



Mackenzie District Council

ANNUAL REPORT
30 June 2008



Council Directory

Location

Head Office

Postal Address:	Physical Address
P O Box 52	Main Street
FAIRLIE 7925	FAIRLIE
Phone:	(03) 685 8514 (Office and After Hours)
Freephone:	0800 685 8514
Fax:	(03) 685 8533
E-mail:	council@mackenzie.govt.nz
Website:	www.mackenzie.govt.nz
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

Management Team

Chief Executive Officer

Glen Innes	(03) 685 9013 exec@mackenzie.govt.nz
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Managers

Finance & Administration	Paul Morris	(03) 685 9015 admin@mackenzie.govt.nz
Asset Manager	Bernie Haar	(03) 685 9014 assets@mackenzie.govt.nz
Community Facilities	Garth Nixon	(03) 685 8514 facilities@mackenzie.govt.nz
Planning & Regulations	Nathan Hole	(03) 685 9019 planning@mackenzie.govt.nz

Auditors

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

Solicitors

Anthony Harper
Barristers & Solicitors
47 Cathedral Square
CHRISTCHURCH

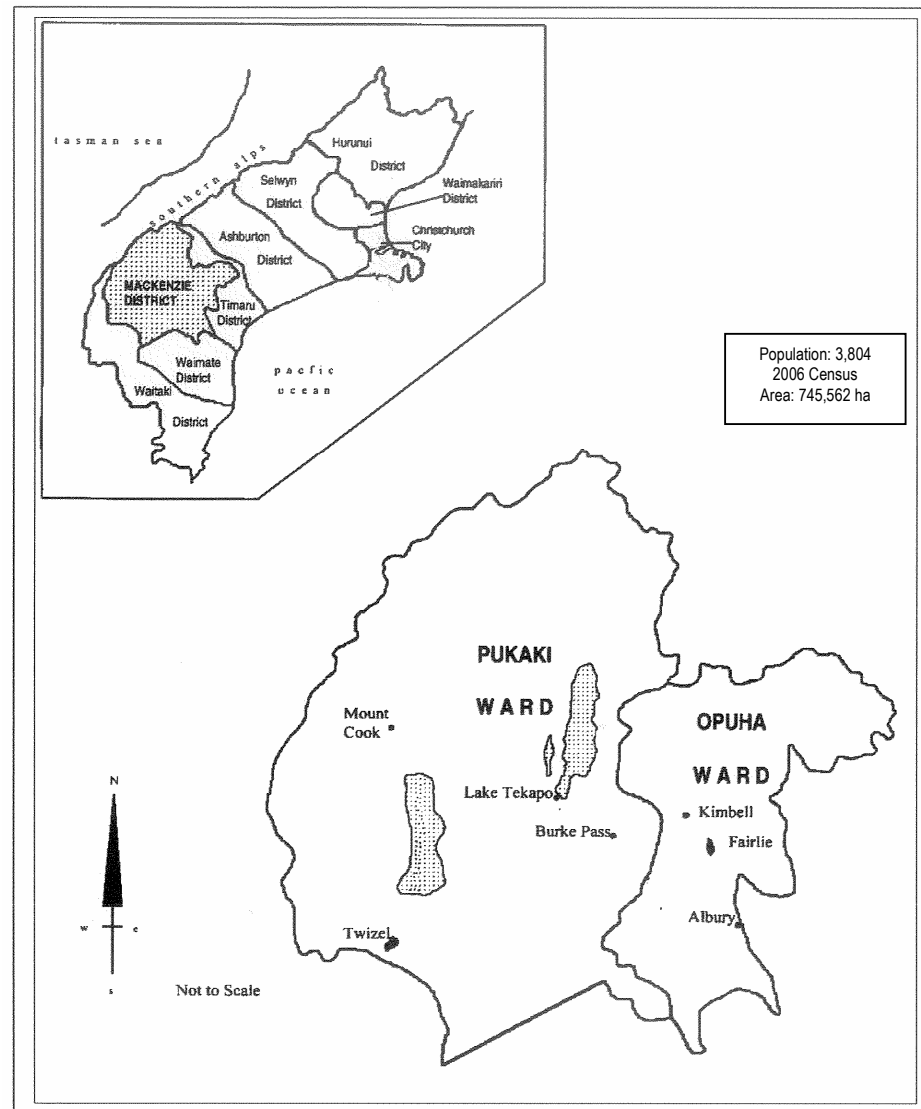
Planners

Davie, Lovell-Smith Limited
P O Box 679
CHRISTCHURCH

Bankers

Westpac Banking Corporation
Cnr Stafford and Church Streets
TIMARU

The Mackenzie District



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Introducing Your Mayor and Councillors

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



COUNCILLORS

PUKAKI WARD

OPUHA WARD



Deputy Mayor:

SIMON MCDERMOTT

Ph (03) 435 1619

DAVE PULLEN

Ph (03) 435 0386

LEON O'SULLIVAN

Ph (03) 680 6910

GRAHAM SMITH

Ph (03) 685 5804

EVAN WILLIAMS

Ph (03) 685 8265

GRAEME PAGE

Ph (03) 685 8174



Introduction by the Mayor and Chief Executive

We have pleasure in reporting to the Mackenzie Community the progress Council has made in a number of areas in the year ended 30 June 2008. The Annual Report tracks progress in achieving Council's long term goals and also presents the financial results for the year.

Three significant pieces of community infrastructure were put in place during the year. A replacement bridge at Stoneleigh Crossing north of Kimbell was installed for a cost of \$138,283 and officially opened in December 2007. That month also saw the opening of the major transformation of the Twizel Town Centre and a new playground later installed. This project received considerable favourable public comment.

Finally Council replaced its aging stock of retirement housing with seven new retirement villas in Fairlie. The financing of this project was assisted through a suspensory loan from Housing New Zealand and a contribution from Age Concern. The villas were occupied in July 2008.

Financial Overview

Financially, the Council's operating expenditure for the year was \$6.430 million (net of vested assets, depreciation of \$2.647 million and forestry revaluation) compared with a budget of \$6.114 million

Operating revenue was \$12.333 million (net of vested asset income of \$1.131 million) which was 1.1 % ahead of budget.

This includes only part of the Council's planned real estate sales (Pukaki Airport) as the balance of the planned sales have been delayed.

Contributions from all sources amounted to \$1.307 million compared to a budget of \$1.0 million.

Performance Measures

Of the 76 performance measures in the year's programme, 55 were either fully or substantially achieved and a further six were achieved in part. Two were not measured and 13 were not achieved.

Capital Spend

Net of vested assets of \$1.304m, a total of \$4.728m was spent during the year on capital works.

Key items included:-

Fairlie Retirement villas	957,000
Twizel town centre redevelopment	1,049,000
Stoneleigh Road Bridge	138,000
Unsealed road metalling	359,000
Sealed Road surfacing	<u>186,000</u>
	\$2,689,000

Governance

There were changes in the make up of the Council following the October elections. Councillors Barry Stringer and John Gallagher did not seek re-election and were replaced by Councillors Leon O'Sullivan and Graham Smith in the Pukaki and Opuha Wards respectively. In the Pukaki and Opuha Wards and the Mayoralty, the number of nominees equalled the number of vacancies, so no Council elections were held. Elections were however needed for the Tekapo and Twizel Community Boards. In Tekapo, Peter Maxwell and Murray Cox were returned and were joined by Catherine Young and Peter Munro. In Twizel, John Bishop, Peter Bell, Khandro and Phil Rive were successful. When nominations closed for the Fairlie Community Board, we were one short of the four nominations required. Owen Hunter, Ron Joll and Robin Warburton were therefore elected unopposed to the Fairlie Community Board and the extraordinary vacancy created was filled in February by Tristan Leov without a bi-election being required. In line with a national trend, the voter turnout at 52% was less than the figure of 67% achieved in 2004.

After assessing public comment, the Council completed new governance arrangements for the delivery of tourism, information and economic development services. A Trust was established during the year under the chairmanship of Lesley O'Hara.

Council agreed to work with other authorities in the area to examine the financial viability of the Central South Island Regional Council encompassing parts of the Waitaki District through to Ashburton.



Introduction by the Mayor and Chief Executive cont...

In order to remain eligible for government assistance for economic development, Council agreed to be part of a Canterbury wide regional governance group which was established after the end of the financial year.

Water, Stormwater and Sewerage

A new contract for the provision of utility services was let to Whitestone Contracting Ltd after assessing the tenders received. New governance arrangements were entered into for the Downlands Water Supply, which is a shared responsibility of the three South Canterbury councils. As part of Council's responsibilities under new water supply legislation, risk management plans are required for all water supplies. The Council agreed to enrol in the technical assistance programme to advance this work, using the Burkes Pass and Fairlie supplies as pilots for what will be required for the rest of its supplies.

Capital work in water supplies was largely confined to work carried forward from the previous year, with the completion of a section of the Fairlie trunk main replacement, water main renewals in Fairlie and Twizel and work on the Allandale/ Spur Road supplies. Planned renewals work in Fairlie was delayed till spring at the request of the successful tenderer.

Investigatory work was undertaken on a new water source for Twizel and the feasibility of reticulating the Manuka terrace area.

The resource consent for the Fairlie supply proceeded to limited notification but still awaits a formal hearing. The consent for Twizel water is held up in a queue of consents affected by the Waitaki water allocation process.

Sewerage work in the townships included an audit of septic tanks in the Eversley Reserve in Fairlie and a report outlining the options for improving the present unsatisfactory situation. Residents in the area wish to proceed with some form of remedial work but funding and the preferred option had not been determined by year end.

Planned work for Twizel sewerage was delayed due to negotiations on the purchase of land not progressing as quickly as anticipated.

Limited work was undertaken in stormwater during the year. Council advocated for regional council assistance for the Western Catchment stormwater works and sought information on modelling prior to lodging a resource consent for this project.

Roading

Aside from the normal programme of maintenance, Council completed the replacement of the Stoneleigh Road Bridge for a total cost of \$138,283. Safety improvements included four intersection seals adjacent to major roads, a bridge approach sealing, closing the gap in the seal on School Road, Fairlie and a traction seal extension on Middle Valley Road

Solid Waste

Council has continued to meet its major target in this area with 79% of the waste received at its recovery parks being diverted away from the Redruth landfill in Timaru.

Planning and Regulatory

Council made good progress in achieving its goal of becoming an accredited Building Consent Authority under new legislative requirements. This was finally achieved in July 2008.

Council embarked on a major review of controls on subdivision and development in the Western Mackenzie basin after meeting with runholders and other interested parties and commissioning a report on the nature of the landscapes in the area. The resulting Plan Change 13 was notified in December 2007 and attracted a considerable number of submissions. Hearings on the change commenced in September 2008.

During the year, following a request from Ngai Tahu, the Council agreed to commission a cultural values assessment of the District.

Zoning changes affecting Twizel were deferred while some more work was done on how green spaces could be retained in some areas suggested for further urban subdivision.



Introduction by the Mayor and Chief Executive cont...

Two other changes to the Operative District Plan were made during the period, one relating to heritage items and the other to the area of hard surface coverage required in urban lots.

A planning study for the Fairlie area was also commissioned at the end of the financial year, with the work commencing in the 2008/09 year.

Council's exposure to the costs of rural fire fighting was highlighted in the costs of controlling a fire on Mount Cook station in January 2008. While the costs were met by insurers for the responsible party, a review of Council's own insurance cover has since been commenced. A new fire shed was also constructed at Burke's Pass

As part of a wider review of bylaws, the Council rescinded a number of historic and redundant bylaws

Community Services and Recreational Facilities

The two very significant capital projects embarked upon this year were the upgrading of the Twizel Village Centre and the construction of the Fairlie Retirement Villas referred to earlier.

In Tekapo, plans were considered for a major new community centre linked to new squash courts. Further public input on the components, design and location of the complex will be undertaken in the 2008/09 year.

During the year, resource consent was granted for the new Tekapo cemetery after an issue with access was resolved. The designation of the reserve land now needs to be changed.

The Council and the Twizel Community board agreed to provide \$20,000 each as a contribution toward the upgrading of the school/community library which will provide the library with a separate entrance.

During the year the Fairlie Beautifying Society was wound up and as a result entrusted Council with the administration of the Enid Hutt Beautifying Fund totalling \$24,747.27 for enhancement of the Fairlie area

New heating was installed in the Twizel Events Centre while in Tekapo a new parking area at the entrance to the town from the East was created and landscaped with assistance from Transit New Zealand.

Commercial Activities

Significant work was carried out at Pukaki Airport during the year with the development of a subdivision for airport related activity and the sale of a significant number of the sections created. Further stages of subdivision were applied for during the year. Council recognised the efforts of the Board members through a once only bonus payment. A structural change was implemented during the year, with the Board reverting to a Committee of Council rather than operating through a Council owned company.

Changes also occurred with the newly created Tourism Trust with the appointment of a new Manager, Phil Brownie, and the establishment of a base in Fairlie. The end of the year saw the operation of the Pukaki Visitor Centre pass from Council to the Trust.

The sale of land in Twizel to Foodstuffs Ltd was concluded during the year, enabling a new supermarket for the township to proceed. Negotiations of the sale of other Council land in Tekapo also continued but had not been successfully concluded at year end.

Progress was also made with the issuing of leases to hut holders at Lake Alexandrina but more work is needed before this is finalised.

Staffing

A larger number of staff changes than usual were experienced during the year and Council operated at less than full strength while replacements were recruited. Two of the divisional managers positions changed during that time, with Jason Beck being replaced by Paul Morris in the finance role and Nathan Hole succeeding Craig Lyon as Manager, Planning and Regulations.

Others to leave were Bridget Beck (Accountant), Rebecca Biggs (Payroll/Creditors Clerk), Scott Linton (IT officer) and Planners Claire LeGrice and Sarah Bevin. As a result of restructuring the tourism operation, Karen Mullaly and Claire Fraser were made redundant and from 1 July 2008, the staff at the Pukaki Information Centre transferred to employment with the Tourism Trust.



Introduction by the Mayor and Chief Executive cont...

Frank Ledingham took up the vacant position of Roading Manager and Jo Hurst joined us as Accountant. Sheila Hughes moved from a contracted to a salaried position at the Twizel Service Centre and Kate Seal and Catherine Johnson covered for staff on maternity leave.

As at the end of the year, two positions had not been filled but appointments were subsequently made.



Glen Innes
Chief Executive Officer
28th October 2008



John O'Neill
Mayor

Statement of Compliance and Responsibility

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 2008 fairly reflect the financial position and operations of the Mackenzie District Council.

A handwritten signature in blue ink, appearing to be 'G. Innes'.

Glen Innes
Chief Executive

A handwritten signature in blue ink, appearing to be 'J. O'Neill'.

John O'Neill
Mayor

A handwritten signature in blue ink, appearing to be 'P. Morris'.

Paul Morris
Manager – Finance & Administration

Audit Report

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 2008

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and group. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 15 to 117:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2008; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 15 to 80 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 28 October 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

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

Audit procedures generally include:

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



Audit Report cont...

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

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

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

Responsibilities of the Council and the Auditor

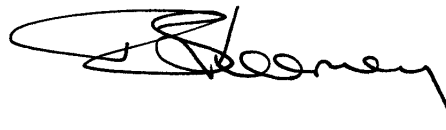
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2008. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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 Aoraki 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.

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 95.9% of the people in the district having European ethnic origin compared with 78.7% for all of New Zealand.

In terms of employment, Mackenzie's unemployment rate in the 2006 Census was 1.18% compared with 3.4% for all of New Zealand.

There were 1,449 households in the Mackenzie in 2006.



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.

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, having been charged with the task of identifying such community outcomes, as they are known, firstly drew upon earlier work it had undertaken. This included a 1996 strategic plan, community planning exercises conducted in Tekapo and Twizel starting in 2003 and earlier material it had compiled for its first long term plan. It then arranged for Helen Tait, an experienced facilitator, to convene public meetings to which key people had been invited to give their views on the future pathway for the District. A draft set of statements emerged from these meetings and following the meeting, participants had the opportunity to comment on the report of proceedings and the draft outcomes. Wider consultation occurred when all ratepayers were sent copies of the draft outcome statements and invited to submit upon them.

The limited number of comments received were generally supportive of the outcomes suggested. After considering a final report from Helen Tait, the community outcomes were endorsed by the Council in April 2006.

What roles will the Council play in helping the community realise its aspirations?

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

OUTCOME	COUNCIL ROLE
<i>An attractive and highly valued natural environment</i> 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.
<i>A thriving economy</i> 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.
<i>A democracy which upholds the rights of the individual</i> 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.
<i>A fit and healthy community</i> 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.
<i>Safe, effective and sustainable infrastructure</i> 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.
<i>A supportive and contributing community</i> 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 Transit New Zealand, Land Transport New Zealand, Sports South Canterbury, the Ministry of Health, Quotable Value, Housing Corporation of New Zealand and the Ministry of Social Development.

The Council is however uncertain as to what resources are realistically likely to be provided by external agencies 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. It keeps close contact with the other South Canterbury councils and may well share and adopt information that those councils have collected.

While the Council has yet to finalise the measures that might tell it how well the Mackenzie is progressing towards its six key outcomes, it proposes at this stage to adapt some work undertaken by the Timaru District Council. The draft monitoring regime is scheduled in the following table.

