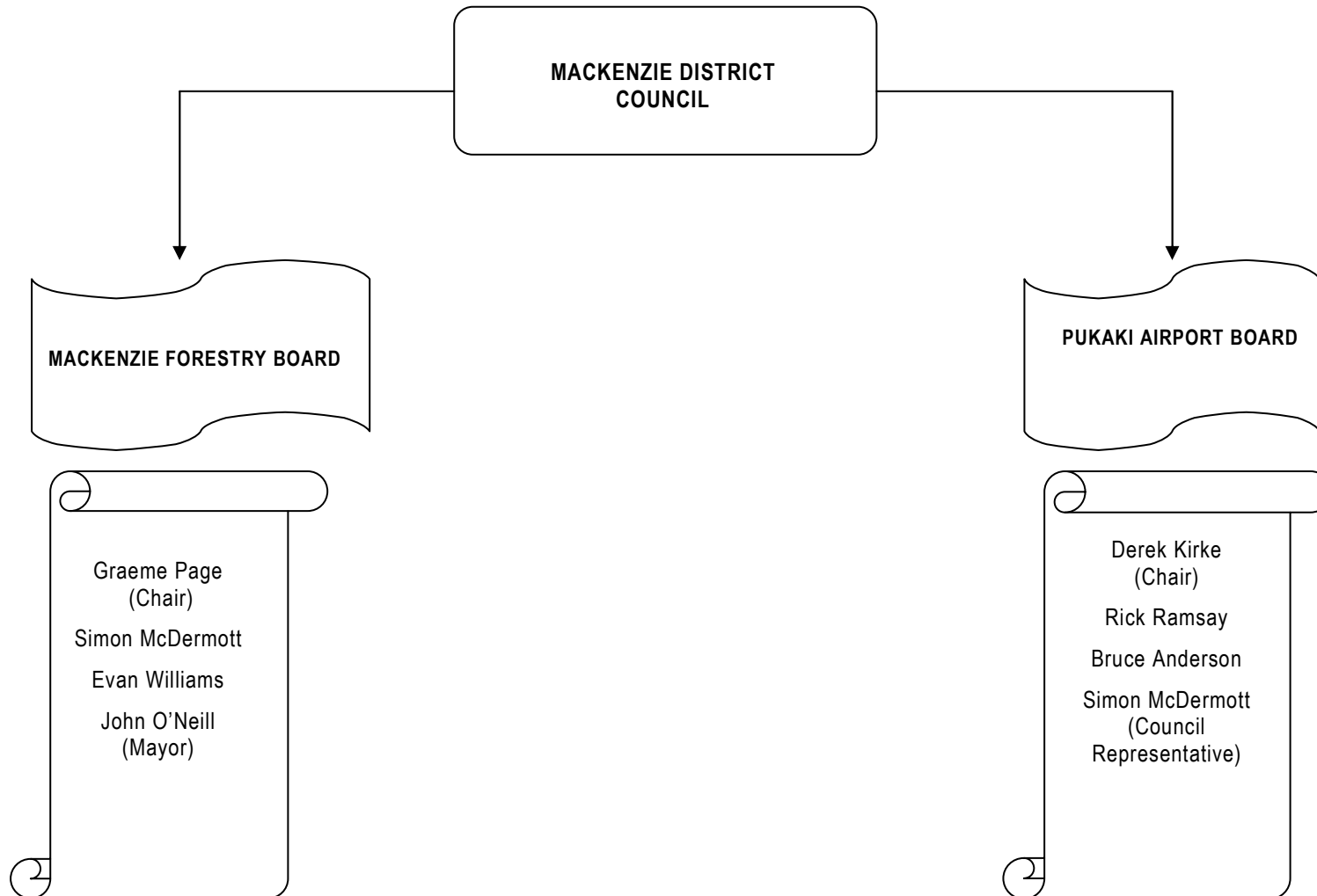
While many of the Council’s functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with the Council. The Council helps discharge this responsibility by maintaining effective systems of internal control. Internal control includes the 