



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

MEMBERSHIP OF THE FINANCE COMMITTEE

Graham Smith (Chairman)	
Claire Barlow (Mayor)	John Bishop
Peter Maxwell	Annette Money
Graeme Page	Evan Williams

*Notice is given of a meeting of the Finance Committee
to be held on Tuesday 16 August 2011
at 9.30 am*

VENUE: Council Chambers, Fairlie

BUSINESS: As per agenda attached

**GLEN INNES
CHIEF EXECUTIVE OFFICER**

11 August 2011



AGENDA FOR TUESDAY 16 AUGUST 2011

I APOLOGIES

II DECLARATIONS OF INTEREST

III MINUTES

Confirm and adopt as the correct record the Minutes of the meeting of the Finance Committee held on 5 July 2011 including such parts as were taken with the Public Excluded.

MATTERS UNDER ACTION

IV REPORTS

1. Finance Report – June 2011
2. Bancorp Quarterly Report

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 5 JULY 2011 AT 9.30 AM

PRESENT:

Graham Smith (Chairman)
 Claire Barlow (Mayor)
 John Bishop
 Peter Maxwell
 Annette Money
 Graeme Page
 Evan Williams (from 9.35 am)

IN ATTENDANCE:

Glen Innes (Chief Executive Officer)
 Paul Morris (Manager – Finance and Administration)
 Garth Nixon (Community Facilities Manager) for part of the meeting
 Rosemary Moran (Committee Clerk)

I APOLOGIES:

There were no apologies.

II DECLARATIONS OF INTEREST:

Cr Maxwell, as a Trustee of the Mackenzie Tourism and Development Trust, declared his interest in the Late Agenda Item “Mackenzie Tourism and Development Trust Loan” and undertook to leave the meeting when the item was considered.

III MINUTES:

Resolved that the minutes of the meeting of the Finance Committee held on Tuesday 24 May 2011, including such parts as were taken with the Public Excluded were confirmed and adopted as the correct record of the meeting.

John Bishop/Claire Barlow

MATTERS UNDER ACTION:

1. Medical Facilities – Sale of Doctors’ Residences:

It was noted that policy on the use of funds from the sale of doctors’ residences needed to be developed before a report on options for funding to support medical facilities in the District was developed.

It was also noted that at its meeting on 7 February 2010 the Finance Committee had resolved:

- That Council establishes a capital reserve for medical facilities in the District and that the proceeds of the sale of doctors' residences be credited to this account.
- That the principal amount within the capital reserve be protected for possible future requirements and that interest be accumulated and directed as appropriate to the needs of the District.

V REPORTS:

1. FINANCIAL REPORT – APRIL 2011:

This report from the Manager – Finance and Administration was accompanied by the financial reports for the period to April 2011.

The Manager – Finance and Administration spoke to his report.

Resolved that the report be received.

Annette Money/Graeme Page

Governance Activity:

Motion:

That the Regulatory activity be responsible for the total amount of the payment to correct an error on an erroneously issued s226 certificate in 2006.

Graeme Page

The motion failed for want of a seconder.

The meeting was adjourned at 10.45 am for morning tea and reconvened at 11.10 am.

V REPORTS:

2 PUKAKI AIRPORT BOARD STATEMENT OF INTENT FOR THE THREE YEARS TO 30 JUNE 2014:

This report from the Manager – Finance and Administration was accompanied by the draft Statement of Intent for the Pukaki Airport Board the Three Years Ending 30 June 2014.

Resolved that the report be received.

Evan Williams Annette Money

Resolved that the Statement of Intent for the Pukaki Airport Board the Three Years Ending 30 June 2014 be adopted.

Annette Money/Claire Barlow

3 MACKENZIE FORESTRY BOARD STATEMENT OF INTENT FOR THE THREE YEARS TO 30 JUNE 2014:

This report from the Manager – Finance and Administration was accompanied by the draft Statement of Intent for the Mackenzie Forestry Board the Three Years Ending 30 June 2014.

Resolved that the report be received.

John Bishop/Evan Williams

Resolved that the draft Statement of Intent for the Mackenzie Forestry Board for the three years ending 30 June 2014 be referred back to the Forestry Board with the recommendation that further detail be included about the Board's carbon credits.

Annette Money/John Bishop

The Community Facilities Manager joined the meeting.

4. GRANTS POLICY:

This report from the Community Facilities Manager invited consideration of the Council's Grants Policy and Grant Evaluation Criteria.

Resolved that the report be received.

Claire Barlow/Evan Williams

Resolved:

1. That the following be confirmed:

GRANTS POLICY:

Rationale

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

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

Guidelines:

1. *All requests for financial assistance are to be submitted on an "Application for Donation" form to the Council.*
2. *All requests for financial support are to be dealt with as requests for grants.*
3. *Requests for grants from clubs, groups or organisations are to be accompanied by full financial information.*
4. *Applications for grants are to be evaluated in terms of*

- *the direct benefit of the grant to ratepayers/residents of the District*
 - *the availability of funds from other sources for the project*
 - *the level of contribution to the project made by the applicant*
5. *Recipients are to be required to account accurately for grants.*

GRANT EVALUATION CRITERIA

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

2. That no additional budget provision be made for unspecified grants.

3. That Council acknowledges the existing assistance it provides through concessional rental arrangements.

4 That application forms and the Evaluation Criteria be made available through Council's website to assist applicants.

Evan Williams/Annette Money

II LATE ITEMS:

Resolved that pursuant to the Local Government Official Information and Meetings Act 1987 the reports "Mackenzie Tourism and Development Trust Loan" and "Insurance Issues" be considered.

The reports were not included on the Agenda because they were able to be reported on in time. Consideration of the reports at this meeting was required to enable the issues to be dealt with in a timely manner.

Evan Williams Claire Barlow

INSURANCE ISSUES:

This report from the Manager – Finance and Administration advised of Council's potential financial exposure relating to an earthquake or other major event affecting the Mackenzie region.

Cr Williams left the meeting at 11.53 am and re-joined the meeting at 12.04 pm

Resolved:

1. That the report be received.
2. That Council endorses the insurance levels and policies obtained for the year ending 1 July 2012, noting that there is no infrastructural asset cover and that earthquake, geothermal activity and tsunami are only covered to 80% for non-infrastructural assets.
3. That Council notes that a shortfall exists between its likely share of repair costs following a major earthquake and the minimum level of cash reserves currently required to hold.
4. That Council consider at its 19 July 2011 meeting, a detailed paper from the Manager Finance and Administration, on ways of mitigating Council's risk exposure to a major earthquake.