Data collected by the Canterbury regional outcomes group looks useful, as does the wealth of material collected by the Department of Statistics. Depending on funding, local survey work is also envisaged. Council thinking is that base level data needs to be compiled first. Reviewing progress annually is probably beyond our budgets, so a triennial review is proposed. The first of these would need to be completed well before the 2009 LTCCP was prepared and be subject to separate consultation. Thereafter, future progress reports would be produced at three yearly intervals.

Given the pressures placed on its own limited resources and the broad similarity in outcomes identified by other Councils, it has decided to review the work of others before finally selecting measures and monitoring that are appropriate for its size and budget.



Community Outcomes Cont...

Community Outcomes	Indicator	Data Source	Time Period
An attractive and highly valued natural environment	<ul style="list-style-type: none"> District's awareness of environmental issues Land (ha) affected by animal pests (especially rabbits) Land (ha) affected by noxious plant pests (especially wilding pines) River water quality – drinking and swimming Waste diversion from landfill Recycling volumes Total energy consumption Perceptions of accessibility to the environment (e.g. waterways, high country) 	MDC Survey Regional Council Regional Council Regional Council MDC MDC Canterbury Regional Council, EECA MDC	3 yearly To be determined To be determined To be determined Quarterly Quarterly To be determined 3 yearly
Thriving economy	<ul style="list-style-type: none"> Building consents indicators Demographic Indicators (e.g. income) Other regional economic growth indicators Regional economic growth Index Property price changes 	MDC, Stats NZ Stats NZ APR Survey National Bank Regional Trends Quotable Value/Real Estate Institute	Monthly Census – 5 yearly Monthly Quarterly Monthly
Democracy which upholds the rights of the individual	<ul style="list-style-type: none"> Perceptions of satisfaction with Council's advocacy on behalf of the community Perceptions of ease of dealing with the Council 	MDC survey MDC survey	3 yearly 3 yearly
Fit and healthy community	<ul style="list-style-type: none"> Physical activity participation rates – all age groups Life expectancy School leavers with no formal qualification % students leaving school with core numeracy and literacy credits at NCEA level 1 Educational attainment of adult population Road traffic accidents and casualties Perceptions of sense of pride in the District Number of buildings/sites remaining on Historic Places Trust category lists Medical professionals/GP to population Perceptions of satisfaction with health services provided in the Mackenzie District Perceptions of satisfaction with educational services provided in the Mackenzie District 	SPARC Stats NZ Ministry of Education Ministry of Education Stats NZ Land Transport Safety Authority MDC Survey Historic Places Trust SC District Health Board MDC survey MDC Survey	To be determined To be determined Annual Annual Census - 5 yearly Annual 3 yearly Annual To be determined 3 yearly 3 yearly 3 yearly
Safe, effective and sustainable infrastructure	<ul style="list-style-type: none"> Annual power outages Drinking water standards Satisfaction with Council infrastructural services (e.g. roading, sewer, water supply services, footpaths) Satisfaction with other core infrastructural services (e.g. power, telecommunications) Access to internet, telephone 	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"> Social deprivation index Perceptions of quality of life in the Mackenzie Perceptions of safety Perceptions of community Perceptions of the Mackenzie as a safe place to live Unpaid work 	Stats NZ MDC Survey MDC survey MDC survey MDC Survey Stats NZ	5 yearly 3 yearly 3 yearly 3 yearly 3 yearly Census – 5 yearly

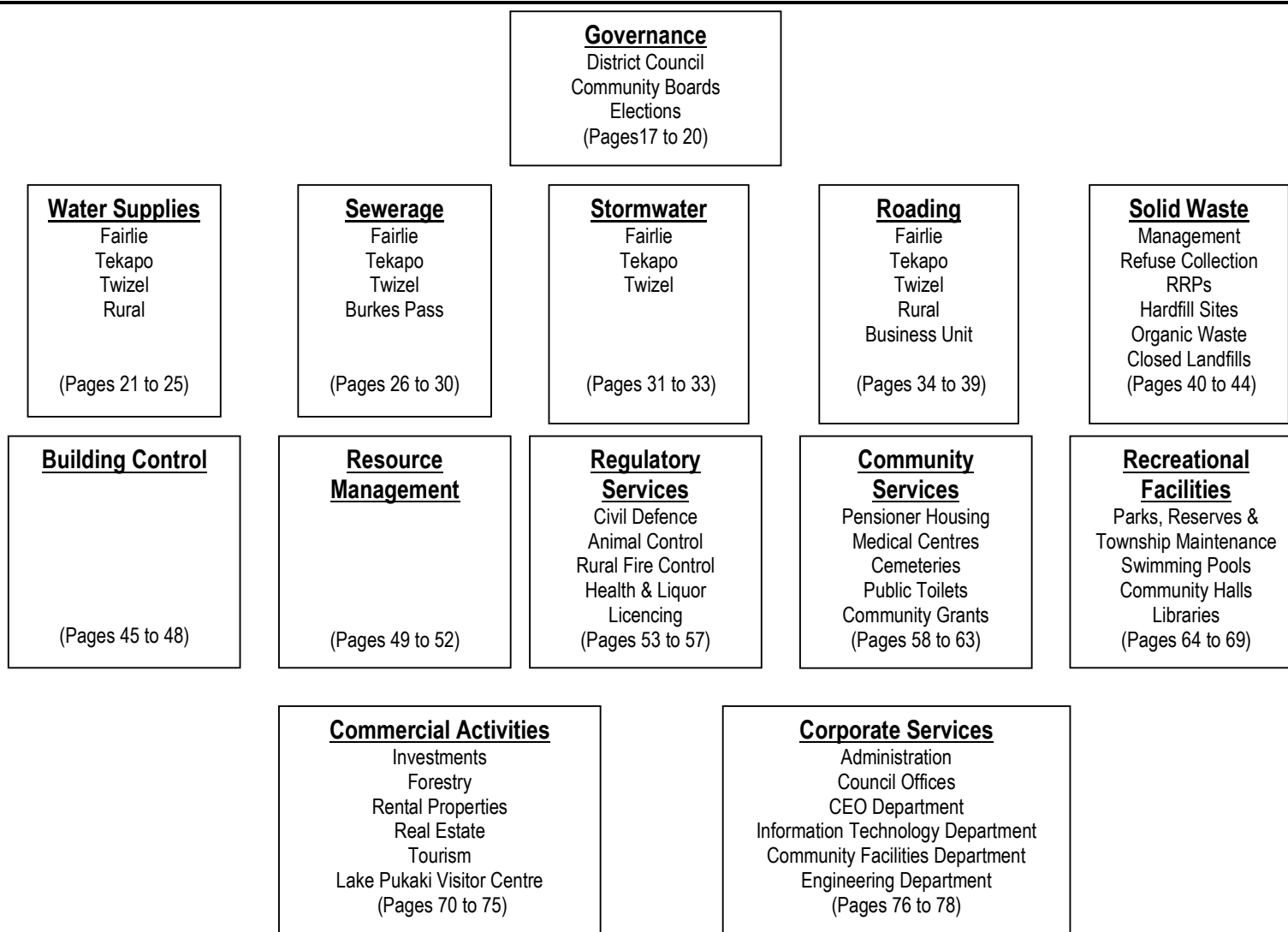


Groups of Activities

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



Groups of Activities - Overview



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

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, workshopping of issues and hosting visitors.	<ul style="list-style-type: none"> At least 22 meetings/hearings held during the year. No identified breaches of the Local Government (Official Information and Meetings) Act. 	<p>Achieved: The Council continued with the Committee structure adopted during 2006/07 with separate standing Committees for Finance, Operations and Planning. Council meetings continued on a 6-weekly cycle. In 2007/08, there were 15 meetings of the full Council and 22 meetings of Council Committees, a total of 37 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>
Effective consultation held on 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"> Number of special consultations held during the year and number of submissions made in response. 	<p>Achieved: Council undertook a special consultative procedure for the adoption of its Annual Plan which attracted a total of 78 submissions. The consultation included sending a summary to all residents of the District and to all non-resident ratepayers. Consultation was completed on a revised Hawkers Bylaw which was developed during the previous year. One submission was considered. Another special consultative procedure was undertaken to transform the former Tourism Board into a Council controlled organisation. Two submissions on this matter were considered. 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. Two submissions were considered but the consultation procedure was delayed and not completed until the following 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"> Each Community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval. 	<p>Achieved in part: The Fairlie Community Board held eight meetings during the year and the Tekapo Community Board held nine. The Twizel Community Board only held seven as a scheduled meeting for 17 September 2007 failed for want of a quorum.</p> <p>Achieved: 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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
L	District Council Computers	-	7
	TOTAL	-	7

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:

- Laptop computers were purchased for each of the Councillors to enable efficient transfer of information. Previously all agendas were mailed out.

Results for the 2007/2008 year

- Total capital expenditure for the year was \$7,000; being \$7,000 over budget.



Governance Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
REVENUE			
610	General Rates	689	689
73	Targeted Rates	71	71
683		760	760
DIRECT EXPENDITURE			
46	Employment Expenses	47	47
192	Member Expenses	222	228
-	Consultancy Expenses	-	-
28	Administration	33	36
-	Interest on Capital Reserves	-	-
382	Internal Expenses	457	517
1	Funded Depreciation*	1	3
649		760	831
34	Operating Surplus/(Deficit)	-	(71)
Operating Surplus/(Deficit) transferred to/funded by:			
33	General Reserve	-	(69)
-	Fairlie Works & Services Reserve	-	-
-	Tekapo Works & Services Reserve	-	(1)
1	Twizel Works & Services Reserve	-	(1)
34		-	(71)

* 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 deficit for the year was \$71,000; \$71,000 greater than the budgeted breakeven position.

Revenue

Total revenue for the year was \$760,000, equal to the budgeted revenue of \$760,000.

There were no significant variances from budget.

Direct Expenditure

The total direct expenditure for the year was \$831,000; \$71,000 greater than the budgeted direct expenditure of \$760,000.

The key variances from budget were:

- Internal expenses were \$60,000 greater than budget mainly due to cost overruns in the Administration wages.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
CAPITAL EXPENDITURE			
-	District Council	-	7
-		-	7
Funded by:			
-	District Council Capital Reserve	-	7
-		-	7

Commentary on Governance Capital Expenditure

Total capital expenditure for the year was \$7,000; which was not budgeted for.

The key variance from budget was:

- The purchase of laptop computers for the Councillors.



Water Supplies

Background

In the Mackenzie District, there are presently six 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 the rural schemes of Allandale and Spur Road.

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.

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

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

Rationale for the Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To ensure all of the public systems provide a high quality water treatment and distribution service;
- To assess the quality and adequacy of all existing private water supply systems (serving more than single premises) in the District;
- 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
Quality <ul style="list-style-type: none"> Water supplied to Tekapo and Fairlie is continuously disinfected with chlorine. Non-disinfected supplies are monitored for the presence of E coli (faecal bacteria) and consumers are advised when a hazard is identified. 	<ul style="list-style-type: none"> Weekly monitoring of disinfected schemes shows no presence of E.coli (faecal bacteria) in the supplies. 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 >10cfu/100ml. Three urban water supplies upgraded to meet drinking water standards. 	<ul style="list-style-type: none"> 100% compliance. Scheduled monitoring completed. No failure to issue boil water notices when hazard identified. Scheduled works completed as noted on Capital Schedule 	<p>Substantially Achieved Fairlie – 51 samples were tested during the year with 100% compliance. Lake Tekapo – 55 samples tested with 100% compliance. Allandale – 12 samples tested with 100% compliance. Burkes Pass – 13 samples tested and 11 samples complied (85% compliance).</p> <p>Achieved Twizel – 56 samples tested during the year. 55 samples complied (98% compliance). One sample failed due to it containing 3cfu/100ml (normal allowance is < 1cfu/100ml.) Twizel is the only non-disinfected domestic community supply.</p> <p>Achieved</p> <p>Not Achieved A contract was let for reticulation renewals on Regent Street, Argyle Street and Talbot Road in Fairlie. The contract start date was postponed to August at the request of the contractor to avoid construction over winter.</p>
Availability <ul style="list-style-type: none"> Water is continuously available apart from programmed shutdowns and unexpected disruptions. 	<ul style="list-style-type: none"> No disruption exceeds eight hours Normal duration of 90% of disruptions is less than six hours 	<ul style="list-style-type: none"> 100% Compliance 100% Compliance 	<p>Achieved</p> <p>Achieved</p>
Environmental <ul style="list-style-type: none"> Supplies cause no environmental ill-effects. 	<ul style="list-style-type: none"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% Compliance 	<p>Achieved in Part 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 82 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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Fairlie		
G	Vested Assets	9	-
R	Fittings Renewal programme-Fairlie including Princess St	50	157
R	Talbot Street	37	-
R	Water Meters	-	1
R	Resource Consent Costs	-	13
		96	171
	Lake Tekapo		
G	Vested Assets	74	-
R	Fittings Renewal programme	2	-
		76	-
	Twizel		
G	Vested Assets	346	311
L	Resource Consent	-	2
R	Fittings Renewal programme	21	17
R	Headworks Renewal	-	30
L	Town Reticulation - New	-	60
R&L	Treatment - New	55	-
G	Investigation - New Source	-	15
		422	435
	Allandale		
R&G	Reticulation	-	82
		-	82

Requirement for Work		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Burkes Pass		
R&L	Treatment and Intake upgrade	10	3
		10	3
	School Road		
R	Resource Consent	-	6
		-	6
	Spur Road		
	Sale of Assets	-	(4)
R&L	Reticulation	-	20
		-	16
	Eversley/Punaroa		
R&L	Treatment and Intake Upgrade	10	-
		10	-
	TOTAL	614	713

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:

- The trunk line renewal for the Fairlie Supply(started in 2006/07) was to mitigate the breakages experienced on that part of the reticulation that has occurred over the last few years.
- 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.
- Upgraded and extended reticulation for Allandale and Spur Road was proposed to improve the water supply to the identified areas.
- Assets vested in Council are the result of development.

Results for the 2007/2008 year

Total capital expenditure for the year was \$713,000; \$99,000 greater than the budget of \$614,000. The key variances from budget were:

- Work on the Fairlie water line was over budget by \$100,000 due to completion of the Fairlie trunk line renewal, which was work carried over from the 2006/2007 year, and an upgrade of the School Road water line.
- Work on the Talbot Street water line was deferred until the 2008/2009 year, as an upgrade in School Road was deemed to be more urgent.
- No work was done in the Tekapo area during the year, and no vesting of assets took place as was anticipated during the year.



Water Supplies Financial Summary

- Further reticulation work was carried out on the Allandale and Spur Road scheme; however, this was partly funded from financial contributions.
- The \$82,000 spent on the Allandale water scheme was work carried over from the 2006/07 year due to the scheme being extended to what was originally planned.
- Only essential work was performed on the Burkes Pass water scheme as applications are in progress to secure funding to continue the upgrade.
- \$20,000 was spent on the Spur Road scheme which was work carried over from the 2006/07 year, while the resource consent for the Eversley/Punaroa treatment and intake upgrade is on hold.
- There was further work required in the Twizel area than budgeted this year due to the replacement of the pump, which had been budgeted for in previous years, and an extension of the northwest arch water main to meet the Ostler Road water main to improve the reticulation. This was also a carry over from monies allowed for in the 2005/06 budget.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
618	Targeted Rates	653	658
287	Financial Contributions	224	352
425	Vested Assets	430	311
106	Other Income	139	116
6	External Interest Received	-	7
43	Interest on Capital Reserves	58	59
1,485		1,504	1,503
	DIRECT EXPENDITURE		
4	Employment Expenses	-	8
2	Consultancy Expenses	18	11
7	Administration	8	8
294	Operational & Maintenance Expenses	256	276
65	Interest on Capital Reserves	102	109
113	Internal Expenses	113	113
209	Funded Depreciation *	200	273
29	Non-Funded Depreciation **	32	59
723		729	857
762	Operating Surplus/(Deficit)	775	646

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Operating Surplus/(Deficit) transferred to/funded by:		
25	Fairlie Water Capital Reserve	45	11
413	Tekapo Water Capital Reserve	133	204
170	Twizel Water Capital Reserve	561	410
(29)	Ratepayers' Equity	(32)	(59)
23	Albury Water Operating Reserve	-	13
145	Allandale Water Capital Reserve	70	70
12	Ashwick/Opuha Water Capital Reserve	(4)	(4)
2	Burkes Pass Water Capital Reserve	-	1
1	Kimbell Water Capital Reserve	1	1
1	School Road Water Capital Reserve	1	(1)
(1)	Spur Road Water Capital Reserve	-	-
762		775	646

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 Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$646,000; \$129,000 less than the budgeted surplus of \$775,000.

Revenue

Total revenue for the year was \$1,503,000; \$1,000 less than the budgeted revenue of \$1,504,000.

The key variances from budget were:

- Financial contributions for the year were \$58,000 more than the assessment allowed for in the budget. This was a combination of \$150,000 more from the Tekapo area, as titles were issued for the Bluewater development subdivision and \$100,000 less than expected in the Twizel area.
- The value of water assets vested in Council for the year were \$119,000 less than allowed for in the budget as no assets vested from the Tekapo area and fewer from the Twizel area than anticipated. The amount of vested assets in any one year is dependent on developers timing.
- Other income was greater than budget by \$47,000 due to the other income charged by the Albury Water Supply Committee, which was not incorporated in Councils original budget.