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 2009)

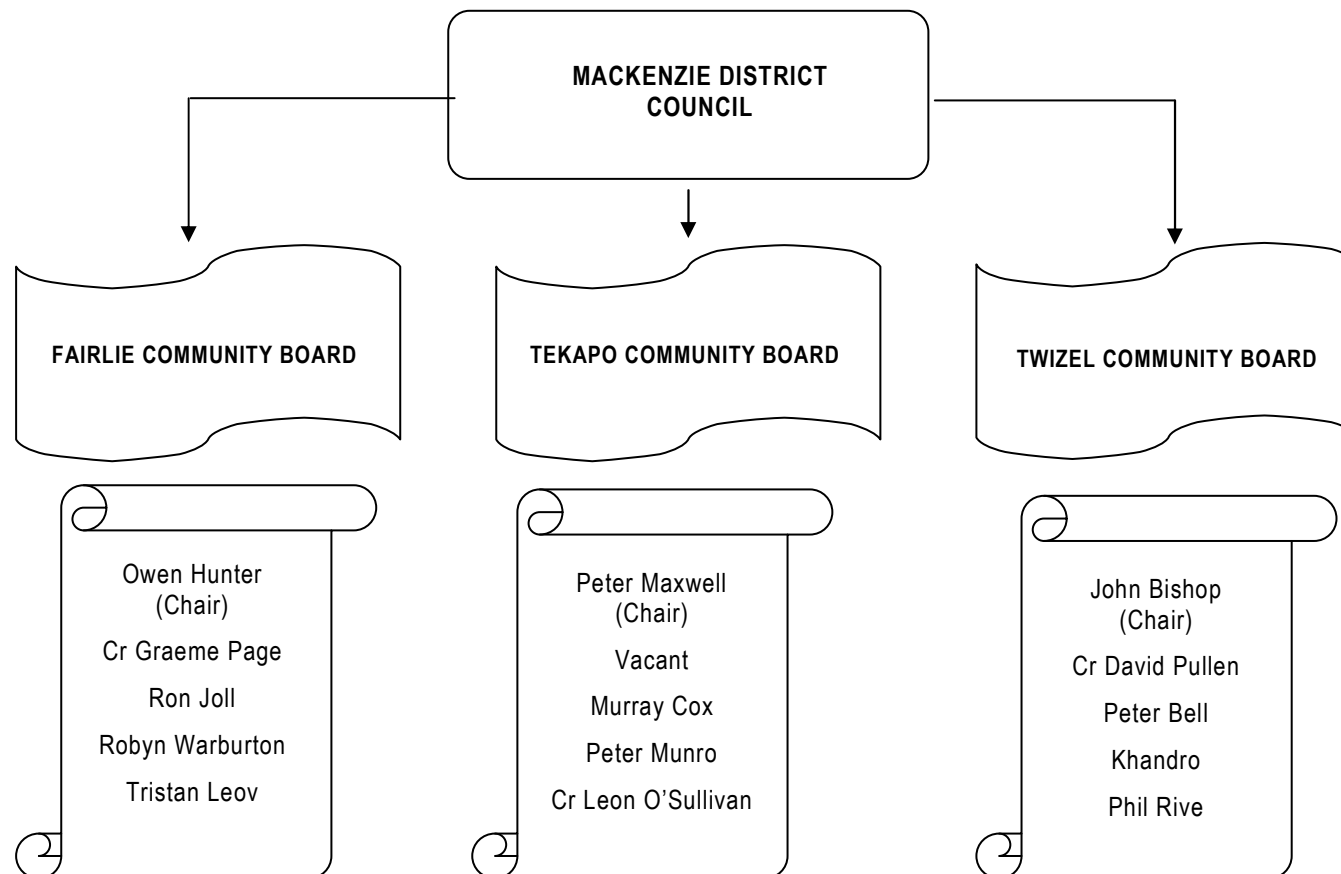
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## Community Board Structure (as at June 2009)

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# Organisational Chart (as at June 2009)