Graeme Page/Annette Money

VI PUBLIC EXCLUDED:

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

1. Sale Lot 2 Mackenzie Drive, Twizel.
2. Mackenzie Tourism and Development Trust Loan

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Sale Lot 2, Mackenzie Drive Twizel	Legal Professional Privilege	48(1)(a)(i)
MTDT Loan	To enable the Local Authority to carry on without prejudice, negotiations	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Lot 2, Mackenzie Drive, Twizel* Section 7(ii)(i) and *MTDT Loan* Section 7(2)(h) .

Annette Money/John Bishop

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 12.35 PM

CHAIRMAN: _____

DATE: _____

MATTERS UNDER ACTION – FINANCE COMMITTEE

MANAGER – FINANCE AND ADMINISTRATION

5 July 2011

Medical Facilities – Sale of Doctors’ Residences

It was noted that policy on the use of funds from the sale of doctors’ residences needed to be developed before a report on options for funding to support medical facilities in the District was developed.

COMMUNITY FACILITIES MANAGER

Mackenzie Retirement Villas Carports – Unbudgeted Expenditure:

- That Council approves unbudgeted expenditure of approximately \$3,442.00 being the cost of GST and resource consent fees for the carports at the Mackenzie Retirement Villas.
- That the Fairlie Lions be requested to fund the balance of the unbudgeted expenditure, viz \$2,480.00 *The Fairlie Lions Club is prepared to contribute \$500 to the project.*

CHIEF EXECUTIVE OFFICER

13 September 2010

Negotiate with counterpart at the Waitaki District Council to clarify the proportion of individual financial liability for the Waitaki District Council and the Mackenzie District Council with regard to the \$2.75m construction funding for the *Alps to Ocean Cycleway* for which both Councils were invited to be joint signatories of the funding agreement with the Crown. *The draft agreement has been prepared for discussion with Waitaki Chief Executive Officer and should be finalised by the next Council meeting.*

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE
SUBJECT: FINANCIAL REPORT – JUNE 2011
MEETING DATE: 16 AUGUST 2011
REF: FIN 1/2/1
FROM: MANAGER – FINANCE AND ADMINISTRATION
ENDORSED: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Attached is the financial report for Council for the year ended June 2011.

Commentary has been provided for any significant variances.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS	GLEN INNES
<u>MANAGER – FINANCE & ADMINISTRATION</u>	<u>CHIEF EXECUTIVE OFFICER</u>

GOVERNANCE ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	51,194	61,635	54,352	7,283	X 1	54,352	54,352	0	
Members Costs	197,723	238,361	206,599	31,762	X 2	206,599	206,599	0	
Administration	49,010	54,416	41,360	13,056	X 3	41,360	41,360	0	
Capital Reserve Interest Paid	303	220	333	113	✓	333	333	0	
Council Staff Support Costs	355,686	423,132	423,111	21	X	423,111	423,111	0	
Total Operating Expenditure	653,917	777,765	725,755	52,010		725,755	725,755	0	
Operating Revenue									
Total Rates	653,857	755,110	725,755	29,355	X	725,755	725,755	0	
Other Income	60	22,654	0	22,654	✓ 4	0	0	0	X
Total Operating Revenue	653,917	777,765	725,755	52,010		725,755	725,755	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(8,115)	(5,617)	(5,617)			(5,617)	(5,617)		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
Total Rates	2,498	0	0	0		0	0	0	
Total Capital Revenue	2,498	0	0	0		0	0	0	
CLOSING BALANCE	(5,617)	(5,617)	(5,617)			(5,617)	(5,617)		

Variance Analysis

- Includes costs of \$7,090 wages and Salaries relating to Local Body elections
- Includes \$18,278 costs for the Local body elections. These costs are funded by \$5,000 in this years budget and \$28,000 from Reserves set aside for this purpose in prior years. Also contributing to the unfavourable variance is higher than anticipated Conference and Training expenses (\$4,343) due to attending LGNZ conference, Workshop for New elected Members, Shared Services Conference and LTP Workshop for Elected Members.
- Includes a subscription carry over from 2010 year for LGNZ (\$2,115) which should have been accounted for last year and SOLGM costs (\$3,861) for Legal Compliance Program and Industry Good Works program as well as \$2,400 for Councils share of Canterbury Economic development Group. The subscription for the year for LGNZ amounted to \$13,718
- Charges for SCDHB election share of election costs

WATER ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(36,182)	(34,119)	(34,119)			(34,119)	(34,119)		
Operating Expenditure									
Consultancy	2,515	11,094	39,606	28,512	✓ 1	39,606	39,606	0	
Administration	5,755	8,082	7,435	647	X	7,435	7,435	0	
Capital Reserve Interest Paid	62,351	34,717	63,915	29,198	✓ 2	63,915	63,915	0	
General Maintenance	267,847	295,191	314,001	18,810	✓ 3	314,001	314,001	0	
Council Staff Support Costs	116,724	114,936	114,942	6	✓	114,942	114,942	0	
Total Operating Expenditure	455,192	464,020	539,899	75,879		539,899	539,899	0	
Operating Revenue									
Total Rates	375,755	367,761	441,865	74,104	✓	441,865	441,865	0	
Other Income	110,267	89,530	97,785	8,255	X	97,785	97,785	0	
Total Operating Revenue	486,022	457,291	539,650	82,359		539,650	539,650	0	
CLOSING BALANCE	(5,353)	(40,848)	(34,368)			(34,368)	(34,368)		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	79,237	470,587	470,587			470,587	470,587		
Capital Expenditure									
Fairlie	2,140	482,208	628,516	146,308	✓	628,516	628,516	0	
Tekapo	0	4,774	3,102	1,672	X	3,102	3,102	0	
Twizel	22,831	44,703	161,244	116,541	✓	161,244	161,244	0	
Rural	32,222	25,222	15,000	10,222	X	15,000	15,000	0	
Vested Assets from Developers	621,533	0	48,098	48,098	✓ 5	48,098	48,098	0	
Total Capital Expenditure	678,726	556,907	855,960	299,053		855,960	855,960	0	
Capital Revenue									
Total Rates	295,887	317,433	281,119	36,314	✓ 4	281,119	281,119	0	
Capital Reserve Interest Received	37,105	28,913	20,404	8,509	✓	20,404	20,404	0	
Financial Contributions	74,815	(220)	5,034	5,254	X	5,034	5,034	0	
Upgrade Contributions	0	0	42,344	42,344	X	42,344	42,344	0	
Vested Assets from Developers	621,533	0	48,098	48,098	X 5	48,098	48,098	0	
Rural	40,737	24,000	15,000	9,000	✓	15,000	15,000	0	
Total Capital Revenue	1,070,077	370,126	411,999	41,873		411,999	411,999	0	
CLOSING BALANCE	470,587	283,806	26,626			26,626	26,626		