Water Supplies Financial Summary cont...

Direct Expenditure

The total direct expenditure for the year was \$857,000; \$128,000 more than the budgeted direct expenditure of \$729,000. The key variances from budget were:

- Operational and maintenance expenses were \$20,000 greater than budgeted due to repairs required on the Albury Water Supply which was not budgeted for.
- Depreciation was significantly higher than budgeted for, due to the asset revaluation this year.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
134	Fairlie Water Supply	96	171
376	Tekapo Water Supply	76	-
104	Twizel Water Supply	422	435
642	Allandale Water Supply	-	82
-	Ashwick/Opuha Water Race	-	-
2	Burkes Pass Water Supply	10	3
5	School Road Water Race	-	6
139	Spur Road Water Supply	-	16
-	Eversley/Puneroa Water Supply	10	-
1,402		614	713
	Funded by:		
134	Fairlie Water Capital Reserve	96	171
376	Tekapo Water Capital Reserve	76	-
104	Twizel Water Capital Reserve	422	435
642	Allandale Water Capital Reserve	-	82
-	Ashwick/Opuha Water Capital Reserve	-	-
2	Burkes Pass Water Capital Reserve	10	3
5	School Road Water Capital Reserve	-	6
139	Spur Road Water Capital Reserve	-	16
-	Eversley/Puneroa Water Capital Reserve	10	-
1,402		614	713

Commentary on Water Supplies Capital Expenditure

The total capital expenditure for the year was \$713,000; \$99,000 greater than the budgeted capital expenditure of \$614,000. The key variances from budget were:

- Work on the Fairlie line was significantly greater than budget due to completion of the section of Fairlie trunk line renewal, which was work carried over from the 2006/07 year and an upgrade of the School Road water line.
- No work was done in the Tekapo area during the year.
- There was further work required in the Twizel area than budgeted this year due to the replacement of the pump, which had been budgeted for in previous years, and an extension of the northwest arch water main to meet the Ostler Road water main to improve the reticulation. This was also a carry over from monies allowed for in the 2005/06 budget.



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. However, responsibility for the monitoring of wastewater comes under the jurisdiction of the Canterbury Regional Council.

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
Safe, effective and sustainable infrastructure.	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.
A fit and healthy community.	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.
A thriving economy.	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"> All resource consent conditions are met. 	<ul style="list-style-type: none"> 100% compliance 	Substantially Achieved The resource consent conditions are monitored by the Canterbury Regional Council. Burkes Pass – All conditions monitored were graded as fully compliant. Twizel – Mostly consistent with previous results. Conductivity levels were a little higher. Lake Tekapo – All conditions were graded as fully compliant, except, for the annual report. The annual report was required by the regional council each calendar year rather than each financial year. This has been rectified. Fairlie – All conditions monitored were graded as fully compliant.
Pump stations cope with effluent volumes	<ul style="list-style-type: none"> No sewage overflows from pump stations. 	<ul style="list-style-type: none"> 100% compliance 	Achieved
Systems operate with minimal disruption due to blockages.	<ul style="list-style-type: none"> Annual blockages are less than six per 10 km of sewer. 	<ul style="list-style-type: none"> Target met 	Achieved There were 21 blockages in 58.9km of sewer, which equates to 3.57 blockages per 10km.

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

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

Requirement for Work		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Fairlie		
G	Vested Assets	18	-
R	Gall St Replace Earthenware	11	-
R	Resource Consent	-	7
G	Septic tanks discharge to Oxidation ponds	-	2
		29	9
	Tekapo		
R	Sewer Reticulation - Renewal		2
G	Vested Assets	141	-
		141	2
	Twizel		
R	Resource Consent	-	2
G	Vested Assets	658	213
R & L	Treatment/Disposal Area Upgrade	100	14
		758	229
	TOTAL	928	240

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.

Results for the 2007/2008 year

Total capital expenditure for the year was \$240,000; \$688,000 less than the budget of \$928,000.

The key variances from budget were:

- Sewer assets vested in Council from Fairlie, Tekapo and Twizel were lower than initially anticipated.
- The work budgeted to take place on the Fairlie and Twizel sewerage schemes did not take place as investigation showed the Gall Street sewer replacement could be deferred; and work in Twizel was delayed by the failure to complete negotiations with the affected landowner.

Sewerage Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
420	Targeted Rates	459	458
131	Financial Contributions	178	773
628	Vested Assets	817	213
1	Other Income	-	-
11	Interest on Capital Reserves	13	17
1,191		1,467	1,461
	DIRECT EXPENDITURE		
-	Consultancy Expenses	10	5
9	Administration	11	8
102	Operational & Maintenance Expenses	80	85
116	Interest on Capital Reserves	97	124
83	Internal Expenses	83	83
200	Funded Depreciation*	216	198
3	Non-Funded Depreciation**	3	4
513		500	507
678	Operating Surplus/(Deficit)	967	954
	Operating Surplus transferred to/(Operating Deficit funded by):		
(3)	Ratepayer's Equity	(3)	(4)
1	Burkes Pass Sewer Capital Reserve	-	1
(11)	Fairlie Sewer Capital Reserve	33	(9)
441	Tekapo Sewer Capital Reserve	130	393
250	Twizel Sewer Capital Reserve	807	573
678		967	954

* 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 Sewerage Financial Summary

Surplus/(Deficit)

The surplus for the year was \$954,000; \$13,000 less than the budgeted surplus of \$967,000.

Revenue

Total revenue for the year was \$1,461,000; \$6,000 less than the budgeted revenue of \$1,467,000. The key variances from budget were:

- Financial contributions for the year were \$595,000 greater than allowed for in the budget due to titles being issued for the Bluewater development subdivision in Tekapo and connections to the Glen Lyon Road sewer. Both projects were accelerated by the developers.
- The value of sewer assets vested in Council for the year were \$604,000 less than budgeted due to the number of new sections being created being fewer than anticipated.

Direct Expenditure

The total direct expenditure for the year was \$507,000; \$7,000 greater than the budgeted direct expenditure of \$500,000. The key variances from budget were:

- Interest on capital reserves was \$27,000 greater than budget due to the financial contributions received during the year being greater than was budgeted for.
- Funded depreciation was \$18,000 less than anticipated following a revaluation of the sewerage assets.



Sewerage Financial Summary cont...

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
-	Burkes Pass Sewer	-	-
-	Fairlie Sewer	29	9
474	Tekapo Sewer	141	2
544	Twizel Sewer	758	229
1,018		928	240
	Funded by:		
-	Burkes Pass Sewer Capital Reserve	-	-
-	Fairlie Sewer Capital Reserve	29	9
474	Tekapo Sewer Capital Reserve	141	2
544	Twizel Sewer Capital Reserve	758	229
1,018		928	240

Commentary on Sewerage Capital Expenditure

The total capital expenditure for the year was \$240,000; \$688,000 less than the budgeted capital expenditure of \$928,000.

The key variances from budget were:

- Sewer assets vested in Council from Fairlie, Tekapo and Twizel were lower than initially anticipated.
- The major renewal work budgeted for in Fairlie and Twizel was not undertaken during the year due to the failure to complete land negotiation in Twizel and investigations showing the Gall Street replacement in Fairlie could be deferred.



Stormwater

Background

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

Rationale for the Council's Involvement

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

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To provide satisfactory stormwater services for the urban areas of the District. Council has a policy to reduce the volume and intensity of stormwater flowing from individual properties into the Council's system. As such, all new buildings 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"> Specified flood event protection is maintained. 	<ul style="list-style-type: none"> No complaints about damage caused by flooding. 	Achieved 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"> Completion of works within budget. 	<ul style="list-style-type: none"> Works completed by December 2009. 	Not Achieved Negotiations with land owners and Canterbury Regional Council are progressing. A consultant was been engaged to model the proposed protection works.
No environmental ill effects arising from stormwater protection work.	<ul style="list-style-type: none"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% Compliance. 	Achieved Resource Consent conditions were complied with.

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.

Reasons for Undertaking Capital Expenditure Projects

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

- Work was planned on the Fairlie Western Catchment project to protect Fairlie from flooding.
- Assets vested in Council are the result of development.

Results for the 2007/2008 year

Total capital expenditure for the year was \$4,000; \$457,000 less than the budget of \$461,000.

The key variances from budget were:

- No stormwater assets were vested in Council during the year.
- None of the work budgeted for the Western Catchment project was undertaken during the year.

Requirement for Work	Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
Fairlie		
G Vested Assets	6	-
L Stormwater Discharges	11	-
G Western Catchment Flood Protection Works	156	4
	173	4
Tekapo		
L Treatment Domain Area	10	-
G Vested Assets	49	-
	59	-
Twizel		
G Vested Assets	229	-
	229	-
TOTAL	461	4

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



Stormwater Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
64	Targeted Rates	68	68
-	Financial Contributions	-	3
-	Vested Assets	284	-
13	Interest on Capital Reserves	18	18
77	Total Revenue	370	89
	DIRECT EXPENDITURE		
-	Consultancy Expenses	4	2
2	Administration	2	2
14	Operational & Maintenance Expenses	11	7
-	Interest on Capital Reserves	7	-
22	Internal Expenses	22	22
35	Funded Depreciation*	40	54
73		86	87
4	Operating Surplus/(Deficit)	284	2
	Operating Surplus/(Deficit) transferred to/funded from:		
-	Fairlie Works & Services Reserve	6	5
3	Tekapo Works & Services Reserve	49	-
1	Twizel Works & Services Reserve	229	(3)
4		284	2

*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 \$2,000; \$282,000 less than the budgeted surplus of \$284,000.

Revenue

Total revenue for the year was \$89,000; \$281,000 less than the budgeted revenue of \$370,000.

The key variances from budget were:

- No stormwater assets were vested in Council, whereas an amount of \$284,000 was budgeted for.

Direct Expenditure

The total direct expenditure for the year was \$87,000; \$1,000 greater than the budgeted direct expenditure of \$86,000.

There were no significant variances from budget.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
8	Fairlie Stormwater	173	4
-	Tekapo Stormwater	59	-
-	Twizel Stormwater	229	-
8		461	4
	Funded by:		
8	Fairlie Stormwater Capital Reserve	173	4
-	Tekapo Stormwater Capital Reserve	59	-
-	Twizel Stormwater Capital Reserve	229	-
8		461	4

Commentary on Stormwater Capital Expenditure

Total capital expenditure for the year was \$4,000; \$457,000 less than the budget of \$461,000.

The key variances from budget were:

- No stormwater assets were vested in Council during the year.
- None of the work budgeted for the Western Catchment project was undertaken during the 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
<i>An attractive and highly valued natural environment</i>	By providing vehicular access to areas while minimising the effect on the natural environment.
<i>A thriving economy</i>	By providing a safe and efficient highway network for the transport of people and goods.
<i>A fit and healthy community</i>	By providing safe roads that provide access to sporting, recreational, social and medical amenities.
<i>Safe, effective and sustainable infrastructure</i>	By ensuring appropriate maintenance standards for roads and footpaths are adhered to and the network is steadily improved. By ensuring that sufficient funds are allocated to meet this philosophy.

Principal Objectives:

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



Roading Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Sealed Road Smoothness 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"> 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. 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. 	<ul style="list-style-type: none"> NAASRA counts meet targets. NAASRA counts meet targets. 	<p>Achieved The average count for urban roads was 96 with 8.7% of travel being on roads above 150 counts.</p> <p>Achieved The average count for rural roads was 80 with the top 0.6% of travel being on roads above 110 counts</p>
Unsealed Road Standard Unsealed roads shall be maintained as per specifications in the roading maintenance contract contracts.	<ul style="list-style-type: none"> All contract specifications are met. 	<ul style="list-style-type: none"> For audited sections of the unsealed roading network, contract specifications are fully met or identified defects are remedied within agreed timeframes. 	<p>Achieved 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 overall condition of the unsealed network is good and not deteriorating.</p>
Customer Satisfaction Residents surveyed consider roads and footpaths in the District "Satisfactory" or "Very Satisfactory".	<ul style="list-style-type: none"> 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". At least 70% of respondents to a three yearly community survey have an opinion that urban footpaths are "satisfactory" or "very satisfactory" 	<ul style="list-style-type: none"> Measure based on three yearly community survey. Measure based on three yearly community survey. 	<p>Not Measured The customer satisfaction surveys for roading were not completed during the year; and the performance was not measured.</p> <p>Not Measured As above</p>



Roading Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Result
Minor Improvements Council continues to identify and prioritise key areas for safety improvements and progressively correct these.	<ul style="list-style-type: none"> Not less than two projects shall be implemented each year. 	<ul style="list-style-type: none"> At least two safety projects completed annually. 	Achieved Intersection seals were completed on Rocky Gully Road and Richardson Road adjacent to SH8, Burnetts Road adjacent to Cannington Road, and the Middle Road/Plantation Road Intersection. Stoney River Bridge approach sealing was completed on Haldon Road. A 200 metre gap on School Road was sealed. A traction seal on Middle Valley road was extended 60 metres.
Road Improvement Projects 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"> All approved road improvement projects qualifying for Land Transport New Zealand financial assistance are undertaken. 	<ul style="list-style-type: none"> 100% of approved projects completed annually. 	Achieved Stoneleigh Bridge replacement was completed and opened in December 2007.

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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Fairlie - Subsidised		
R	Street Lighting	8	3
R	Signs	1	-
R	Drainage Renewals	-	1
R	Reseals	13	47
		22	51
	Fairlie - Unsubsidised		
R	Footpaths - Surfacing	21	23
G	Vested Assets	24	-
		45	23
	Tekapo - Subsidised		
R	Street Lighting	2	-
R	Signs	1	1
R	Reseals	9	-
		12	1
	Tekapo - Unsubsidised		
R	Footpaths - Surfacing	14	-
G	Vested Assets	192	-
		206	-
	Twizel - Subsidised		
R	Signs	2	1
R	Reseals	82	-
		84	1
	Twizel - Unsubsidised		
R	Footpaths - Surfacing	37	40
G	Vested Assets	901	780
		938	820

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

Requirement for Work		Budget 2007/08 (\$000)	Actual 2006/07 (\$000)
	Rural - Subsidised		
	Projects		
R	Running Course and Basecourse – Unsealed	432	358
R	Signs	27	37
R	Drainage – Culverts	45	64
R&L	Projects – Stoneleigh Bridge Replacement	150	138
R	Bridges	70	56
R&L	Minor Safety Works	143	153
R	Reseals	128	139
		995	945
	Rural – Unsubsidised		
R&L	Projects	105	-
L	Sealing Past Houses	10	4
		115	4
	Roading Professional Services		
R	Computers	2	1
		2	1
	TOTAL	2,419	1,846

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 2007/2008 year

Total capital expenditure for the year was \$1,846,000; \$573,000 less than the budget of \$2,419,000. The key variances from budget were:

- Roothing assets vested in Council from Fairlie, Tekapo and Twizel were lower than initially anticipated.
- Subsidised capital expenditure in the rural area was \$50,000 lower than budgeted.
- None of the unsubsidised rural projects budgeted for were undertaken during the year; these have been deferred to the 2008/09 year.
- The Reseals in Fairlie were \$34,000 higher than the budget of \$13,000, while the budgeted reseals in Twizel of \$82,000 were not undertaken due to these not being judged as a priority by the consultants.



Roading Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
REVENUE			
1,138	Targeted Rates	1,207	1,207
1,072	Subsidies & Grants	1,214	1,293
35	Financial Contributions	-	56
370	Vested Assets	1,117	780
12	Other Income	65	20
36	Interest on Capital Reserves	34	55
53	Internal Income	61	61
2,716		3,698	3,472
DIRECT EXPENDITURE			
59	Employment Expenses	64	43
38	Consultancy Expenses	27	111
5	Administration	5	7
4	Operational & Maintenance Expenses	5	9
1,044	Roading Expenses	958	1,023
3	Interest on Capital Reserves	2	2
210	Internal Expenses	217	218
5	Funded Depreciation*	4	3
1,333	Non-Funded Depreciation**	1,296	1,511
2,701		2,578	2,927
15	Operating Surplus/(Deficit)	1,120	545
Operating Surplus transferred to/ (Operating Deficit funded by):			
(1,333)	Ratepayers' Equity	(1,296)	(1,511)
18	Fairlie Roding Capital Reserve	67	49
370	Tekapo Roding Capital Reserve	218	10
87	Twizel Roding Capital Reserve	1,021	868
892	Rural Roding Capital Reserve	1,110	1,140
(19)	Roding Prof Services Operating Reserve	-	(11)
15		1,120	545

* 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 surplus for the year was \$545,000; \$575,000 less than the budgeted surplus of \$1,120,000.

Revenue

Total revenue for the year was \$3,472,000; \$226,000 less than the budgeted revenue of \$3,698,000.