Variance Analysis

1. This positive variance relates mainly to unspent engineering consultants costs in Fairlie (\$5,000) Twizel and Tekapo (\$1,036 each) and Allandale (\$3,000). The balance is made up of lower than anticipated valuation fees for infrastructure assets.
2. Capital Reserve Interest down on budget for Fairlie (\$21,104) and Allandale (\$6,146) due to budgeted interest being calculated on the average estimated balance of the Capital Reserve compared to actual of.
3. General Maintenance shows a favourable variance of \$18,810 made up of lower Contractor costs of \$10,035 for Twizel contractor costs. Ashwick schemes maintenance costs are \$8,792 below budgeted expenditure. Electricity costs for Twizel were \$4,561 below budget.
4. Fairlie Water scheme transfers its profits to its Capital reserve. Operating profit was ahead of budget by \$36,303 which has created this positive variance
5. There are no Vested Assets from developers this financial year.

SEWERAGE ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Consultancy	668	7,897	13,054	5,157	✓ 1	13,054	13,054	0	✓
Administration	4,084	4,439	5,408	969	✓	5,408	5,408	0	
Capital Reserve Interest Paid	40,809	27,419	33,613	6,194	✓	33,613	33,613	0	
General Maintenance	107,991	121,031	112,062	8,969	X 2	112,062	112,062	0	
Council Staff Support Costs	89,856	88,320	88,329	9	✓	88,329	88,329	0	
Total Operating Expenditure	243,407	249,107	252,466	3,359		252,466	252,466	0	
Operating Revenue									
Total Rates	239,413	244,748	252,466	7,718	✓	252,466	252,466	0	
Other Income	3,994	4,359	0	4,359	✓	0	0	0	
Total Operating Revenue	243,407	249,107	252,466	3,359		252,466	252,466	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(2,776)	27,547	27,547			27,547	27,547		
Capital Expenditure									
Fairlie	91,089	162,340	165,000	2,660	✓	165,000	165,000	0	
Tekapo	0	0	0	0		0	0	0	
Twizel	153,528	69,868	150,000	80,132	✓ 3	150,000	150,000	0	
Vested Assets from Developers	982,248	0	64,140		4	64,140	64,140	0	
Total Capital Expenditure	1,226,865	232,209	379,140	146,931		379,140	379,140	0	
Capital Revenue									
Total Rates	208,913	216,032	228,128	12,096	✓	228,128	228,128	0	
Capital Reserve Interest Received	21,897	20,062	15,424	4,638	✓	15,424	15,424	0	
Financial Contributions	20,926	56,752	83,925	27,173	X	83,925	83,925	0	
Upgrade Contributions	23,203	0	24,082	24,082	X	24,082	24,082	0	
Vested Assets from Developers	982,248	0	64,140	64,140	X 4	64,140	64,140	0	
Total Capital Revenue	1,257,187	292,846	415,699	122,853		415,699	415,699	0	
CLOSING BALANCE	27,546	88,185	64,106			64,106	64,106		

Variance Analysis

1. Due to lower than anticipated valuation costs. Total costs for the year for valuations will be \$7,500 and will produce a favourable variance of \$4,900
2. Additional consent monitoring costs for Fairlie (\$4,159) have contributed to an unfavourable variance.
3. Includes unbudgeted Resource Consent costs for Twizel Sewer totalling \$18,773
4. There are no Vested Assets from developers this financial year.

STORMWATER ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Consultancy	0	3,009	12,434	9,425	✓ 1	12,434	12,434	0	✓
Administration	838	886	976	90	✓	976	976	0	
General Maintenance	13,525	8,957	12,995	4,038	✓ 2	12,995	12,995	0	
Council Staff Support Costs	23,508	23,148	23,137	11	X	23,137	23,137	0	
Total Operating Expenditure	37,871	36,000	49,542	13,542		49,542	49,542	0	
Operating Revenue									
Total Rates	26,947	27,433	42,188	14,755	✓	42,188	42,188	0	
Capital Reserve Interest Received	10,924	8,567	7,354	1,213	✓	7,354	7,354	0	
Total Operating Revenue	37,871	36,000	49,542	13,542		49,542	49,542	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	233,210	289,778	289,778			289,778	289,778		
Capital Expenditure									
Fairlie	0	0	10,000	10,000	✓	10,000	10,000	0	
Tekapo	0	0	10,000	10,000	✓	10,000	10,000	0	
Twizel	0	0	0	0		0	0	0	
Vested Assets from Developers	0	0	38,514	38,514	✓ 3	38,514	38,514	0	
Total Capital Expenditure	0	0	58,514	58,514	✓	58,514	58,514	0	
Capital Revenue									
Total Rates	53,824	59,256	59,257	1	✓	59,257	59,257	0	
Financial Contributions	2,745	1,445	0	1,445	✓	0	0	0	
Upgrade Contributions	0	0	0	0		0	0	0	
Vested Assets from Developers	0	0	38,514	38,514	X 3	38,514	38,514	0	
Total Capital Revenue	56,568	60,701	97,771	37,070	X	97,771	97,771	0	
CLOSING BALANCE	289,778	350,479	329,035			329,035	329,035		

Variance Analysis

1. Lower than anticipated valuation costs to date have resulted in this favourable variance.
2. Lower than anticipated Contractor costs for Fairlie (\$2,983) have contributed to this favourable variance