The key variances from budget were:

- The value of roding assets vested in Council for the year was \$337,000 less than budgeted due to the number of new sections being created being fewer than anticipated.
- Upgrade contributions of \$56,000 were received during the year, which was not budgeted for. These related to the development of Manuka Terrace.
- Petroleum Tax received was \$10,000 greater than budgeted.
- Capital reserve interest was \$21,000 greater than budgeted due to funds being retained in the reserves as the level of capital expenditure was lower than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$2,927,000; \$349,000 greater than the budgeted direct expenditure of \$2,578,000.

The key variances from budget were:

- Additional consultancy costs were incurred in the period when the Roding Manager position was vacant, taking the consultancy expenses over budget by \$84,000.
- Additional rural roding costs took the operational roding expenses over budget by \$65,000
- Depreciation costs were up on budget by \$215,000, due to the revaluation of assets this year.



Roading Financial Summary cont...

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
5	Fairlie Subsidised Roding	22	51
13	Fairlie Unsubsidised Roding	45	23
1	Tekapo Subsidised Roding	12	1
372	Tekapo Unsubsidised Roding	206	-
88	Twizel Subsidised Roding	84	1
38	Twizel Unsubsidised Roding	938	820
581	Rural Subsidised Roding	995	945
-	Rural Unsubsidised Roding	115	4
-	Roding Professional Services	2	1
1,098		2,419	1,846
	Funded by:		
18	Fairlie Roding Capital Reserve	67	74
373	Tekapo Roding Capital Reserve	218	1
126	Twizel Roding Capital Reserve	1,022	821
581	Rural Roding Capital Reserve	1,110	949
-	Roding Prof Services Capital Reserve	2	1
1,098		2,419	1,846

Commentary on Roding Capital Expenditure

Total capital expenditure for the year was \$1,846,000; \$573,000 less than the budget of \$2,419,000.

The key variances from budget were:

- Roding assets vested in Council from Fairlie, Tekapo and Twizel were lower than initially anticipated.

- Subsidised capital expenditure in the rural area for the year was \$50,000 lower than budgeted.
- None of the unsubsidised rural projects budgeted for were undertaken during the year, and have been deferred to the 2008/09 year.
- The Reseals in Fairlie were \$34,000 higher than the budget of \$13,000, while the budgeted reseals in Twizel of \$82,000 were not undertaken, due to these not being judged as a priority by the consultants.



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

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"> 70% of all solid waste received at the three resource recovery parks is diverted from landfill. 	<ul style="list-style-type: none"> 70% diverted, with an expectation of 80% by 2009. 	Achieved 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"> To pick up all compliant bags of waste put out for collection at the kerbside. 	<ul style="list-style-type: none"> 100% compliance. 	Achieved 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"> All resource consents conditions are complied with. 	<ul style="list-style-type: none"> 100% compliance. 	Achieved This was achieved as no non compliance was reported by the Canterbury Regional Council.

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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
R	Twizel Resource Recovery Park Plant & Equipment	-	11
	TOTAL	-	11

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:

- Replacement of the loader based at Twizel.

Results for the 2007/2008 year

Total capital expenditure for the year was \$11,000; \$11,000 over budget.

The key variances from budget were:

- Due to the breakdown of the loader based at Twizel a replacement was purchased at a cost of \$11,000.



Solid Waste Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
379	General Rates	403	403
81	Targeted Rates	76	79
253	Other Income	224	272
220	Internal Income	239	242
933		942	996
	DIRECT EXPENDITURE		
228	Employment Expenses	228	258
15	Consultancy Expenses	5	3
13	Administration	17	14
269	Operational & Maintenance Expenses	298	345
64	Interest on Capital Reserves	59	66
263	Internal Expenses	275	275
59	Funded Depreciation*	60	65
4	Non-Funded Depreciation**	4	6
915		946	1,032
18	Operating Surplus/(Deficit)	(4)	(36)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(4)	Ratepayer's Equity	(4)	(6)
4	Fairlie Refuse Operating Reserve	-	2
3	Tekapo Refuse Operating Reserve	-	5
3	Twizel Refuse Operating Reserve	-	4
12	General Reserve	-	(41)
18		(4)	(36)

* 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 deficit for the year was \$36,000; \$32,000 greater than the budgeted deficit of \$4,000.

Revenue

Total revenue for the year was \$996,000; \$54,000 greater than the budgeted revenue of \$942,000.

The key variances from budget were:

- Twizel Gate fees were up on budget by \$30,000.
- Gate fees for recyclables were down on budget by \$9,000.
- Sales of refuse bags were up on budget by \$23,000.
- Sales of recovered materials were up on by budget by \$15,000.

Direct Expenditure

The total direct expenditure for the year was \$1,032,000; \$86,000 more than the budgeted direct expenditure of \$946,000.

The key variances from budget were:

- Due to the labour intensive nature of the increasing amount of recyclable materials; additional employment costs of \$30,000 were incurred during then year.
- Operational and maintenance expenses were over budget by \$47,000 due to increased transport costs of \$22,000. The other significant costs resulted from equipment breakdowns that required repairs and hiring in equipment to cover for the failed equipment.



Solid Waste Financial Summary cont...

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
4	Solid Waste Management	-	-
-	Fairlie RRP	-	-
10	Twizel RRP	-	-
-	Hardfill Sites	-	-
-	Treatment of Organic Waste	-	11
14		-	11
	Funded by:		
4	Solid Waste Mgt Capital Reserve	-	-
-	Fairlie RRP Capital Reserve	-	-
10	Twizel RRP Capital Reserve	-	-
-	Hardfill Sites Capital Reserve	-	-
-	Organic Waste Capital Reserve	-	11
14		-	11

Commentary on Solid Waste Capital Expenditure

Total capital expenditure for the year was \$11,000; \$11,000 over budget.

The key variances from budget were:

- Due to the breakdown of the loader based at Twizel, a replacement was purchased at a cost of \$11,000.



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 new Act, Council is required to be an accredited building consent authority to carry out its building control functions. The Council is committed to this in order to retain a local building control service.

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 for the Council to become a building consent authority.

Community Outcomes to which the Activity contributes:

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

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 becomes an accredited 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"> To process building consents and property information memoranda within the statutory timeframe of 20 days 	<ul style="list-style-type: none"> To process 95% of building consents and property information memoranda within the statutory timeframe for the year ended 30 June 2008. 	Achieved During the year, Council processed 253 building consents with an average processing time of 10 days. 245, or 97%, were processed with the required timeframe. There were 259 property information memoranda processed within that period. 253, or 97%, were issued within the required timeframes.
Council is working to achieve building consent authority accreditation.	<ul style="list-style-type: none"> Council is accredited as a building control authority 	<ul style="list-style-type: none"> Accreditation to be received by November 2007 	Not Achieved The statutory deadline for accreditation was extended by the Government during the year. At 30 June the accreditation process was still in progress, Council received accreditation in 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	Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
R		
Building Control		
Computers	3	-
TOTAL	3	-

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; however, this has been carried over into the 2008/2009 year.

Results for the 2007/2008 year

No capital expenditure was made, from the \$3,000 budgeted for the year.



Building Control Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
22	General Rates	51	51
214	Other Income	202	225
-	Interest on Capital Reserves	-	-
3	Internal Income	3	3
239		256	279
	DIRECT EXPENDITURE		
120	Employment Expenses	128	128
30	Consultancy Expenses	12	2
23	Administration	21	21
10	Operational & Maintenance Expenses	10	10
-	Interest on Capital Reserves	-	-
81	Internal Expenses	79	79
6	Funded Depreciation*	6	6
270		256	246
(31)	Operating Surplus/(Deficit)	-	33
	Operating Surplus transferred to/ (Operating Deficit funded by):		
-	Building Consent Reserve	-	10
(31)	General Reserve	-	23
(31)		-	33

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 \$33,000; \$33,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$279,000; \$23,000 greater than the budgeted revenue of \$256,000.

The key variance from budget was:

- Building consents and recoverable services were \$23,000 greater than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$246,000; \$10,000 less than the budgeted direct expenditure of \$256,000.

The key variances from budget were:

- The building consent authority fees budgeted at \$10,000 will be paid in the 2008/2009 year. These funds have been set aside in a reserve.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
-	Building Control	3	-
-		3	-
	Funded by:		
-	Building Control Capital Reserve	3	-
-		3	-

Commentary on Building Control Capital Expenditure

No capital expenditure was made during the year, from the \$3,000 budget allocation.

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



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"> Review of rural subdivision and development rules completed. Continue township planning exercises. Make Improvements to the District Plan 	<ul style="list-style-type: none"> Review of rules completed by 30 June 2008. Subsequent plan changes released for submission by 30 June 2009. Undertake a town development study for Fairlie during the 2006/2007 year. Relevant plan changes completed by 30 June 2008. To prioritise and complete plan changes identified as necessary by Council. 	<p>Achieved Proposed Plan Change 13 of the District Plan was notified in December 2007, which proposed to change the rules relating to subdivision and development within the western Mackenzie Basin. Hearing of submissions commenced in September 2008.</p> <p>Not Achieved The Fairlie township study commenced in June 2008 and is expected to be completed by December 2008.</p> <p>Achieved in Part Two plan changes were completed during the 2007/08 year; Plan Change 12 relating to heritage protection, and Plan Change 14 relating to hard surface coverage. Plan Change 13 relating to the rural zone was notified but not completed within this period.</p>
Resource consents and land information memoranda processed in accordance with legislation.	<ul style="list-style-type: none"> To process resource consents within the statutory timeframe of 20 working days. To process land information memoranda within statutory timeframes of 10 working days 	<ul style="list-style-type: none"> 90% compliance till 30 June 2008, 95% compliance thereafter. 100% compliance. 	<p>Not Achieved Council processed 93 resource consents during the year with an average processing time of 13 days. 71, or 77%, were processed within the statutory timeframes.</p> <p>Achieved Council processed 168 land information memoranda in 2007/2008 with an average processing time of 6 days. 100%, were process within the statutory timeframes.</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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Resource Management		
R	Computers	4	1
G	Landscape Study	10	-
G	Natural Value Study	10	-
	TOTAL	24	1

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 landscape study and the natural values study were budgeted to complete aspects of the District Plan.

Results for the 2007/2008 year

Total capital expenditure for the year was \$1,000; \$23,000 less than the budget of \$24,000.

The key variance from budget was:

- Further work on the landscape and natural values studies was deferred until the 2008/2009 year.



Resource Management Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
242	General Rates	236	236
95	Reserve Contributions	591	116
102	Other Income	98	131
-	Interest on Capital Reserves	-	-
29	Internal Income	29	29
468		954	512
	DIRECT EXPENDITURE		
113	Employment Expenses	157	181
130	Consultancy Expenses	108	104
22	Administration	20	24
5	Operational & Maintenance Exp	6	2
4	Interest on Capital Reserves	4	5
103	Internal Expenses	111	111
3	Funded Depreciation*	3	2
380		409	429
88	Operating Surplus/(Deficit)	545	83
	Operating Surplus transferred to/ (Operating Deficit funded by):		
33	General Reserve	-	(33)
(40)	Real Estate Reserve	(46)	-
95	Land Subdivision Reserve	591	116
88		545	83

*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 \$83,000; \$462,000 less than the budgeted surplus of \$545,000.

Revenue

Total revenue for the year was \$512,000; \$442,000 less than the budgeted revenue of \$954,000. The key variances from the budget were:

- Reserve contributions for the year amounted to \$116,000; \$475,000 short of the anticipated budget.
- Recoverable services were up on budget by \$33,000.

Direct Expenditure

The total direct expenditure for the year was \$429,000; \$20,000 greater than the budgeted direct expenditure of \$409,000.

The key variance from budget was:

- Employment costs were \$24,000 greater than budgeted, due to staff changes during the year.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
2	Resource Management	24	1
2		24	1
	Funded by:		
2	Resource Planning Capital Reserve	24	1
2		24	1

Commentary on Resource Management Capital Expenditure

Total capital expenditure for the year was \$1,000; \$23,000 less than the budget of \$24,000.

The key variance from budget was:

- Further work on the landscape and natural values studies was deferred until the 2008/2009 year.



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 administers 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 and the local forestry company- Blakely Pacific Ltd. The costs of maintaining the rural fire authority are split evenly amongst this 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
<i>A attractive and highly valued natural environment</i>	<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>
<i>A fit and healthy community.</i>	<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"> • All dogs are registered and national dog database is continually kept up to date. 	<ul style="list-style-type: none"> • 100% of dogs are registered by year end. • All registered dogs on the national database. 	<p>Achieved All known dogs were registered by 30 June 2008. At the end of the year 1870 dogs belonging to 674 owners were registered. Registrations this year included one menacing dog, and one probationary owner. There were no dangerous dogs.</p> <p>Achieved 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"> • Respond to all complaints of wandering dogs and stock within 12 hours. 	<ul style="list-style-type: none"> • Target met. 	<p>Achieved in Part Complaints are responded to within 12 hours by either phone or a site visit. Due to the part time nature of the Animal Control Officers, a contractor is not always immediately available to attend.</p>
To provide an effective and efficient response to any civil defence emergency in the District.	<ul style="list-style-type: none"> • To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council civil defence arrangements. 	<ul style="list-style-type: none"> • Target met. 	<p>Achieved In September 2007, the Pandora training exercise was carried out. In June 2008 an EOC course was held in Fairlie involving staff and emergency services. Staff familiarisation with Council civil defence arrangements is ongoing.</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"> To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan". 	<ul style="list-style-type: none"> Plan requirements complied with. All volunteer rural fire teams are registered with the NRFA and meet the industry standards. 	<p>Achieved</p> <p>The Principal Rural Fire officer advised that all callouts were responded to by volunteer staff or contractors within the one hour target. 14 incidents were responded to during the year by the rural brigade. These incidents resulted in a cost to the Mackenzie rural fire district of \$920,324 of which \$2,146 was not recoverable.</p> <p>Achieved</p> <p>The two registered rural fire teams at Albury and Burkes Pass achieved their training goals for the year completing a total of 308 hours training.</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"> To ensure all premises selling liquor are licensed and all registered food premises are licensed. 	<ul style="list-style-type: none"> No premises lack the appropriate licence. 	<p>Not Achieved</p> <p>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. In addition to this there were a number of controlled purchase operations undertaken in the District with Police assistance.</p> <p>Our contractors advise that all food premises that are required to be registered were inspected during the year, but two premises were not registered that should have been.</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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
R	Civil Defence		
	Plant & Equipment	-	23
		-	23
R	Animal Control		
	Plant & Equipment	1	-
		1	-
R	Rural Fire Control		
	Burkes Pass Fire Shed	21	21
R	Plant & Equipment	5	5
		26	26
	TOTAL	27	49

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:

- Plant was budgeted for Rural Fire to continue to meet the desired level of service.

Results for the 2007/2008 year

Total capital expenditure for the year was \$49,000; \$22,000 greater than the budget of \$27,000.

The key variance from budget was:

- A new generator for civil defence was purchased during the financial year, following the breakdown of the old generator.



Regulatory Services Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
REVENUE			
54	General Rates	56	56
108	Targeted Rates	108	108
3	Subsidies & Grants	-	2
62	Other Income	63	40
2	Interest on Capital Reserves	3	2
229		230	208
DIRECT EXPENDITURE			
27	Employment Expenses	20	21
-	Consultancy Expenses	1	3
11	Administration	15	10
98	Operational & Maintenance Expenses	137	77
7	Interest on Capital Reserves	5	7
19	Internal Expenses	19	19
37	Funded Depreciation*	33	34
199		230	171
30	Operating Surplus/(Deficit)	-	37
Operating Surplus/(Deficit) transferred to/funded by:			
35	General Reserve	-	24
(5)	Rural Works & Services Reserve	-	13
30		-	37

*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 \$37,000; \$37,000 greater than the budgeted breakeven position.

Revenue

Total revenue for the year was \$208,000; \$22,000 less than the budgeted revenue of \$230,000.

The key variance from budget was:

- Income from food premises and publicans was down \$21,000 on budget as the fees have been offset against the expenditure.

Direct Expenditure

The total direct expenditure for the year was \$171,000; \$59,000 less than the budgeted direct expenditure of \$230,000.

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 less than budgeted.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
CAPITAL EXPENDITURE			
6	Civil Defence	-	23
-	Animal Control	1	-
8	Rural Fire Control	26	26
14		27	49
Funded by:			
6	Civil Defence Capital Reserve	-	23
-	Animal Control Capital Reserve	1	-
8	Rural Fire Control Capital Reserve	26	26
14		27	49

Commentary on Regulatory Services Financial Summary

Total capital expenditure for the year was \$49,000; \$22,000 greater than the budget of \$22,000.

The key variance from budget was:

- A new generator was purchased for civil defence during the financial year.