ROADING ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(108,501)	(48,834)	(48,834)		(48,834)	(48,834)		
Operating Expenditure								
Labour	102,693	91,657	107,693	16,036 ✓	107,693	107,693	0	
Consultancy	29,260	44,005	48,000	3,995 ✓	48,000	48,000	0	
Administration	2,615	6,543	4,273	2,270 X	4,273	4,273	0	
Capital Reserve Interest Paid	575	(380)	1,235	1,615 ✓	1,235	1,235	0	
General Maintenance	12,524	26,664	11,553	15,111 X	11,553	11,553	0	
Roading	1,083,167	1,087,035	1,264,784	177,749 ✓	1,264,784	1,264,784	0	
Council Staff Support Costs	278,520	298,992	298,987	5 X	298,987	298,987	0	
Total Operating Expenditure	1,509,354	1,554,517	1,736,525	182,008	1,736,525	1,736,525	0	
Operating Revenue								
Fairlie Works & Services Rates	41,775	32,015	61,535	29,520 ✓	61,535	61,535	0	
Tekapo Works & Services Rates	54,472	34,064	65,874	31,810 ✓	65,874	65,874	0	
Twizel Works & Services Rates	77,636	69,904	89,746	19,842 ✓	89,746	89,746	0	
Rural Works & Services Rates	499,807	554,242	519,432	34,810 X	519,432	519,432	0	
Total Rates	673,690	690,225	736,587	46,362 ✓	736,587	736,587	0	
Other Income	786,804	831,297	882,949	51,651 X	882,949	882,949	0	
Council Staff Support Income	108,527	129,000	128,992	8 ✓	128,992	128,992	0	
Total Operating Revenue	1,569,021	1,650,522	1,748,528	98,006	1,748,528	1,748,528	0	
CLOSING BALANCE	(48,834)	47,171	(36,831)		(36,831)	(36,831)		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	959,362	983,618	983,618		983,618	983,618		
Capital Expenditure								
Fairlie	31,705	42,412	56,549	14,137 ✓	56,549	56,549	0	
Tekapo	53,694	77,814	126,286	48,472 ✓	126,286	126,286	0	
Twizel	664,822	162,382	272,155	109,773 ✓	272,155	272,155	0	
Rural	961,952	956,659	954,924	1,735 X	954,924	954,924	0	
Professional Services Business Unit	4,496	0	0	0	0	0	0	
Total Capital Expenditure	1,716,669	1,239,267	1,409,914	170,647	1,409,914	1,409,914	0	
Capital Revenue								
Fairlie Works & Services Rates	13,633	19,509	34,372	14,862 ✓	34,372	34,372	0	
Tekapo Works & Services Rates	23,088	48,095	40,330	7,766 X	40,330	40,330	0	
Twizel Works & Services Rates	54,733	97,198	131,325	34,128 ✓	131,325	131,325	0	
Rural Works & Services Rates	413,639	440,063	439,265	798 X	439,265	439,265	0	
Total Rates	505,094	604,866	645,292	40,426 ✓	645,292	645,292	0	
Council Staff Support Income	1,177	1,212	1,215	3 ✓	1,215	1,215	0	
Fairlie	18,072	22,902	22,177	725 X	22,177	22,177	0	
Tekapo	30,606	29,719	85,956	56,238 ✓	85,956	85,956	0	
Twizel	610,089	65,185	140,830	75,645 ✓	140,830	140,830	0	
Rural	575,889	547,592	561,289	13,697 ✓	561,289	561,289	0	
Professional Services Business Unit	0	0	0	0	0	0	0	
Total Capital Revenue	1,740,926	1,271,475	1,456,759	185,284	1,456,759	1,456,759	0	
CLOSING BALANCE	983,618	1,015,826	1,030,463		1,030,463	1,030,463		

Variances

- There are no Vested Assets from developers this financial year.

**ROADING ACTIVITY
FINANCIAL REPORT FOR JUNE 2011**

OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	June 2011		Forecast	Full Year to 30 June 2011		Note
	YTD Actual			Variance	Note		Budget	Variance	
OPENING BALANCE	(108,501)	(48,834)	(48,834)			(48,834)	(48,834)		
Operating Expenditure									
<i>Fairlie Roding</i>									
Subsidised	57,228	57,792	86,792	29,000	✓	86,792	86,792	0	
Unsubsidised	19,064	19,767	17,676	2,091	X	17,676	17,676	0	
<i>Tekapo Roding</i>									
Subsidised	69,050	55,637	97,085	41,448	✓	97,085	97,085	0	
Unsubsidised	21,093	18,077	18,935	858	✓	18,935	18,935	0	
<i>Twizel Roding</i>									
Subsidised	96,684	90,930	119,610	28,680	✓	119,610	119,610	0	
Unsubsidised	38,170	36,965	35,824	1,141	X	35,824	35,824	0	
<i>Rural Roding</i>									
Subsidised	907,326	948,847	1,030,397	81,550	✓	1,030,397	1,030,397	0	
Unsubsidised	104,712	107,424	107,433	9	✓	107,433	107,433	0	
Professional Roding Business Unit	196,027	219,078	222,773	3,695	✓	222,773	222,773	0	
Total Operating Expenditure	1,509,354	1,554,517	1,736,525	182,008		1,736,525	1,736,525	0	
Operating Revenue									
Fairlie Works & Services Rates	41,775	32,015	61,535	29,520	✓	61,535	61,535	0	
Tekapo Works & Services Rates	54,472	34,064	65,874	31,810	✓	65,874	65,874	0	
Twizel Works & Services Rates	77,636	69,904	89,746	19,842	✓	89,746	89,746	0	
Rural Works and Services Rates	499,807	554,242	519,432	34,810	X	519,432	519,432	0	
Other Income	786,804	831,297	882,949	51,651	X	882,949	882,949	0	
Professional Roding Business Unit	108,527	129,000	128,992	8	✓	128,992	128,992	0	
Total Operating Revenue	1,569,021	1,650,522	1,748,528	98,006		1,748,528	1,748,528	0	
CLOSING BALANCE	(48,834)	47,171	(36,831)			(36,831)	(36,831)		