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

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
Pensioner Housing <ul style="list-style-type: none"> Provision of seven pensioner units in Fairlie and three pensioner units in Twizel Units are adequately maintained. 	<ul style="list-style-type: none"> Pensioner housing occupancy is maintained at 95% Target rentals set to achieve 80% of market rental. Units are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Actual occupancy on an annual basis. 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). Programmed maintenance is completed 	<p>Not achieved Occupancy for the year has been 80 %, with two of the ten units unoccupied Proposed development has resulted in a decision not to renovate unoccupied units prior to their sale. While a waiting list remains, prospective tenants wished to wait until the new units were available.</p> <p>Achieved Rentals were charged in accordance with the policy.</p> <p>Achieved New inspection regime addressed minor issues as they arose. New heat pumps installed in Twizel.</p>
Medical Centres <ul style="list-style-type: none"> Council provides doctors' residences and medical centres in Fairlie and Twizel and buildings are adequately maintained. 	<ul style="list-style-type: none"> Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Programmed maintenance is completed. 	<p>Achieved No maintenance planned.</p>



Community Services Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
Public Toilets <ul style="list-style-type: none"> 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. Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use. 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. 	<ul style="list-style-type: none"> Toilets maintained in line with contract specifications. 	<ul style="list-style-type: none"> 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. 	<p>Achieved Random audits of toilet cleanliness were undertaken, generally in conjunction with other business. No breaches of specifications detected.</p> <p>One phone complaint was received regarding the Tekapo toilets during the peak season. Though justified, the complaint was clearly a result of high usage.</p>
Cemeteries <ul style="list-style-type: none"> Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel. Provision of RSA sections within Fairlie and Twizel cemeteries. 	<ul style="list-style-type: none"> User charges cover the majority of costs associated with cemeteries. Cemeteries maintained in line with contract specification. 	<ul style="list-style-type: none"> User charges recover 75% of operational cost. As determined by quarterly audits performed by staff. 	<p>Achieved User charges recovered 78.5 % of the operational costs and 49.5% of total costs of all cemeteries.</p> <p>Achieved Periodic inspections undertaken of all cemeteries with no areas of concern emerging</p>
Grants <ul style="list-style-type: none"> Council makes grants to assist the running of the resource centres in Fairlie and Twizel. Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme. 	<ul style="list-style-type: none"> All contractual requirements are met That all funds are allocated in line with rules from the granting organisations (SPARC and Creative New Zealand) 	<ul style="list-style-type: none"> As determined by six monthly report. No complaints from SPARC or Creative New Zealand received with regards to the allocation of the funds. 	<p>Achieved Reports received and reviewed by Fairlie and Twizel Community Boards</p> <p>Achieved Allocations of \$16,200 made during the year and reported to the funding providers. No complaints or issues raised by them.</p>



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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
R	Twizel Pensioner Housing Heat Pumps	-	5
R&L	Fairlie Pensioner Housing New Buildings	900	956
	TOTAL	900	961

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 building of new pensioner housing units was to meet a community need.

Results for the 2007/2008 year

Total capital expenditure for the year was \$961,000; \$61,000 greater than the budget of \$900,000.

The key variances from budget were:

- Costs for the new pensioner housing units in Fairlie were \$56,000 greater than the initial budget of \$900,000. Council approved the variation before accepting the tender.
- Heat pumps of \$5,000 were installed in the Twizel pensioner units, these were not budgeted for.



Community Services Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
REVENUE			
191	General Rates	202	220
59	Targeted Rates	73	67
17	Subsidies & Grants	468	17
54	Other Income	72	94
-	Interest on Capital Reserves	1	1
321		816	399
DIRECT EXPENDITURE			
-	Employment Expenses	-	-
113	Administration	128	150
175	Operational & Maintenance Expenses	187	173
-	Interest on Capital Reserves	-	34
45	Internal Expenses	49	49
11	Funded Depreciation*	11	23
22	Non-Funded Depreciation**	22	37
366		397	466
(45)	Operating Surplus/(Deficit)	419	(67)
Operating Surplus transferred to/ (Operating Deficit funded by):			
(23)	General Reserve	-	(546)
(22)	Ratepayer's Equity	(22)	(37)
-	Real Estate Reserve	450	-
-	Pensioner Housing Capital Reserve	-	516
-	Building Maintenance Reserve	(9)	-
(45)		419	(67)

* 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 \$67,000; \$486,000 less than the budgeted surplus of \$419,000.

Revenue

Total revenue for the year was \$399,000; \$417,000 less than the budgeted revenue of \$816,000.

The key variances from budget were:

- The Housing New Zealand subsidy of \$516,000 was \$66,000 higher than budgeted, however, due to being classified as a suspensory loan, this will only be shown as income after all loan conditions have been met.
- The Mackenzie Aged Welfare Association contributed \$35,000 towards the costs of the Fairlie pensioner flats; this was not budgeted for.
- Rental income was down on budget by \$13,000 due to vacant units.
- Cemetery income was down on budget by \$7,000.

Direct Expenditure

The total direct expenditure for the year was \$466,000; \$69,000 greater than the budgeted direct expenditure of \$397,000.

The key variances from budget were:

- Grants were \$25,000 greater than the level budgeted for the year.
- Depreciation was significantly higher than budgeted for, due to the revaluation of assets this financial year.
- Interest on Capital Reserves was \$34,000 greater than the amount budgeted for the year, due to the large expenditure on the Fairlie Pensioner Housing units.



Community Services Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
-	Fairlie Pensioner Housing	900	956
-	Twizel Pensioner Housing	-	5
-		900	961
	Funded by:		
-	Surplus from Operating	450	961
-	Real Estate Reserve	450	-
-		900	961

Commentary on Community Services Capital Expenditure

Total capital expenditure for the year was \$961,000; \$61,000 greater than the budget of \$900,000.

The key variances from budget were:

- Costs for the new pensioner housing units in Fairlie were \$56,000 greater than the budget of \$900,000.
- Heat pumps of \$5,000 were installed in the Twizel pensioner units, these were not 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
<i>A thriving economy</i>	Having a range of facilities at their doorsteps, encourages people to live in the District. The facilities also provide space for commercial activities or events that encourage visitors to the District.
<i>A fit and healthy community</i>	Halls, community centres, swimming pools, parks and reserves provide opportunities for structured and informal exercise. District libraries contribute from an educational, cultural and recreational point of view by allowing people to read and research from local sources.
<i>A supportive contributing community</i>	Halls and community centres provide focal points for the community and centres for celebrations and cultural activities. These activities are generally driven by volunteers and are well supported by the community.
<i>An attractive and highly valued natural environment</i>	Parks, reserves and amenity areas contribute through providing access via walkways, maintaining and enhancing natural environments and by developing existing reserves to protect and enhance these assets.

Principal Objectives

- To maintain existing 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
Swimming Pools <ul style="list-style-type: none"> 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. Pools are safe for swimming. The pools are available for private sessions outside of these times. 	<ul style="list-style-type: none"> Pools available for use during programmed opening times. Pool water quality meets applicable standards. Facility use is maximised. 	<ul style="list-style-type: none"> The pools are available for use during the specified times. Pool water quality meets New Zealand Standard (NZS 5826: 2000). Increase usage outside public hours by an average of two hours per week of opening. 	<p>Achieved in part Some closures in Twizel due to staffing and pump failure.</p> <p>Achieved in part Water tests for Fairlie were fully compliant with the standard. Limited testing carried out in Twizel was compliant.</p> <p>Achieved Local user levy was up on budget. Extra usage not reported.</p>
Halls and Community Centres <ul style="list-style-type: none"> The community centres are available seven days per week and usage is only restricted by other bookings. Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall. 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. 	<ul style="list-style-type: none"> Community centres and halls are kept clean and always available for use. Fees and charges are reviewed annually, to ensure they move in line with operational costs. Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Community centres and halls are kept clean and available for use 365 days per year. List of updated fees and charges published in long-term council community plan or annual plan. Programmed maintenance is completed. 	<p>Achieved Halls available for booking 365 days per year, clean and ready for use</p> <p>Achieved Fees and charges published on the Council's website and in the long-term council community plan</p> <p>Achieved Programmed small roof replacement at the Mackenzie Community Centre in Fairlie was completed. New heater installed in Twizel Events Centre. Fairlie Administration Building work deferred to next year.</p>



Recreational Facilities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	Results
Parks, Reserves and Amenity Areas <ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> Walkways adequately maintained. All play areas replaced or upgraded will be compliant with appropriate safety standards. As determined by regular audits of work. 	<ul style="list-style-type: none"> Walkways maintained in line with the National Standard for Walkways. All play areas replaced or upgraded comply with New Zealand Standard 5828:2004. Specifications complied with. 	<p>Achieved Bridges completed on the Fairlie walkway. The Department of Conservation has completed an upgrade on Mt John walkway.</p> <p>Achieved New play area constructed in Twizel which complied with the NZ Standard.</p> <p>Achieved The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work.</p> <p>Specifications had been complied with and no significant issues were identified.</p>
Libraries <ul style="list-style-type: none"> 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 The libraries are open to the public 39 hours per week over six days. 	<ul style="list-style-type: none"> Maintain ratio between borrowers and the District's rateable properties. Hours maintained 	<ul style="list-style-type: none"> Currently 45,573 issues made per year for 3600 rateable properties, therefore the ratio is 12.66 issues per ratepayer per annum. Target met. 	<p>Not Achieved 42,534 issues were made during the year for 4,000 rateable properties; a ratio of 10.6 issues per ratepayer.</p> <p>Achieved 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.

Requirement for Work		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
R	District General		
	Aerial Photos	-	6
		-	6
R	Twizel Community Library		
	Entrance Upgrade	-	40
		-	40
L	Twizel Events Centre		
	Heating System	15	36
		15	36
R	Fairlie Township		
	Playground Upgrade	25	-
		25	-
G&L	Tekapo Community Hall		
	Upgrade of Recreation Area	250	19
		250	19
L	Twizel Township		
	Implementation of Development Plan	1,044	1,049
		1,044	1,049
	TOTAL	1,334	1,150

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:

- The playground upgrade for Fairlie was scheduled after a planning exercise for the township was to be undertaken.
- Further work in developing a landscape plan for Lake Tekapo was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002.
- As a result of a planning exercise for Twizel, the Community Board has budgeted for a major upgrade of the Village Centre.

Results for the 2007/2008 year

Total capital expenditure for the year was \$1,150,000; \$184,000 less than the budget of \$1,334,000.

The key variances from budget were:

- The playground upgrade for Fairlie was not undertaken as the planning exercise was deferred.
- Only \$15,000 was spent in Lake Tekapo upgrading the recreation area around the community hall, with no further work being undertaken on the landscape plan until the Council's sale of the village centre land in the township was finalised.
- The heating system in the Twizel Events centre was \$21,000 over budget due to an alternative proposal being adopted.
- Council agreed to help fund the upgrade of the Twizel Library entrance, by matching Twizel Community Board funding with funds drawn from the Land Subdivision Reserve.



Recreational Facilities Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
REVENUE			
198	General Rates	197	179
834	Targeted Rates	973	992
8	Financial Contributions	8	8
135	Other Income	120	155
3	Interest on Capital Reserves	4	8
1,178		1,302	1,342
DIRECT EXPENDITURE			
64	Employment Expenses	63	66
-	Consultancy Expenses	-	6
91	Administration	101	106
603	Operational & Maintenance Expenses	765	787
16	Interest on Capital Reserves	80	69
177	Internal Expenses	180	180
15	Funded Depreciation*	14	86
171	Non-Funded Depreciation**	170	142
1,137		1,373	1,442
41	Operating Surplus/(Deficit)	(71)	(100)
Operating Surplus transferred to/(funded by)			
(171)	Ratepayer's Equity	(170)	(142)
12	Building Maintenance Reserve	(2)	(20)
16	General Reserve	-	(25)
28	Fairlie Works & Services Reserve	-	16
16	Tekapo Works & Services Reserve	-	98
37	Twizel Works & Services Reserve	-	(46)
22	Rural Works & Services Reserve	-	2
25	Tekapo Township Capital Reserve	(21)	17
55	Twizel Events Centre Capital Reserve	122	-
3	Sherwood Downs Capital Reserve	-	1
(2)	Albury Hall Operating Reserve	-	(1)
41		(71)	(100)

* 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 deficit for the year was \$100,000; \$29,000 greater than the budgeted deficit of \$71,000.

Revenue

Total revenue for the year was \$1,342,000; \$40,000 greater than the budgeted revenue of \$1,302,000.

The key variances from budget were:

- Other income was up on budget due to a \$30,000 grant from Transit which had not been budgeted for.

Direct Expenditure

The total direct expenditure for the year was \$1,442,000; \$69,000 greater than the budgeted direct expenditure of \$1,373,000.

The key variance from budget was:

- Operational & maintenance expenditure was up \$22,000 on budget. This resulted from a further \$85,000 of expense incurred on the Twizel Township upgrade, countered by the Tekapo township project budgets not being fully spent by year end. There was also \$6,000 of improvement work to the pump station required in the Fairlie Domain.



Recreational Facilities Financial Summary cont...

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
-	District General	-	6
-	Fairlie Township	25	-
5	Tekapo Township	-	-
173	Twizel Township	1,044	1,049
-	Tekapo Community Hall	250	19
-	Twizel Library Entrance Upgrade	-	40
-	Twizel Events Centre	15	36
178		1,334	1,150
	Funded by:		
-	District General Capital Reserve	-	6
110	Land Subdivision Reserve	275	59
-	Tekapo Township Capital Reserve	-	-
68	Twizel Township Capital Reserve	1,044	1,049
-	Twizel Events Centre Capital Reserve	15	36
178		1,334	1,150



Commentary on Recreational Facilities Capital Expenditure

Total capital expenditure for the year was \$1,150,000; \$184,000 less than the budget of \$1,334,000.

The key variances from budget were:

- The playground upgrade for Fairlie was not undertaken as the planning exercise was deferred.
- Further work in developing a landscape plan for the Lake Tekapo foreshore was budgeted for to meet the requirements of the community as a result of the planning exercise undertaken in 2002. However, the priority was changed to designs for a new community centre.
- Council elected to contribute \$40,000 towards the upgrade of the Twizel Library entrance; this was not budgeted for.

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 Board and Pukaki Visitor Information Centre

After consulting the public through a special consultative procedure, the Council has created a new Council Controlled Organisation, the Mackenzie Tourism and Development Trust. The Trust takes over the role previously undertaken by the Mackenzie Tourism and Development Board. The Trust will also assume 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
A thriving economy	<ul style="list-style-type: none">• The income derived from investments is used to offset the rate requirement and as such reduces the rates charged.• The Council is committed to investing in the District through the forestry activity as all plantations must be within the District.• By actively managing the Council's real estate portfolio, the Council has the opportunity to sell or lease various areas of land that will assist in promoting development throughout the District. Such development has the potential to increase employment opportunities within the District.• By leasing the commercial areas of land, the Council is assisting the lessees in running their businesses as well as providing rental returns.• The Mackenzie Tourism and Development Trust is responsible for promoting sustainable development of tourism and business throughout the District.• The Pukaki Visitor Information Centre provides information about the tourist activities and accommodation throughout the District.



Commercial Activities Cont...

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
Investments The Community expects the investments of the Council to be managed wisely.	<ul style="list-style-type: none"> Council's cash investment portfolio independently reviewed each quarter. Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis. 	<ul style="list-style-type: none"> Investments outperform benchmark portfolio. Reviews undertaken. 	<p>Not Achieved The Council's Investment Portfolio outperformed the benchmark for three of the four quarters.</p> <p>Achieved Council reviewed the Annual Report for the year ended 31 March 2007 for Alpine Energy Limited on 10 July 2007 and reviewed the 2008-2011 Statement of Intent for Alpine Energy Limited on 15 May 2008.</p>
Mackenzie Forestry Board 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"> Council will approve the statement of intent for the Mackenzie Forestry Board. To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares. To ensure that all new planting should achieve the minimum internal rate of return. 	<ul style="list-style-type: none"> Approval of the statement of intent is made prior 30 June in each year. To complete the final stage of planting at the Fox Peak Plantation. 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. 	<p>Not Achieved Council has yet to review the Statement of Intent for the Mackenzie Forestry Board.</p> <p>Achieved Actioned in previous year.</p> <p>Achieved Achieved in previous year.</p>
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	<ul style="list-style-type: none"> Council will progress the disposal of the areas of land identified for sale. Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements. 	<ul style="list-style-type: none"> Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy. A full land rationalisation process will be completed by September 2007. 	<p>Not Achieved No additional review during the year.</p> <p>Not Achieved The land rationalisation process was deferred.</p>



Commercial Activities Cont...

Levels of Service	Targets/Objectives	Performance Measures (2006-2016)	
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	<ul style="list-style-type: none"> Council will ensure that the terms of each commercial lease agreement are adhered to. 	<ul style="list-style-type: none"> All lease agreements are reviewed on a regular basis. 	Achieved Terms of all commercial leases were adhered to.
Mackenzie Tourism and Economic Development Trust The Mackenzie Tourism and Development Trust is a Council controlled Charitable Trust set up to promote and facilitate business development within the District.	<ul style="list-style-type: none"> Trust achieves the goals set in its strategic plan 	<ul style="list-style-type: none"> The Trust will report to Council on regular basis on its activities and progress towards meeting its goals. 	Achieved The Trust reported on a regular basis to Council.
Pukaki Visitor Information Centre Provision of information services that promote the District and its attractions to visitors.	<ul style="list-style-type: none"> The centre provides information services with no rating input from Council. 	<ul style="list-style-type: none"> The Visitor Information Centre will be self-funding, with a level of surplus provided back to Council. Provision of services to the satisfaction of the Mackenzie Tourism and Economic Development Trust. 	Achieved Visitor Information Centre recorded a breakeven position and, as a result, did not require any rating input. Achieved The Visitor Information Centre Supervisor reported on a regular basis to the Mackenzie Tourism and Economic Development Board.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility	<ul style="list-style-type: none"> The board achieves the goals set in its Statement of Intent. 	<ul style="list-style-type: none"> The board will report to Council on regular basis on its activities and progress towards meeting its goals. 	Not Achieved Council has yet to review the Statement of Intent for Pukaki Airport Board.