FAIRLIE ROADING
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Interest on Capital Reserves	73	(380)	178	558	✓	178	178	0	
Roading Subsidised									
Drainage Mtce - St Cleaning	16,498	5,262	25,500	20,238	✓ 1	25,500	25,500	0	
Drain Mtce - St Clean - Transi	12,565	12,571	12,076	495	X	12,076	12,076	0	
Traffic Svcs Mtce - Pav Mkings	0	2,631	3,600	969	✓	3,600	3,600	0	
St Lighting - Elec	4,708	5,546	6,670	1,124	✓	6,670	6,670	0	
St Lighting - Elec - Transit	4,952	5,810	5,130	680	X	5,130	5,130	0	
St Lighting - Mtce	3,600	2,318	6,600	4,282	✓	6,600	6,600	0	
St Lighting - Mtce - Transit	3,747	9,093	4,017	5,076	X 2	4,017	4,017	0	
Sealed Pavement Mtce	4,073	1,997	5,850	3,853	✓	5,850	5,850	0	
Unsealed Pavement Mtce	2,901	1,731	1,032	699	X	1,032	1,032	0	
Routine Drainage Mtce	907	2,377	1,300	1,077	X	1,300	1,300	0	
Environ Mtce - Snow & Ice Cont	0	4,764	3,127	1,637	X 3	3,127	3,127	0	
Enviro Mtce - Vegetation Contr	651	0	1,333	1,333	✓ 3	1,333	1,333	0	
Enviro Mtce - Other	0	610	1,334	724	✓ 3	1,334	1,334	0	
Traffic Svcs Mtce - Signs EMPs	250	204	400	196	✓	400	400	0	
Network & Asset Management	0	0	6,001	6,001	✓	6,001	6,001	0	
Total Subsidised	54,852	54,972	83,970	28,998	✓	83,970	83,970	0	
Unsubsidised									
Fairlie Footpaths	9,379	10,234	7,585	2,649	X	7,585	7,585	0	
Total Unsubsidised	9,379	10,234	7,585	2,649	X	7,585	7,585	0	
Total Direct Roding Costs	64,232	65,206	91,555	26,349	✓	91,555	91,555	0	
Council Staff Support Costs									
Charges - Roding Prof Svcs	2,376	2,820	2,822	2	✓	2,822	2,822	0	
Charges - Roding Prof Svcs	1,704	2,028	2,027	1	X	2,027	2,027	0	
Professional Roding Services	4,080	4,848	4,849		✓	4,849	4,849	0	
Charges - Admin District	4,128	4,176	4,181	5	✓	4,181	4,181	0	
Charges - Asset Management	3,780	3,708	3,705	3	X	3,705	3,705	0	
Total Council Staff Support Costs	11,988	12,732	12,735	3	✓	12,735	12,735	0	
Total Operating Expenditure	76,292	77,559	104,468	26,909		104,468	104,468	0	
Operating Revenue									
Fairlie Works & Services Rates	41,775	32,015	61,535	29,520	✓ 4	61,535	61,535	0	
Other Income									
Transit-Street Lights & Clean	13,604	18,832	9,147	9,685	✓	9,147	9,147	0	
Transfund New Zealand	29,022	40,089	48,378	8,289	X	48,378	48,378	0	
NZTA Operational Subsidy	10,950	17,187	26,201	9,014	X 4	26,201	26,201	0	
Petroleum Tax	9,963	9,525	7,585	1,940	✓	7,585	7,585	0	
Total Other Income	34,518	45,544	42,933	2,611	✓	42,933	42,933	0	
Council Staff Support Income				0				0	
Total Operating Revenue	76,292	77,559	104,468	26,909		104,468	104,468	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	8,039	8,039	8,039			8,039	8,039		
Capital Expenditure									
Subsidised Capital									
Traffic Svcs Renewal - Signs EMP	0	3,338	14,429	11,091	✓	14,429	14,429	0	
Sealed Road Resurfacing	31,705	39,074	26,640	12,434	X	26,640	26,640	0	
Total Subsidised Capital	31,705	42,412	41,069	1,343	X	41,069	41,069	0	
Unsubsidised Capital									
Vested Assets	0	0	0	0		0	0	0	
Footpaths - Surfacing	0	0	15,480	15,480	✓ 5	15,480	15,480	0	
Total Unsubsidised	0	0	15,480	15,480	✓	15,480	15,480	0	
Total Capital Expenditure	31,705	42,412	56,549	14,137		56,549	56,549	0	
Capital Revenue									
Fairlie Works & Services Rates	13,633	19,509	34,372	14,862	✓	34,372	34,372	0	
Vested Assets	0	0	0	0		0	0	0	
NZTA Subsidies	18,072	22,902	22,177	725	✓	22,177	22,177	0	
Total Capital Revenue	31,705	42,412	56,549	14,137		56,549	56,549	0	
CLOSING BALANCE	8,039	8,039	8,039			8,039	8,039		

Variance Analysis

1. Drainage maintenance has been over budgeted for the 2011 financial year.
2. These costs are passed directly onto transit. Increased costs of maintenance relating to Transit. These costs are recovered 100% from Transit and include costs relating to damage to light poles in Fairlie.
3. Costs of snow/ice clearing incurred at the beginning of the year. These costs will vary depending on the amount and frequency of snow/ice events. This budget over-run can be offset against the under-spend in vegetation control and other.
4. Both the level of rates and the NZTA operational subsidy are lower than anticipated due to lower than anticipated overall subsidised work.
5. The budget for this item has been carried forward to the 2011/2012 financial year