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		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
G	Pukaki Airport Board		
	Airport Development	-	1,031
		-	1,031
G	Real Estate		
	Land Transactions	-	113
		-	113
R&L	Tourism & Economic Development		
	Computers	-	2
	Motor Vehicle	-	(4)
		-	(2)
R&L	Pukaki Visitor Centre		
	Plant & Equipment	2	-
		2	-
	TOTAL	2	1,142

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:

- Capital expenditure was planned for the Pukaki Visitor Centre to assist in improving the working conditions at the centre.

Results for the 2007/2008 year

Total capital expenditure for the year was \$1,142,000; \$1,140,000 greater than the budget of \$2,000.

The key variances from budget were:

- Due to a change in the focus of the Pukaki Airport structure, as determined by the Council through an amendment to the LTCCP, the development expenditure for the Pukaki Airport was recognised as a cost to Council, rather than through Mackenzie Holdings Limited.
- The Real Estate expenditure involved development work in Lake Tekapo.



Commercial Activities Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
101	General Rates	71	-
-	Targeted Rates	70	156
150	Gross Real Estate Sales	4,851	3,521
-	Cost of Real Estate Sales	(2,087)	(514)
391	Other Income	180	208
259	Other Gains/Losses	-	(173)
447	Dividend	338	440
311	External Interest	618	354
171	Internal Interest	230	262
1,830		4,271	4,254
1,023	Less used to offset Targeted Rates	(1,111)	(1,129)
807		3,160	3,125
	DIRECT EXPENDITURE		
143	Employment Expenses	155	145
-	Members Expenses	40	80
74	Consultancy Expenses	68	142
58	Administration	51	135
189	Operational & Maintenance Expenses	191	159
-	Interest on Capital Reserves	-	-
129	Internal Expenses	132	133
14	Non-Funded Depreciation*	15	42
607		652	836
200	Operating Surplus/(Deficit)	2,508	2,289

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
-	Fairlie Works & Services Reserve	-	-
-	Tekapo Works & Services Reserve	-	-
-	Twizel Works & Services Reserve	-	-
-	Rural Works & Services Reserve	-	-
29	Real Estate Reserve	1,190	72
(21)	Forestry Capital Reserve	(136)	(222)
(14)	Ratepayer's Equity	(15)	(42)
(15)	Pukaki Airport Board Operating Reserve	1,472	2,524
(8)	Tourism Operating Reserve	(3)	(3)
229	General Reserve	-	(40)
200		2,508	2,289

*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 \$2,289,000; \$219,000 less than the budgeted surplus of \$2,508,000.

Revenue

Total revenue for the year was \$3,125,000; \$35,000 less than the budgeted revenue of \$3,160,000. The key variances from budget were:

- External interest was down on budget by \$264,000 due to the early withdrawal of investments to fund the pensioner housing project and the Mount Cook fire expenses.
- Other income was up on budget by \$28,000 due to higher sales at the Pukaki Visitor Centre than budgeted.
- Dividend income ended the year \$102,000 greater than budgeted due to a special dividend paid out by Alpine Energy Limited.
- Net real estate sales were up on budget by \$243,000 due to the large number of section sales this year at the Pukaki Airport.
- Other losses resulted from the write down of the forestry investment of \$113,000 and the investment portfolio of \$60,000.



Commercial Activities Financial Summary cont...

Direct Expenditure

The total direct expenditure for the year was \$949,000; \$297,000 greater than the budgeted direct expenditure of \$652,000.

The key variances from budget were:

- Members expenses have increased by \$40,000 due to a one off performance bonus being paid to the Pukaki Airport Board.
- Consultancy expenses were up on budget by \$74,000 due to significant consultancy costs needed in Real Estate. This will translate into future sales.
- Operational and maintenance expenses were greater than budget by \$81,000. \$113,000 of expenditure resulted from the devaluation of the forestry assets which under International Financial Reporting Standards must now be expensed, while maintenance expenses for the tourism sector were down on budget by \$30,000

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
823	Pukaki Airport Board	-	1,031
(39)	Real Estate	-	113
-	Tourism & Economic Development	-	(2)
3	Lake Pukaki Visitor Centre	2	-
787		2	1,142
	Funded by:		
823	Pukaki Airport Board Capital Reserve	-	1,031
(39)	Real Estate Reserve	-	113
3	Tourism Operating Reserve	2	(2)
787		2	1,142

Commentary on Commercial Activities Capital Expenditure

Total capital expenditure for the year was \$1,142,000; \$1,140,000 greater than the budget of \$2,000.

The key variances from budget were:

- Due to a change in the focus of the Pukaki Airport structure, as determined by the Council through an amendment to the LTCCP, the development expenditure for the Pukaki Airport was recognised as a cost to Council, rather than through Mackenzie Holdings Limited.
- The Real Estate expenditure involved development work in Lake Tekapo.



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">• All plans and reports completed in accordance with the Local Government Act 2002.	<ul style="list-style-type: none">• Completion of Annual Reports by 31 October each year.• Adoption of long-term council community plans by 30 June every three years.• Adoption of Annual Plans by 30 June in the intervening years.	<p>Achieved: Council's Annual Report for the year ended 30 June 2007 was adopted on 30 October 2007.</p> <p>Achieved: Council's 2008/2009 Annual Plan was adopted by Council on 24 June 2008.</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 2007/2008 year

Total capital expenditure for the year was \$50,000; \$26,000 less than the budget of \$76,000.

The key variances from budget were:

- Information Technology purchases were down \$23,000 on budget, as less money was spent on printers than budgeted due to purchases in the previous year. Work on the network infrastructure will now take place in the 2008/09 year.
- The replacement of the Chief Executive Officer's vehicle was \$6,000 less than budgeted.

Requirement for Work		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	Administration		
R	Computers	6	8
R	Furniture & Fittings	-	2
R	Plant & Equipment	3	3
		9	13
	Chief Executive Department		
R	Computers	-	-
R	Vehicle Replacement	25	19
		25	19
	Information Technology Department		
R	Computers	3	3
R	Printers, Copiers & Scanners	19	11
R	Network Infrastructure	10	-
R	Software	-	2
R	Plant & Equipment	-	1
R	Communications Equipment	8	-
		40	17
	Community Facilities Department		
R	Computers	-	-
		-	-
	Engineering Department		
R	Computers	2	1
R	Vehicle Replacement	-	-
		2	1
	TOTAL	76	50

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



Corporate Services Financial Summary

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	REVENUE		
108	Other Income	83	75
1	Interest on Capital Reserves	-	-
1,601	Internal Income	1,700	1,758
1,710		1,783	1,833
	DIRECT EXPENDITURE		
813	Employment Expenses	835	900
107	Consultancy Expenses	123	115
255	Administration	270	277
192	Operational & Maintenance	195	181
7	Interest on Capital Reserves	4	6
280	Internal Expenses	295	295
63	Funded Depreciation*	73	59
49	Non-Funded Depreciation**	39	40
1,766		1,834	1,873
(56)	Operating Surplus/(Deficit)	(51)	(40)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
-	General Reserve	-	-
(49)	Ratepayer's Equity	(39)	(40)
(7)	Building Maintenance Reserve	(12)	-
(56)		(51)	(40)

* 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 \$40,000; \$11,000 less than the budgeted deficit of \$51,000.

Revenue

Total revenue for the year was \$1,833,000; \$50,000 greater than the budgeted revenue of \$1,783,000.

The key variance from budget was:

- Cost overruns recorded in the Corporate Services area has meant that the amounts funded from Internal Charges were \$58,000 greater than budgeted.

Direct Expenditure

The total direct expenditure for the year was \$1,873,000; \$39,000 greater than the budgeted direct expenditure of \$1,834,000.

The key variances from budget were:

- An increase in the employment expenses of \$65,000 due to staff changes and pay increases.
- Operational and maintenance expenses and consultancy expenses were both down on budget by \$14,000 and \$8,000 respectively.

Actual 2006/07 (\$000)		Budget 2007/08 (\$000)	Actual 2007/08 (\$000)
	CAPITAL EXPENDITURE		
13	Administration	9	13
5	Chief Executive Dept	25	19
28	Information Technology Dept	40	17
-	Community Facilities Dept	-	-
30	Engineering Dept	2	1
76		76	50
	Funded by:		
13	Administration Capital Reserve	9	13
5	CEO Dept Capital Reserve	25	19
28	IT Department Capital Reserve	40	17
-	Comm Fac Dep Capital Res	-	-
30	Engineering Dept Capital Res	2	1
76		76	50

Commentary on Corporate Services Capital Expenditure

Total capital expenditure for the year was \$50,000; \$26,000 less than the budget of \$76,000.

The key variances from budget were:

- Information Technology purchases were down \$23,000 on budget, as less money was spent on printers than budgeted due to purchases in the previous year. Work on the network infrastructure will now take place in the 2008/09 year.
- The replacement of the Chief Executive Officer's vehicle was \$6,000 less than budgeted.



Council Controlled Organisations

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



Council Controlled Organisations

Mackenzie Holdings Limited

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

Council's Significant Policies and Objectives

2004-2014 and 2006-2016 Long-term Council Community Plans

In the 2004-2014 long-term council community plan, the Council stated that a public airfield at Pukaki was a strategic asset that it wanted to retain. To achieve this, the Council purchased the freehold land surrounding the operational airfield, which had an airport designation over it.

It was also stated in the 2004-2014 long-term council community plan, that the Council was considering a recommendation for the operation of the airfield as well as reviewing its ultimate operational and ownership structure.

In October 2004, after public consultation, the Council resolved to create Mackenzie Holdings Limited as a Council Controlled Trading Organisation.

Council's policies and objectives for Mackenzie Holdings Limited were re-confirmed in the 2006-2016 long-term council community plan.

Amendment to the 2006-2016 Long-term Council Community Plan

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 proposed to revert the operation back to a Committee of Council. This change formed one of the amendments to the LTCCP that was released for public consultation as part of the 2007/2008 annual planning process. No submissions were received on this amendment and consequently, the Council confirmed the disestablishment of Mackenzie Holdings Limited and creating a new Committee of Council, named the Pukaki Airport Board, with the assets and liabilities of the Company being assumed by the Council. The formal winding up of Mackenzie Holdings Limited will occur in due course.

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 17th October 2007. Two submissions were received on the proposal, both in support, and as a result the Council, as 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.



Development of Māori Capacity to Contribute to Decision-making Processes



Māori Capacity to Contribute to Decision-making Processes

Local Government Act 2002

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

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

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

Te Runaka O Arowhenua

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

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

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2007-2008 annual plan and the amendments to the 2006-2016 long-term council community plan and encouraged comment.

During the 2007/2008 year, the Council did not formally meet with the Runaka.



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 2008. The financial statements were authorised by Council on 28 October 2008.

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 2008 and have not been applied in preparing these financial statements:

- *NZ IAS 1: Presentation of Financial Statements replaces NZ IAS 1 and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income.*
- *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.
- 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.



Accounting Policies Cont...

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.

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.



Accounting Policies Cont...

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.

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.



Accounting Policies Cont...

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 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.



Accounting Policies Cont...

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	60 - 100 years
▪ Box Culverts	100 years
▪ Manholes	100 years

Stormwater Network

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

Buildings

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

Other Assets

All other assets are depreciated on a straight line basis at rates that will write off their costs, less any estimated final sales value, over their expected useful economic life. The expected 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 2008, 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.

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 2006/07 \$000's	Group Actual 2006/07 \$000's		Note	Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
		REVENUE				
1,797	1,797	General Rates		1,905	1,816	1,816
2,370	2,370	Targeted Rates	2	2,648	2,753	2,753
1,092	1,092	Subsidies & Grants	3	1,682	1,312	1,312
861	861	Investment Income	4	953	801	801
1,424	1,424	Vested Assets		2,648	1,304	1,304
1,438	1,446	Other	5	1,254	1,336	1,336
148	148	Real Estate Sales		2,764	3,008	3,008
461	461	Financial Contributions		402	1,191	1,191
95	95	Reserve Contributions		591	116	116
161	161	Other – Gains/(losses)	6	-	(173)	(173)
9,847	9,855	Total Revenue		14,847	13,464	13,464
		OPERATING EXPENSES				
1,617	1,617	Employment Expenses		1,697	1,797	1,842
192	232	Member Expenses		262	309	309
397	397	Consultancy Expenses		375	503	503
635	635	Administration		680	799	800
1,956	1,989	Operational & Maintenance Expenses		2,143	2,111	2,118
1,044	1,044	Roading Expenses		957	1,023	1,023
2,257	2,257	Depreciation		2,242	2,614	2,614
10	10	Loss on Sale		-	33	33
8,108	8,181	Total Expenditure	7	8,356	9,189	9,242
1,739	1,674	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION		6,491	4,275	4,222
-	-	Provision For Taxation	16	-	-	-
1,739	1,674	OPERATING SURPLUS (DEFICIT) AFTER TAXATION		6,491	4,275	4,222

The accompanying notes form part of these financial statements.



Statement of Changes in Equity

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
106,896	106,781	Equity at the Start of the Period	108,562	139,516	139,335
1,739	1,674	Net Surplus/(Deficit)	6,491	4,275	4,222
8	8	Prior Period Adjustment	-	-	-
-	-	Equity in Mackenzie Holdings Ltd	-	(181)	-
-	-	Bequest – Enid Hutt Beautifying Fund	-	19	19
-	-	Revaluation on water assets sold	-	39	39
30,873	30,873	Increase/(Decrease) in Revaluation Reserves	-	25,791	25,791
32,620	32,555	Total Recognised Revenues & Expenses for the Period	6,491	29,943	30,071
139,516	139,335	Equity at the End of the Period	115,053	169,459	169,405

The accompanying notes form part of these financial statements.



Statement of Financial Position

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Note	Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
87,158	86,977	Accumulated General Funds		100,433	90,436	90,382
(3,277)	(3,277)	Capital Reserves	12	(1,815)	(2,188)	(2,188)
872	872	Operational Reserves	13	1,430	586	586
6,368	6,368	Special Funds	10	6,420	6,419	6,419
25	25	Other Reserves	11	19	45	45
48,370	48,370	Asset Revaluation Reserve	9	8,566	74,161	74,161
139,516	139,335	PUBLIC EQUITY		115,053	169,459	169,405
		NON CURRENT LIABILITIES				
-	-	Housing New Zealand	29	-	516	516
61	61	Accrued landfill Closure Costs	26	61	61	61
61	61	Total Non Current Liabilities		61	577	577
		CURRENT LIABILITIES				
1,834	1,957	Trade & other payables	27	812	1,828	1832
130	130	Employee Entitlements		-	159	159
1,964	2,087	Total Current Liabilities		812	1,987	1,991
141,541	141,483	TOTAL PUBLIC EQUITY & LIABILITIES		115,926	172,023	171,973
		NON CURRENT ASSETS				
126,352	127,047	Property, Plant & Equipment	18	99,931	155,039	155,039
5	5	Intangible Assets	20	-	9	9
1,642	1,642	Forestry	21	-	1,529	1,529
9,453	9,453	Investments	17	14,332	9,704	9,704
137,452	138,147	Total Non Current Assets		114,263	166,281	166,281
		CURRENT ASSETS				
2,173	1,407	Trade & other receivables	15	1,295	1,638	1,588
92	92	Inventories		92	80	80
805	818	Cash and Cash Equivalents	14	276	3,285	3,285
1,019	1,019	Current portion of Investments	17	-	739	739
4,089	3,336	Total Current Assets		1,663	5,742	5,692
141,541	141,483	TOTAL ASSETS		115,926	172,023	171,973

The accompanying notes form part of these financial statements.



Statement of Cashflows

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
4,166	4,166	Rates	4,553	4,569	4,569
2,864	3,401	Other Income	8,780	7,109	6,465
791	791	Interest Received	976	563	563
447	447	Dividends Received	572	440	440
61	61	Goods and services tax (net)	-	183	183
8,329	8,866		14,881	12,864	12,220
		Cash was Applied To:			
6,076	6,095	Payment to Suppliers and Employees	8,414	6,274	6,309
171	171	Interest Paid	361	262	262
2,082	2,600	Net Cashflow from Operating Activities	6,106	6,328	5,649
		INVESTING ACTIVITIES			
		Cash was Provided From			
975	975	Sale of Assets/Investments	-	226	226
-	-	Bequests	-	19	19
-	-	Mackenzie Holdings Ltd	-	13	-
			-	258	245
3,148	3,653	Applied to: Purchase assets/investments	6,039	4,621	3,944
(2,173)	(2,678)	Net Cashflow from Investing Activities	(6,039)	(4,363)	(3,699)
		FINANCING ACTIVITIES			
-	-	Provided from: Debt borrowed	-	516	516
-	-	Applied to: Debt repayment	3	-	-
-	-	Net cashflow from Financing Activities	(3)	516	516
		SUMMARY OF NET CASHFLOWS			
2,082	2,600	Net cashflow from Operating Account	6,106	6,328	5,649
(2,173)	(2,678)	Net cashflow from Investing Account	(6,039)	(4,363)	(3,699)
-	-	Net cashflow from Financing Account	(3)	516	516
(91)	(78)	Net increase/(decrease) in cash & cash equivalents	64	2,480	2,466
896	897	Cash & cash equivalents at beginning of period (1 July 2007)	212	805	819
805	819	Cash & cash equivalents at end of period (30 June 2008)	276	3,285	3,285

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 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
1,739	1,674	Net Surplus/(Deficit)	6,491	4,275	4,222
		Add (subtract) non cash items			
(1,424)	(1,424)	Assets Vested in Council	(2,648)	(1,304)	(1,304)
-	-	Prior Period Adjustment	-	-	-
2,267	2,267	Depreciation	2,242	2,647	2,647
-	-	Movements in Current assets (other than Cash)	21	-	-
(7)	(7)	Movements in Landfill Liability	-	-	-
2,575	2,510		6,106	5,618	5,565
		Movements in Working Capital Items			
128	657	Accounts Receivable & Prepayments	-	480	(160)
(322)	(344)	Creditors & Provisions	-	131	238
(26)	(26)	Inventories	-	12	12
2,355	2,797		6,106	6,241	5,655
		Other Movements			
-	-	Fixed Asset related payables	-	-	-
10	10	Employee Entitlements	-	-	-
(4)	72	Net GST	-	54	(38)
(279)	(279)	Gain/(Loss) on Sale included in Investing Activities	-	33	33
2,082	2,600	Net Cashflow from Operating Activities	6,106	6,328	5,649

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.

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
	Community Services		
48	Contribution to Twizel Library	49	49
50	Contribution to Mackenzie Community Library	51	51
5	Heritage Museum	5	5
103		105	105

Other Non-Cancellable Contracts

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

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
1,208	Not later than one year	1,613	1,613
-	Later than one years & not later than five years	40	40
-	Later than five years	40	40
367	Capital Projects approved and contracted not later than one year	-	-
1,575		1,693	1,693

Non-Cancellable Leases

Council leases one property as lessor. This lease is non-cancellable and expires in August 2013. The future aggregate minimum lease payments to be collected under the non-cancellable lease are as follows:

	\$000's
No later than one year	10
Later than one year but no later than five years	40
Later than five years	-
	50

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 2008 (2007: nil).

Notes to the Accounts

Notes to the Accounts cont...

Note 1 Summary of cost of services

	Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
INCOME			
Governance	759	760	760
Water supplies	1,503	1,503	1,503
Sewerage	1,467	1,461	1,461
Stormwater	370	89	89
Roading	3,698	3,472	3,472
Solid waste	942	996	996
Building control	256	279	279
Resource management	954	512	512
Regulatory services	230	208	208
Community services	816	399	399
Recreational facilities	1,302	1,342	1,342
Commercial activities	3,160	3,125	3,125
Corporate services	1,783	1,833	1,833
	17,240	15,980	15,980
Less Interest on Capital Reserves	(361)	(422)	(422)
Less internal income	(2,032)	(2,094)	(2,094)
TOTAL INCOME	14,847	13,464	13,464
EXPENDITURE			
Governance	759	831	831
Water supplies	729	857	857
Sewerage	500	507	507
Stormwater	86	87	87
Roading	2,578	2,927	2,927
Solid waste	946	1,032	1,032
Building control	256	246	246
Resource management	409	429	429
Regulatory services	230	171	171
Community services	397	466	466
Recreational facilities	1,373	1,442	1,442
Commercial activities	652	836	890
Corporate services	1,834	1,873	1,873
	10,749	11,704	11,758
Less Interest on Capital Reserves	(361)	(422)	(422)
Less internal expenditure	(2,032)	(2,094)	(2,094)
TOTAL EXPENDITURE	8,356	9,189	9,242

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:

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
		Targeted Rates Required			
73	73	Governance	71	71	71
617	617	Water Supplies	653	658	658
419	419	Sewerage	459	458	458
64	64	Stormwater	68	68	68
1,138	1,138	Roading	1,207	1,207	1,207
81	81	Solid Waste	76	78	78
-	-	Building Control	-	-	-
-	-	Resource Management	-	-	-
108	108	Regulatory Services	108	108	108
59	59	Community Services	146	68	68
834	834	Recreational Facilities	812	992	992
-	-	Commercial Activities	159	156	156
-	-	Corporate Services	-	-	-
3,393	3,393	Total Targeted Rates Required	3,759	3,864	3,864
		Less Distribution of Investment Income			
(1,023)	(1,023)	Budgeted Contribution to Rates from Commercial Activities	(1,111)	(1,111)	(1,111)
2,370	2,370	Targeted Rates Struck	2,648	2,753	2,753

Notes to the Accounts cont...

Note 3–Subsidies and Grants

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
19	19	Grants	19	19	19
983	983	LTNZ Subsidies	1,570	1,207	1,207
72	72	Petroleum Tax	54	68	68
18	18	Transit	39	18	18
1,092	1,092	Total Subsidies and Grants	1,682	1,312	1,312

Note 4–Investment Income

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
414	414	External Interest	615	361	361
171	171	Internal Interest	361	262	262
447	447	Dividend	338	440	440
1,032	1,032		1,314	1,063	1,063
(171)	(171)	Less Internal Interest	(361)	(262)	(262)
861	861	Total Investment Income	953	801	801

Note 5 –Other Income

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
6	6	Contributions towards projects	6	5	5
127	130	Rental Income	131	119	119
610	615	User Fees & Donations	938	1,072	1,072
695	695	Other Sales	179	140	140
1,438	1,446	Total Other Income	1,254	1,336	1,336

Note 6–Other – Gains/(losses)

Council Actual 2006/07 \$000's	Group Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's	Group Actual 2007/08 \$000's
(41)	(41)	Gain on changes in fair value of forestry assets	-	(113)	(113)
-	-	Gain on changes in fair value of equity investments	-	-	-
(98)	(98)	Change in value of Investment portfolio	-	(60)	(60)
300	300	Gain on sale of ORDC Shares	-	-	-
161	161	Total Other Gains/(losses)	-	(173)	(173)

Note 7–Expenditure

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

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
1,617	Salaries and Wages	1,697	1,797
	Audit Fees		
59	Fees paid to principal auditor – Annual Report	67	67
6	Fees paid to principal auditor – NZ IFRS	-	6
-	Other services provided by the principal auditor (NZIFRS)	-	12
65	Total Audit Fees for the year	67	85

Notes to the Accounts cont...

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
	Depreciation		
213	Building	213	286
26	Light Plant & Machinery	27	33
36	Plant & Machinery	35	42
50	Motor Vehicles	48	43
11	Office Equipment	8	8
12	Furniture & Fittings	11	11
47	Computer Equipment	60	45
11	Resource Recovery Parks	7	11
1	Heritage Assets	1	1
3	Resource Consents	3	3
203	Sewerage Schemes	219	202
34	Stormwater Schemes	40	53
46	Rural Water Supplies	50	70
188	Urban Water Supplies	182	235
4	Landfills	4	4
38	Village Projects	34	52
1,333	Roading	1,300	1,511
2,256	Total Depreciation for the year	2,242	2,610

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
	Elected Member Fees		
15	Barry Stringer	6	5
-	Leon O'Sullivan	12	13
-	Graham Smith	12	12
15	John Gallagher	6	6
18	Simon McDermott	15	25
15	Dave Pullen	12	21
15	Evan Williams	12	18
15	Graeme Page	12	19
46	John O'Neill	46	53
8	Fairlie Community Board Members	8	8
8	Tekapo Community Board Members	8	9
7	Twizel Community Board Members	8	9
162	Total Councillors Fees for the year	157	198
104	Insurance	107	106
23	Subscriptions	24	26
100	Donations & Grants	114	129
10	Loss on Sale of Assets and Assets Written Off	-	33
-	Amortisation of Intangible Assets	-	6



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 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
	Internal Income		
53	Roading	61	61
220	Solid Waste	239	243
3	Building Control	3	3
29	Resource Management	29	29
1,584	Corporate Services	1,700	1,758
1,889	Total Internal Income	2,032	2,094
	Internal Expenses		
365	Governance	456	517
113	Water Supplies	113	113
83	Sewerage	83	83
21	Stormwater	22	22
210	Roading	218	218
263	Solid Waste	275	276
81	Building Control	79	79
103	Resource Management	111	111
19	Regulatory Services	19	19
45	Community Services	49	49
177	Recreational Services	179	179
129	Commercial	133	133
280	Corporate Services	295	295
1,889	Total Internal Expenses	2,032	2,094

Note 9 –Revaluation Reserve

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
-	Forestry Revaluation Reserve	-	-
2,438	Share Revaluation Reserve	2,227	2,438
	Infrastructural Assets Revaluation Reserves		
30,933	- Land	-	30,933
1,845	- Water Supplies	1,027	6,600
1,355	- Wastewater Schemes	790	3,580
493	- Stormwater Schemes	737	1,697
7,490	- Rooding	3,785	23,707
96	- Plant	-	213
3,720	- Buildings	-	4,993
48,370	Total Revaluation Reserves	8,566	74,161

Note 10 –Special Fund Reserve

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
40	Albury Water Fund	40	40
(40)	Ashwick/Opuha Water Fund	(40)	(40)
34	Building Maintenance	31	17
-	Building Consent Reserve	-	10
7	Housing Replacement	7	7
200	Insurance Reserve	200	200
617	Land Subdivision	633	675
2	Pensioner Housing Amenities	2	2
5,506	Real Estate Investment	5,546	5,506
2	Strathconan Pool Capital	1	2
6,368	Total Special Fund Reserves	6,420	6,419



Notes to the Accounts cont...

Note 11 – Other Reserves

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
5	Albury War Memorial	4	5
2	Ashwick/Allandale War Memorial	2	2
1	Davidson Bequest	1	1
1	Gillingham Bequest	1	1
1	Gould Bequest	1	1
10	Paterson Ponds	10	10
5	Enid Hutt Fairlie Beautifying Fund	-	25
25	Total Other Reserves	19	45

Note 12 –Capital Reserve

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
34	Administration	-	50
(774)	Allandale Water	(844)	(752)
-	Animal Control	(2)	-
36	Ashwick/Opuha Water	21	32
(28)	Asset Management	(12)	(21)
(10)	Burkes Pass Sewer	(14)	(9)
5	Burkes Pass Water	(11)	3
(1)	CEO Department	(16)	(12)
31	Civil Defence	39	12
(2)	Community Facilities	(1)	(1)
(2)	District Council	(1)	(7)
(5)	District General	13	5
6	Fairlie Pensioner Housing	13	(413)
(22)	Fairlie Rooding	(20)	(41)
(93)	Fairlie RRP	(94)	(89)
(128)	Fairlie Sewer	(101)	(110)
4	Fairlie Stormwater	(164)	16
(22)	Fairlie Township	(24)	-

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
(243)	Fairlie Water	(448)	(334)
246	Forestry	45	136
(5)	Hardfill Sites	(4)	(4)
(3)	Inspectorate	1	2
(65)	IT Department	(16)	(68)
6	Kimbell Water	6	7
(3)	Lake Tekapo Rooding	(-)	7
(134)	Lake Tekapo RRP	(130)	(130)
(1,810)	Lake Tekapo Sewer	(1,071)	(1,345)
32	Lake Tekapo Stormwater	27	47
41	Lake Tekapo Township	40	71
(266)	Lake Tekapo Water	90	(7)
(52)	Planning	(60)	(52)
(823)	Pukaki Airport Board	858	208
-	Punaroa/Eversley Water	(10)	-
2	Rooding Professional Business Unit	4	3
(66)	Rural Fire Control	(62)	(61)
608	Rural Rooding	414	847
(4)	School Road Water	(4)	(9)
8	Sherwood Downs Hall	6	10
30	Sherwood Downs Recreation Reserve	30	30
(143)	Spur Road Water	(106)	(158)
(339)	Treatment of Organic Waste	(320)	(306)
(107)	Twizel Events Centre	(-)	(71)
5	Twizel Pensioner Housing	10	4
68	Twizel Rooding	62	83
(153)	Twizel RRP	(137)	(147)
67	Twizel Sewer	201	500
168	Twizel Stormwater	191	172
(69)	Twizel Township	(1,109)	(1,079)
708	Twizel Water	900	798
(10)	Waste Management	(5)	(5)
(3,277)	Total Capital Reserves	(1,815)	(2,188)



Notes to the Accounts cont...

Note 13 – Operating Reserve

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
3	Albury Hall	5	2
37	Albury Water Supply	21	46
(350)	District – General	(514)	(1,041)
9	Downlands Water Supply	7	11
-	Eversley/Punaroa Water Races	-	(1)
3	Fairlie Community Refuse Collection	-	5
28	Fairlie Works & Services	(34)	20
8	Lake Tekapo Community Refuse Collection	-	12
20	Lake Tekapo Works & Services	-	100
(16)	Pukaki Airport Board	-	447
(98)	Roading Professional Services Business Unit	(56)	(108)
1,097	Real Estate	1,921	1,053
17	Rural Works & Services	-	15
75	Tourism & Development	80	71
-	Twizel Community Refuse Collection	-	4
39	Twizel Works & Services	-	(50)
872	Total Operating Reserves	1,430	586

Note 14 – Cash and Cash Equivalents

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
120	National Bank Current Account	-	129
392	Westpac Banking Corporation	276	56
293	Funds on Call	-	3,100
805	Total Cash Resources	276	3,285

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 (2007: \$25,000).

Note 15 – Trade & other receivables

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
86	Rates	89	89
135	Accrued dividend	-	135
122	Accrued Interest	-	121
1,731	Sundry Receivables	1,206	1,235
114	Prepayments	-	75
-	Accrued Land Sales	-	-
(17)	Provision for doubtful debts	-	(17)
2,173	Total Accounts Receivable	1,295	1,638

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 2008 and 2007, 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 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
1,739	Surplus (Deficit) From Operations	6,491	4,275
574 (354) (220) - -	Prima Facie Taxation @33% Taxation Effect of Permanent Differences Imputation Credit Adjustment Prior Period Adjustments Tax Loss Not Recognised	2,142 (1,922) (220) - -	1,411 (1,194) (217) - -
-		-	-
	The Taxation Charge is Represented By:		
- - - -	Prior Years over Provision Current Taxation Deferred Taxation	- - - -	- - - -

The Council has unrecognised tax losses \$117,360 (2007: \$152,577), with the tax effect \$38,729 (2007: \$50,350) available for carry forward in offsetting assessable income in future years.

Note 17 –Investments

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
	<i>Held for trading</i>		
1,251	Other Registered Banks	5,111	1,762
2,644	Strongly Rated Corporates	2,644	2,104
-	Local Government Stock	-	-
	<i>Fair value through equity</i>		
654	Downlands Water Scheme	654	655
	<i>Loans & receivables</i>		
60	Mortgages	60	60
	<i>Held to maturity debt securities</i>		
-	Shares – Opihi River Dev. Co. – Preference	-	-
	<i>Equity investment held in other company</i>		
5,863	Shares – Alpine Energy Limited	5,863	5,863
10,472		14,332	10,443
1,019	Less Current Portion of Investments	-	739
9,453		14,332	9,704

Interest Rates

The weighted average effective interest rates on investments were:

2006/07		2007/08
7.90%	Call accounts	8.25%
	Local authority stock	-
7.15%	State owned enterprises and strongly rated corporates	7.32%
7.10%	Trading bank stock	8.27%



Notes to the Accounts cont...

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 \$654,735.

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 2007 \$000's	Current year Additions/ (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
Operational Assets								
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	16	-	(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	442	-	-	11,148	-	11,148	11,148
Resource Recovery Parks	193	-	-	(11)	244	(62)	182	182
Heritage Assets	20	-	-	(-)	30	(10)	20	20
	41,485	149	1,388	(480)	44,433	(1,891)	42,542	42,542
Restricted Assets								
Land	3,911	(12)	-	-	3,899	-	3,899	3,899
Total Operational & Restricted Assets	45,396	137	1,388	(480)	48,332	(1,891)	46,441	46,441
Infrastructural Assets								
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	731	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
Total Infrastructural Assets	79,518	4,679	24,443	(2,130)	108,874	(2,364)	106,510	106,510
Capital Work In Progress								
Operational	89	997	-	-	1,086	-	1,086	1,086
Infrastructural	1,349	(347)	-	-	1,002	-	1,002	1,002
Total Capital Work in Progress	1,438	650	-	-	2,088	-	2,088	2,088
Total Property, Plant & equipment	126,352	5,466	25,831	(2,610)	159,294	(4,255)	155,039	155,039



Notes to the Accounts cont...