TEKAPO ROADING
FINANCIAL REPORT FOR JUNE 2011

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Interest on Capital Reserve	502	0	0	0		0	0	0	
Roading									
Subsidised									
Drain Mtce - St Clean	15,134	5,529	15,705	10,176	✓	15,705	15,705	0	
Drain Mtce - St Clean - Transi	8,171	6,926	9,825	2,899	✓	9,825	9,825	0	
Traffic Svcs Mtce - Pav Mkings	0	2,940	4,644	1,704	✓	4,644	4,644	0	
Street Lighting - Electricity	6,676	7,991	8,000	9	✓	8,000	8,000	0	
St Lighting - Elec - Transit	825	988	1,372	384	✓	1,372	1,372	0	
Street Lighting - Maintenance	20,173	13,861	24,000	10,139	✓ 1	24,000	24,000	0	
St Lighting - Mtce - Transit	2,493	1,174	4,079	2,905	✓	4,079	4,079	0	
Sealed Pavement Mtce	7,060	2,370	4,771	2,401	✓	4,771	4,771	0	
Unsealed Pavement Maintenance	220	1,204	0	1,204	X	0	0	0	
Drainage Mtce - Other	2,518	1,028	1,590	562	✓	1,590	1,590	0	
Environmental Maintenance	0	0	0	0		0	0	0	
Enviro Mtce - Snow & Ice Contr	2,720	7,947	3,657	4,290	X 2	3,657	3,657	0	
Enviro Mtce - Vegetation Contr	1,044	618	6,500	5,882	✓ 2	6,500	6,500	0	
Enviro Mtce - Other	0	464	6,416	5,952	✓	6,416	6,416	0	
Traffic Svcs Mtce - Signs EMPs	0	197	516	319	✓	516	516	0	
Network & Asset Management	0	0	3,612	3,612	✓	3,612	3,612	0	
Total Subsidised	67,034	53,237	94,687	41,450	✓	94,687	94,687	0	
Unsubsidised									
Tekapo Footpaths	9,563	6,185	6,502	317	✓	6,502	6,502	0	
New Year Road Sweep	0	0	542	542	✓	542	542	0	
Total Unsubsidised	9,563	6,185	7,044	859	✓	7,044	7,044	0	
Total Direct Roding Costs	76,596	59,422	101,731	42,309	✓	101,731	101,731	0	
Council Staff Support Costs									
Charges - Roding Prof Svcs	2,016	2,400	2,398	2	X	2,398	2,398	0	
Charges - Roding Prof Svcs	4,860	5,772	5,768	4	X	5,768	5,768	0	
Professional Roding Services	6,876	8,172	8,166		X	8,166	8,166	0	
Charges - Asset Management	3,912	3,828	3,834	6	✓	3,834	3,834	0	
Charges - Admin District	2,256	2,292	2,289	3	X	2,289	2,289	0	
Total Council Staff Support Costs	13,044	14,292	14,289	3	X	14,289	14,289	0	
Total Operating Expenditure	90,143	73,714	116,020	42,306		116,020	116,020	0	
Operating Revenue									
Tekapo Works & Services Rates	54,472	34,064	65,874	31,810	✓ 3	65,874	65,874	0	
Other Income									
Transit-Street Lights & Clean	6,782	4,167	5,451	1,284	X	5,451	5,451	0	
NZTA Operational Subsidy	20,985	24,547	38,537	13,989	X 3	38,537	38,537	0	
Petroleum Tax	7,293	6,972	4,639	2,333	✓	4,639	4,639	0	
Interest Earned on Capital Rsv	610	731	1,519	788	X	1,519	1,519	0	
Total Other Income	35,671	39,650	50,146	10,496	X	50,146	50,146	0	
Total Operating Revenue	90,143	73,714	116,020	42,306		116,020	116,020	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Variance	Note	Forecast	Budget	Variance	Note
OPENING BALANCE	21,039	21,039	21,039			21,039	21,039		
Capital Expenditure									
Subsidised Capital									
Sealed Road Resurfacing	0	49,796	0	49,796	X 3	0	0	0	
Traffic Svcs Renewal - St Light	0	3,730	2,064	1,666	X 4	2,064	2,064	0	
Signs	0	0	1,032	1,032	✓	1,032	1,032	0	
Reseals	53,694	1,508	41,099	39,591	✓	41,099	41,099	0	
Total Subsidised Capital	53,694	55,034	44,195	10,839	X	44,195	44,195	0	
Unsubsidised Capital									
Vested Assets	0	0	62,091	62,091	✓	62,091	62,091	0	
Footpaths - Surfacing	0	13,157	20,000	6,843	✓	20,000	20,000	0	
Pioneer Drive Upgrade	0	9,622	0	9,622	X	0	0	0	
Total Unsubsidised	0	22,780	82,091	59,311	✓	82,091	82,091	0	
Total Capital Expenditure	53,694	77,814	126,286	48,472		126,286	126,286	0	
Capital Revenue									
Tekapo Works & Services Rates	23,088	48,095	40,330	7,766	X	40,330	40,330	0	
Vested Assets	0	0	62,091	62,091	X	62,091	62,091	0	
NZTA Subsidy	30,606	29,719	23,865	5,853	✓	23,865	23,865	0	
	53,694	77,814	126,286	48,472		126,286	126,286	0	
	21,039	21,039	21,039			21,039	21,039		

Variance Analysis

1. Street Light maintenance costs are lower than budget due to less repairs required to be carried out over the period. Anecdotal evidence suggests last years higher than expected costs may have been attributable to power spikes which may have caused some of the problems. These problems do not appear to have re-occurred.
2. Costs of snow/ice clearing incurred at the beginning of the year. This will vary depending on the amount and frequency of events. This can be offset against Vegetation Control.
3. Both the level of rates and the NZTA operational subsidy are lower than anticipated due to lower than anticipated overall subsidised work.
4. Unbudgeted carry forward from 2009/2010 year