	COUNCIL							GROUP
	Net Book Value 30 June 2006 \$000's	Current year Additions/ (Disposals) \$000's	Revaluation \$000's	Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2007 \$000's	Net Book Value 30 June 2007 \$000's
Operational Assets								
Land	2,103	663	18,581	-	21,347	-	21,347	21,347
Buildings	8,616	(50)	-	(213)	8,987	634	8,353	8,353
Light Plant & Machinery	108	17	-	(26)	413	314	99	99
Plant & Machinery	446	-	-	(36)	514	104	410	410
Motor Vehicles	226	26	-	(50)	459	257	202	202
Office Equipment	33	2	-	(11)	166	142	24	24
Furniture & Fittings	68	1	-	(12)	406	349	57	57
Computer Equipment	81	40	-	(47)	417	343	74	74
Properties identified for disposal	1,065	25	9,616	-	10,706	-	10,706	10,706
Resource Recovery Parks	204	-	-	(11)	244	51	193	193
Heritage Assets	21	-	-	(1)	30	10	20	20
	12,971	724	28,197	(407)	43,689	2,204	41,485	41,485
Restricted Assets								
Land	1,016	-	2,895	-	3,911	-	3,911	3,911
Total Operational & Restricted Assets	13,987	724	31,092	(407)	47,600	2,204	45,396	45,396
Infrastructural Assets								
Sewerage Schemes	7,702	1,013	-	(203)	9,066	554	8,512	8,512
Stormwater Schemes	2,099	-	-	(34)	2,168	103	2,065	2,065
Rural Water Supplies	1,424	1	-	(44)	1,578	197	1,381	1,381
Rural Water Races	79	-	-	(2)	94	17	77	77
Urban Water Supplies	6,073	473	-	(188)	6,914	556	6,358	6,358
Landfills	111	-	-	(4)	136	29	107	107
Village Projects	579	-	-	(38)	736	195	541	541
Land Under Roads	5,872	-	-	-	5,872	-	5,872	5,872
Roading	54,745	1,096	-	(1,333)	58,428	3,920	54,508	54,508
Resource Consents	69	31	-	(3)	103	6	97	97
Total Infrastructural Assets	78,753	2,614	-	(1,849)	85,095	5,577	79,518	79,518
Capital Work In Progress								
Operational	72	17	-	-	89	-	89	89
Infrastructural	266	1,083	-	-	1,349	-	1,349	2,044
Total Capital Work in Progress	338	1,100	-	-	1,438	-	1,438	2,133
Total Property, Plant & equipment	93,078	4,438	31,092	(2,256)	134,133	7,781	126,352	127,047



Notes to the Accounts cont...

Note 19 –Fixed Assets – Council Only (cont)

Fair Values

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

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

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's
35,964	Land	35,803
35,964	Balance as at 30 June	35,803

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 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
88	Cost as at 1 July	-	88
-	Additions from acquisitions	-	9
(83)	Accumulated Amortisation	-	(88)
5	Balance as at 30 June	-	9

Note 21 – Forestry

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
1,683	Balance as at 1 July	-	1,642
-	Gains/(losses) arising from changes in fair value	-	-
(41)	less estimated point of sale costs.	-	(113)
1,642	Balance as at 30 June	-	1,529

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:

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's
	FINANCIAL ASSETS	
	Loans and receivables	
805	Cash and cash equivalents	3,285
2,173	Debtors and other receivables	1,638
2,978	Total loans and receivables	4,923
	Held to maturity	
	Other financial assets:	
3,894	- investments	3,866
714	- Debentures and other stock	715
4,608	Total held to maturity	4,581
	Fair value through equity	
	Other financial assets:	
5,862	- unlisted shares	5,862
5,862	Total fair value through equity	5,862
	FINANCIAL LIABILITIES	
	Financial liabilities at amortised cost	
1,834	Creditors and other payables	1,828
1,834	Total financial liabilities at amortised cost	1,828

Notes to the Accounts cont...

Maximum exposure to credit risk

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

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's
805	Cash at bank and term deposits	3,285
2,173	Debtors and other receivables	1,638
10,470	Investments, Shares and Debentures	10,443
13,448	Total credit risk	15,366

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:

Council Actual 2006/07 \$000's		Council Actual 2007/08 \$000's
	COUNTERPARTIES WITH CREDIT RATINGS	
	Cash at bank and term deposits:	
805	AA	3,263
-	BBB-	22
805	Total cash at bank and term deposits	3,285
	Investments:	
1,250	AA	1,762
941	A+	919
1,210	A	691
492	BBB+	494
3,893	Total investments	3,866
	COUNTERPARTIES WITHOUT CREDIT RATINGS	
	Unlisted shares and debentures	
6,577	Existing counterparty with no defaults in the past	6,577
6,577	Total shares and debentures	6,577

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 (2007: \$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
Council 2008			
Creditors and other payables	1,828	1,828	1,828
Group 2008			
Creditors and other payables	1,832	1,832	1,832
Council 2007			
Creditors and other payables	1,834	1,834	1,834
Group 2007			
Creditors and other payables	1,957	1,957	1,957

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
Council 2008				
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	-	-
Group 2008				
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	-	-
Council 2007				
Cash and cash equivalents	805	805	805	-
Debtors and other receivables	2,173	2,173	2,173	-
Other financial assets:				
- Investments	3,895	4,000	1,014	2,881
- Debentures and other stock	715	715	60	-
- Shares	5,862	5,862	-	-
Group 2007				
Cash and cash equivalents	818	818	818	-
Debtors and other receivables	1,407	1,407	1,407	-
Other financial assets:				
- Investments,	3,895	4,000	1,014	2,881
- 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.

Interest Rate Risk	2008 \$000	2008 \$000	2007 \$000	2007 \$000
	-100bps Profit Equity	+100bps Profit Equity	-100bps Profit Equity	+100bps Profit Equity
Financial assets				
Cash and Cash equivalents (a)	(32)	32	(4)	4
Other financial assets:				
- Shares (b)	(586)	586	(586)	586

(a) Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3,200,659.86 (2007 \$369,066.53) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$32,006 (2007 \$3,691)

(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 (2007 \$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
Equity at the Start of the Period	139,516	87,158	48,370	872	6,368	25	(3,277)
Net Surplus (Deficit)	4,275	4,275	-	-	-	-	-
Equity in Mackenzie Holdings Ltd	(183)	(183)	-	-	-	-	-
Bequest – Enid Hutt Beautifying Fund	19	19	-	-	-	-	-
Revaluation on water assets sold	41	41	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	25,791	-	25,791	-	-	-	-
Recognised Revenue & Expenditure	29,943	4,152	25,791	-	-	-	-
Reserve Transfers							
Appropriation of Net Surplus	-	(4,275)	-	4,275	-	-	-
Transfers between Reserves	-	3,401	-	(4,561)	51	20	1,089
Equity at the End of the Period	169,459	90,436	74,161	586	6,419	45	(2,188)

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 2008 there are no balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2008. The following transactions were carried out with related parties:

	Council Actual 2006/07 \$000's	Council Actual 2007/08 \$000's
Mackenzie Tourism & Development Trust	-	-
Loans payable to Council	-	51
	-	51
Mackenzie Holdings Limited		
Loans payable to Council	785	-
Interest paid to Council	33	41
	818	41
Total	818	92

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). One Manager purchased a building, via the tendering process, therefore an arms length transaction.

Except for the transactions mentioned above, no other Councillors or senior management have entered into related party transactions with the Council.

Key management personnel compensation

	Council Actual 2006/07 \$000's	Council Actual 2007/08 \$000's
Salaries and other short term employee benefits	619	683
	619	683

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 2008, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$134,216 (2007 \$133,365).

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

	Council Actual 2006/07 \$000's	Council Actual 2007/08 \$000's
Super Subsidy	-	5
Vehicle	13	15
Telephone	1	-
Professional Subscriptions	1	-
Total Additional Benefits	15	20

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$154,585 (2007 \$148,239).

Note 26 –Accrued landfill closure costs

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
	Current Portion of Debt		
6	Accrued Landfill Closure Costs	6	6
6		6	6
	Non-Current Portion of Debt		
61	Accrued Landfill Closure Costs	61	61
61		61	61

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

Council Actual 2006/07 \$000's		Council Budget 2007/08 \$000's	Council Actual 2007/08 \$000's
1,117	Creditors	806	1,107
33	Rates in Advance	-	38
678	Income in Advance	-	677
6	Current Portion of accrued landfill closure costs	6	6
1,834		812	1,828

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 \$6,689.90 (2007 \$5,039), 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 2008 Mackenzie District Council made two (2007: nil) severance payments to employees totalling \$10,000 (2007: nil). The value of each of the severance payments 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 2007/08 Annual Plan are as follows:

Statement of financial performance

Income from vested assets was less than budgeted by \$1.3m because subdivisions which were anticipated would vest with the Council during the 2007/08 year did not.

Depreciation expenses are greater than budgeted due to an asset revaluation this year.

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. This has also resulted in higher than budgeted fixed asset values at year end.

Cash reserves are higher than budgeted, due to the monies received from section sales at the Pukaki airfield.

Statement of movement in equity

The major variation occurred due to the revaluation of assets this year.

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

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 2008 there were three Boards of Council; Forestry Board, Pukaki Airport Board and the Tourism and Economic Development 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 Mackenzie Tourism and Economic Development Board is a mix of Council representatives and independent business people.

During the year the Mackenzie Tourism and Development Trust was established to promote tourism and business development and take over the running of the Pukaki Visitors Centre from 1 July 2008.

The existing Board members have accepted positions as Trustees of the Trust.

The Forestry Board, Pukaki Airport Board and Mackenzie Tourism and Development Trust all meet regularly.

Community Boards

Community boards service the communities of Fairlie, Lake Tekapo, and Twizel, and make recommendations to Council regarding the management of township services. Each community board meets six weekly, with additional meetings held as required.

Division of Responsibility between Council and Management

Governance Framework

Independent Election

The Council believes that its democratic election by the Mackenzie District citizens ensures that it is able to operate in the best interests of the District and to function independently of management.

Communication/Reporting;

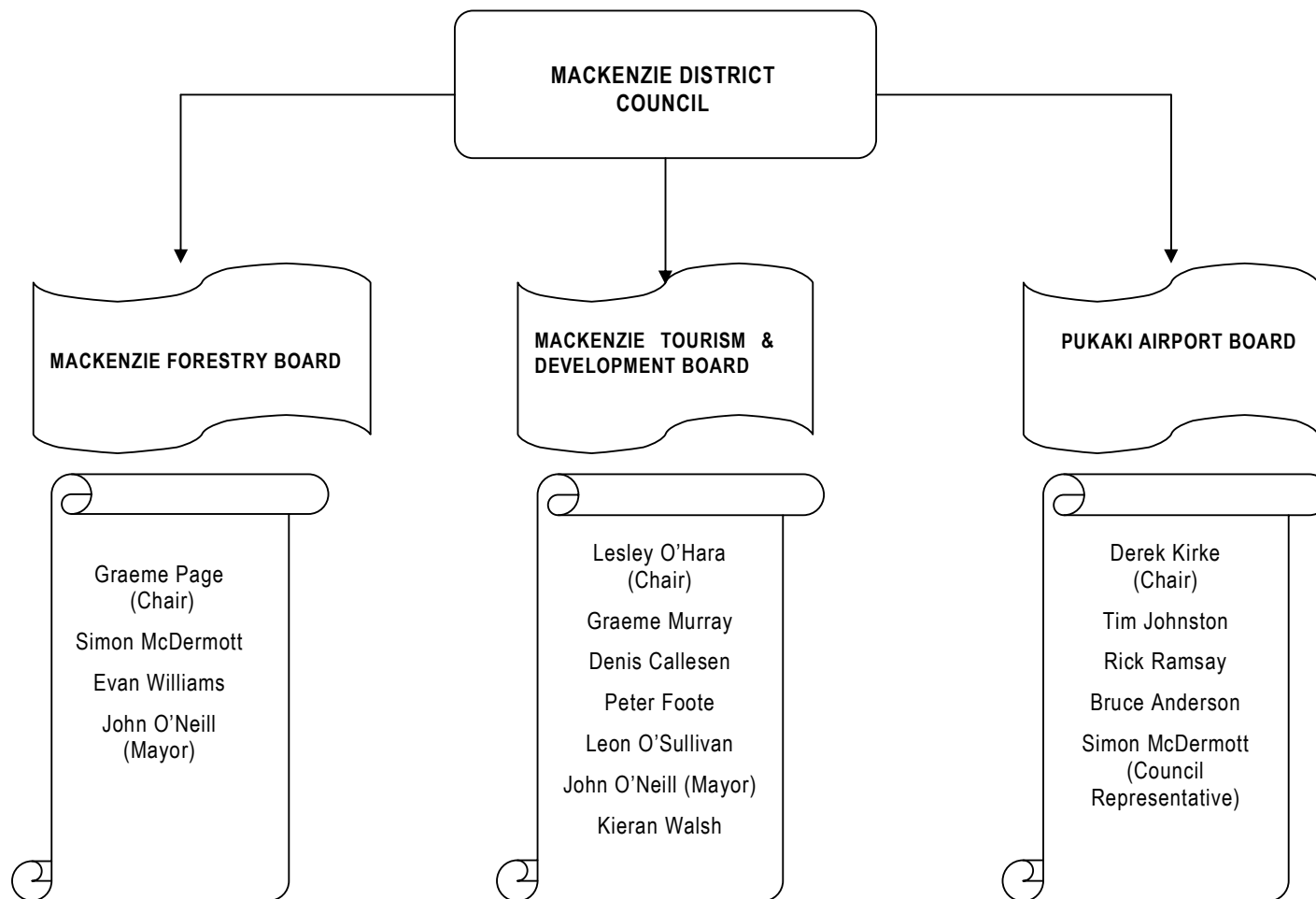
Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of “good citizenship” and high standards of ethical behaviour. A key to the efficient running of Council is to maintain a clear division between the role of the elected representatives and that of management. The Council of the Mackenzie District concentrates on setting policy and strategy, and then reviews progress. Management is concerned with implementing these policies and strategies.

While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the District ultimately rests with the Council. The Council helps discharge this responsibility by maintaining effective systems of internal control. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved.

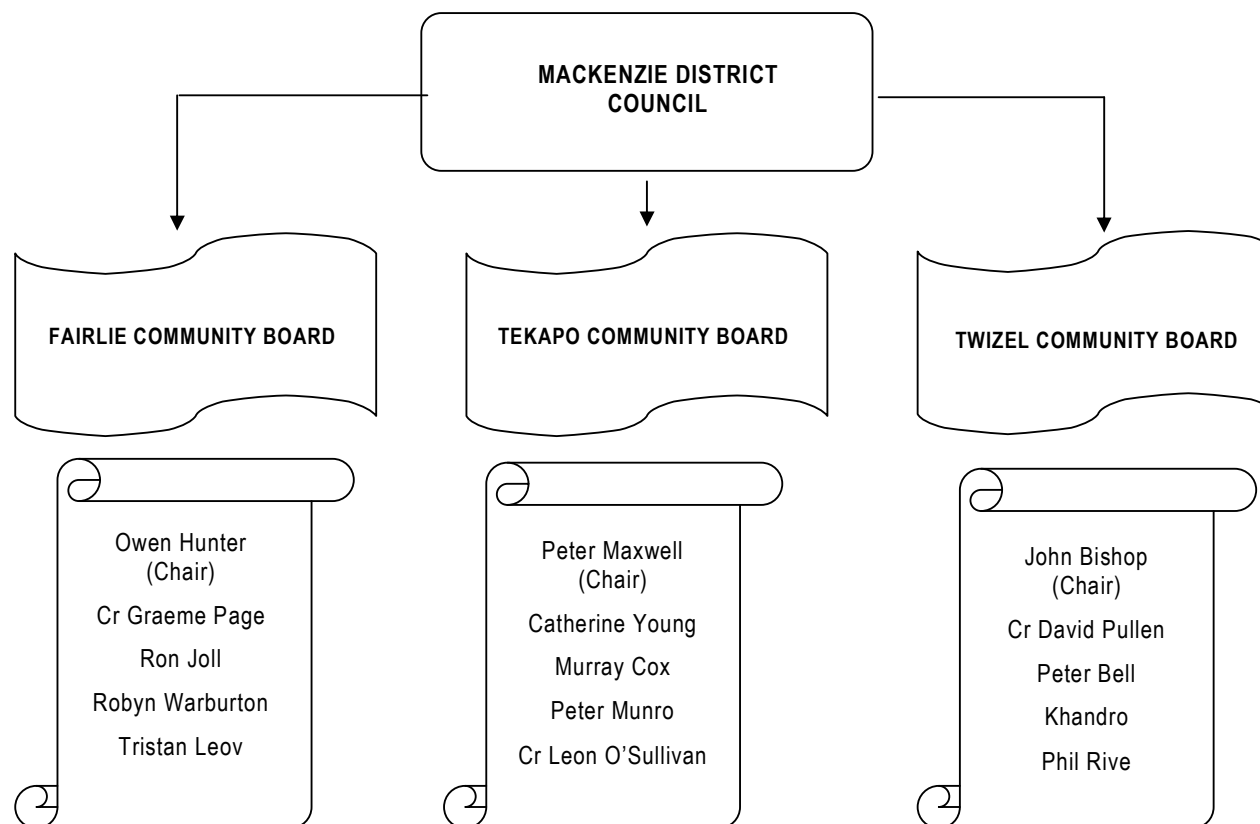
Legislative Compliance

As a regulatory body, the Council administers various regulations and laws. As such, it is vital that it complies with all relevant legislation. The Council makes use of external lawyers and consultants as appropriate to ensure it does comply.

Council Committee Structure (as at June 2008)



Community Board Structure (as at June 2008)



Organisational Chart (as at June 2008)