**TWIZEL ROADING
FINANCIAL REPORT FOR JUNE 2011**

OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	June 2011		Forecast	Full Year to 30 June 2011		Note
	YTD Actual			Variance	Budget		Variance		
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Interest on Capital Reserve	0	0	0	0		0	0	0	
Roading									
Subsidised									
Drainage Mtce - St Cleaning	28,211	22,672	30,960	8,288	✓	30,960	30,960	0	
Traffic Svcs Mtce - Pav Mkings	0	9,045	11,352	2,307	✓	11,352	11,352	0	
St Lighting - Electricity	21,299	21,269	22,280	1,011	✓	22,280	22,280	0	
St Lighting - Elec - Transit	125	130	144	14	✓	144	144	0	
Street Lighting - Maintenance	18,619	14,140	20,800	6,660	✓ 1	20,800	20,800	0	
St Lighting - Mtce - Transit	338	143	722	579	✓	722	722	0	
Sealed Pavement Mtce	14,843	3,149	15,813	12,664	✓ 2	15,813	15,813	0	
Unsealed Pavement Maintenance	2,613	3,451	1,032	2,419	X	1,032	1,032	0	
Routine Drainage Mtce	2,820	5,625	2,002	3,623	X	2,002	2,002	0	
Environmental Maintenance	0	0	0	0		0	0	0	
Enviro Mtce - Snow & Ice Contr	0	2,508	1,376	1,132	X 3	1,376	1,376	0	
Enviro Mtce - Vegetation Contr	1,819	333	1,376	1,044	✓ 3	1,376	1,376	0	
Enviro Mtce - Other	343	1,192	1,376	184	✓ 3	1,376	1,376	0	
Traffic Svcs Mtce - Signs EMPs	38	613	619	6	✓	619	619	0	
Network & Asset Management	0	0	3,096	3,096	✓	3,096	3,096	0	
Total Subsidised	91,068	84,270	112,948	28,678	✓	112,948	112,948	0	
Unsubsidised									
Twizel Footpaths	15,442	14,141	13,003	1,138	X	13,003	13,003	0	
Total Unsubsidised	15,442	14,141	13,003	1,138	X	13,003	13,003	0	
Total Direct Roading Costs	106,510	98,411	125,951	27,540	✓	125,951	125,951	0	
Council Staff Support Costs									
Charges - Roading Prof Svcs	5,616	6,660	6,662	2	✓	6,662	6,662	0	
Charges - Roading Prof Svcs	1,884	2,244	2,239	5	X	2,239	2,239	0	
Professional Roading Services	7,500	8,904	8,901	3	X	8,901	8,901	0	
Charges - Asset Management	16,044	15,720	15,719	1	X	15,719	15,719	0	
Charges - Admin District	4,800	4,860	4,863	3	✓	4,863	4,863	0	
Total Council Staff Support Costs	28,344	29,484	29,483	1	X	29,483	29,483	0	
Total Operating Expenditure	134,854	127,895	155,434	27,539		155,434	155,434	0	
Operating Revenue									
Twizel Works & Services Rates	77,636	69,904	89,746	19,842	✓ 4	89,746	89,746		
Other Income									
Transit-Street Lights & Clean	532	263	866	603	X	866	866	0	
NZTA Operational Subsidy	34,532	39,947	48,822	8,875	X 4	48,822	48,822	0	
Petroleum Tax	19,254	16,186	14,494	1,692	✓	14,494	14,494	0	
Total Other Income	57,218	57,992	65,688	7,696	X	65,688	65,688	0	
Total Operating Revenue	134,854	127,896	155,434	27,538		155,434	155,434	0	
CLOSING BALANCE	(0)	(0)	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year	Actual	Budget	Variance		Forecast	Budget	Variance		Note
	YTD Actual			Variance	Variance					
OPENING BALANCE	32,148	32,148	32,148			32,148	32,148			
Capital Expenditure										
Subsidised Capital										
Signs	0	0	0	0		0	0	0		
Reseals	0	2,112	0	2,112	X	0	0	0		
Traffic Svcs Renwl - Signs EMP	0	12,208	2,064	10,144	X 5	2,064	2,064	0		
Sealed Road Resurfacing	127,286	106,392	97,756	8,636	X	97,756	97,756	0		
Total Subsidised Capital	127,286	120,713	99,820	20,893	X	99,820	99,820	0		
Unsubsidised Capital										
Footpaths - Surfacing	0	41,670	50,248	8,578	✓	50,248	50,248	0		
Vested Assets	537,536	0	86,927	86,927	✓	86,927	86,927	0		
Total Unsubsidised	537,536	41,670	137,175	95,505	✓	137,175	137,175	0		
Total Capital Expenditure	664,822	162,382	236,995	74,613		236,995	236,995	0		
Capital Revenue										
Twizel Works & Services Rates	54,733	97,198	96,165	1,032	X	96,165	96,165	0		
Vested Assets	537,536	0	86,927	86,927	X	86,927	86,927	0		
NZTA Subsidy	72,553	65,185	53,903	11,282	✓	53,903	53,903	0		2
	664,822	162,382	236,995	74,613		236,995	236,995	0		
	32,148	32,148	32,148			32,148	32,148			

Variance Analysis

- Maintenance is lower than budget due to lower than anticipated breakages occurring.
- Lower than anticipated repairs for pavement resurfacing have led to lower than anticipated costs
- Costs of snow/ice clearing incurred at the beginning of the year. These costs will vary depending on the amount and frequency of snow/ice events. This cost over-run can be offset against the cost underspend in vegetation control and other.
- Both the level of rates and the NZTA operational subsidy are lower than anticipated due to lower than anticipated overall subsidised work.
- Budget from last year was not carried forward into the 2011 year to match expenditure.

ROADING - RURAL
FINANCIAL REPORT FOR JUNE 2011

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Full Year to 30 June 2011		
							Variance	Note
OPENING BALANCE	0	0	0			0	0	
Operating Expenditure								
Capital Reserve Interest Paid	0	0	0	0		0	0	0
Roading Subsidised								
Struct Mtce - Bridges	87,313	99,106	87,896	11,210	X	87,896	87,896	0
Struct Mtce - Cattle Stops	17,743	8,471	22,704	14,233	✓	22,704	22,704	0
St Lighting - Electricity	448	529	821	292	✓	821	821	0
St Lighting - Elec - Transit	1,101	1,320	2,186	866	✓	2,186	2,186	0
St Lighting - Mtce	1,369	872	3,096	2,224	✓	3,096	3,096	0
St Lighting - Mtce - Transit	2,908	1,853	6,192	4,339	✓	6,192	6,192	0
Sealed Pavement Mtce	126,722	140,413	99,470	40,943	X 1	99,470	99,470	0
Unsealed Pavement Mtce	321,528	367,019	513,966	146,947	✓	513,966	513,966	0
Drainage Mtce - Other	76,353	54,522	102,160	47,638	✓	102,160	102,160	0
Enviro Mtce - Snow & Ice Contr	52,321	21,023	0	21,023	X 2	0	0	0
Enviro Mtce - Vegetation Contr	63,805	65,441	35,000	30,441	X 3	35,000	35,000	0
Enviro Mtce - Other	30,764	50,733	26,736	23,997	X 4	26,736	26,736	0
Traffic Svcs Mtce - Signs EMPs	40,257	36,421	35,000	1,421	X	35,000	35,000	0
Emergency reinstatement	14,150	0	0	0		0	0	0
Network and Asset Management	0	0	10,320	10,320	✓	10,320	10,320	0
Total Subsidised Roading	835,830	863,995	945,547	81,552	✓	945,547	945,547	0
Internal Charges								
Professional Roading Business Unit	91,248	108,288	108,291	3	✓	108,291	108,291	0
Charges - Asset Management	63,072	61,788	61,794	6	✓	61,794	61,794	0
Charges - Admin District	21,888	22,200	22,198	2	X	22,198	22,198	0
Total Internal Charges	176,208	192,276	192,283	7	✓	192,283	192,283	0
Total Operating Expenditure	1,012,038	1,056,271	1,137,830	81,559		1,137,830	1,137,830	0
Operating Revenue								
Rural Works & Services Rates	499,807	554,242	519,432	34,810	X	519,432	519,432	0
Other Income								
Transit-Street Lights & Clean	4,801	3,209	8,378	5,169	X	8,378	8,378	0
Other Income (82)		13,552	38,870	25,318	X	38,870	38,870	0
NZTA Operating Subsidy	438,824	421,679	528,958	107,279	X	528,958	528,958	0
Petroleum Tax	28,607	29,571	25,124	4,447	✓	25,124	25,124	0
Other Income	10,384	5,945	0	5,945	✓	0	0	0
Capital Reserve Interest	29,697	28,073	17,068	11,005	✓	17,068	17,068	0
Other Income	512,230	502,029	618,398	116,369	X	618,398	618,398	0
Total Operating Revenue	1,012,037	1,056,271	1,137,830	81,559		1,137,830	1,137,830	0
CLOSING BALANCE	(0)	(0)	0			0	0	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Full Year to 30 June 2011		
							Variance	Note
OPENING BALANCE	893,603	921,179	921,179			921,179	921,179	
Capital Expenditure								
Subsidised								
Unsealed Road Metalling	336,257	406,130	279,840	126,290	X	279,840	279,840	0
Pavement rehabilitation	0	44,601	189,800	145,199	✓	189,800	189,800	0
Struc Com Repl - Bridges Cstop	20,082	5,176	14,448	9,272	✓	14,448	14,448	0
Bridges	0	57,401	84,500	27,099	✓	84,500	84,500	0
Drainage Renewals - Culverts	28,937	48,298	0	48,298	X	0	0	0
Traffic Svcs Renewl - Signs EMPs	67,097	34,418	0	34,418	X 5	0	0	0
Associated improvements	0	0	4,128	4,128	✓	4,128	4,128	0
Minor Improvements	170,343	109,985	183,000	73,015	✓	183,000	183,000	0
Reseals	339,234	287,507	183,624	103,883	X 6	183,624	183,624	0
Total Subsidised	961,952	1,014,060	1,039,424	25,364	✓	1,039,424	1,039,424	0
Unsubsidised								
Sealing Past Houses	0	0	0	0		0	0	0
Total Unsubsidised	0	0	0	0		0	0	0
Total Capital Expenditure	961,952	1,014,060	1,039,424	25,364		1,039,424	1,039,424	0
Capital Revenue								
Rural Works & Services Rates	413,639	436,046	446,952	10,907	X	446,952	446,952	0
Upgrade Contributions	27,576	0	0	0		0	0	0
NZTA Subsidies	548,312	547,592	561,289	13,697	X	561,289	561,289	0
Total Capital Revenue	989,528	983,638	1,008,241	24,604		1,008,241	1,008,241	0
CLOSING BALANCE	921,179	890,757	889,996			889,996	889,996	

Variance Analysis

- Higher than anticipated repairs required for sealed road maintenance due to factors such as frost heave.
- Snowfall at the beginning of the year required additional rural road clearing along with costs associated with slip clearance at Ohau.
- Higher than anticipated costs to clear vegetation etc from culverts and other stormwater structures
- Additional costs linked to snow and ice clearing requiring ice control (grit) to be removed from intersections etc.
- Unbudgeted carry forward from 2009/2010 year
- Council have previously been advised that the overspend in Reseals will be funded from Pavement rehabilitation.
- Overall expenditure on Rural roads both operational exp (\$863,995) and Capital (\$1,014,060) totalling \$1.878M has been underspent by \$106,916 compared to a total budget of \$1.985M

ROADING - PROFESSIONAL SERVICES BUSINESS UNIT
FINANCIAL REPORT FOR JUNE 2011

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Full Year to 30 June 2011		
						Variance		Note
OPENING BALANCE	(108,501)	(48,834)	(48,834)			(48,834)	(48,834)	
Operating Expenditure								
Labour	102,693	91,657	107,693	16,036	✓ 1	107,693	107,693	0
Consultancy				0				0
RAMM	2,814	29,217	30,000	783	✓	30,000	30,000	0
Legal	0	0	0	0		0	0	0
Other Consultancy Services	26,447	14,789	18,000	3,212	✓	18,000	18,000	0
Total Consultancy	29,260	44,005	48,000	3,995	✓	48,000	48,000	0
Administration								
Advertising	930	3,157	829	2,328	X	829	829	0
Tools & Equipment	92	746	550	196	X	550	550	0
Insurance	1,096	2,372	1,100	1,272	X	1,100	1,100	0
Other Expenses	0	0	0	0		0	0	0
Publications & Legislation	0	0	343	343	✓	343	343	0
Subscriptions	211	0	932	932	✓	932	932	0
Tolls & Rentals	287	268	519	251	✓	519	519	0
Total Administration	2,615	6,543	4,273	2,270	X	4,273	4,273	0
Capital Reserve Interest								
Interest on Capital Reserve	0	0	1,057	1,057	✓	1,057	1,057	0
Total Capital Reserve Interest	0	0	1,057	1,057	✓	1,057	1,057	0
General Maintenance								
Vehicle Expenses	12,524	26,664	11,553	15,111	X 2	11,553	11,553	0
General Maintenance	12,524	26,664	11,553	15,111	X	11,553	11,553	0
Council Support Costs				0				0
Charges - Admin District	26,892	27,552	27,546	6	X	27,546	27,546	0
Charges - Council Bldg Fairlie	3,360	3,384	3,380	4	X	3,380	3,380	0
Charges - CEO Department	9,156	9,060	9,065	5	✓	9,065	9,065	0
Charges - Info Tech Support	9,528	10,212	10,206	6	X	10,206	10,206	0
Council Staff Support Costs	48,936	50,208	50,197	11	X	50,197	50,197	0
Total Operating Expenditure	196,027	219,078	222,773	3,695		222,773	222,773	0
Operating Revenue								
Transfund New Zealand	135,881	170,609	103,712	66,897	✓	103,712	103,712	0
Other Income	11,286	205	2,072	1,867	X	2,072	2,072	0
Total Other Income	147,168	170,814	105,784	65,030	✓	105,784	105,784	0
Council Staff Support Income								
Total Council Staff Support Income	108,527	129,000	128,992	8	✓	128,992	128,992	0
Total Operating Revenue	255,695	299,814	234,776	65,038		234,776	234,776	0
CLOSING BALANCE	(48,834)	31,902	(36,831)			(36,831)	(36,831)	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Full Year to 30 June 2011		
						Variance		Note
OPENING BALANCE	4,532	1,213	1,213			1,213	1,213	
Capital Expenditure								
Plant & Equipment	4,496	0	0	0		0	0	0
Total Capital Expenditure	4,496	0	0	0		0	0	0
Capital Revenue								
Council Staff Support Income	1,177	1,212	1,215	3	✓	1,215	1,215	0
Total Capital Revenue	1,177	1,212	1,215	3		1,215	1,215	0
CLOSING BALANCE	1,213	2,425	2,428			2,428	2,428	

Variance Analysis

1. Lower than anticipated labour costs as annual leave was taken during the period.
2. Due to change in Motor Vehicle Charge out rate at the beginning of the year.

SOLID WASTE ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Actual	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	41,824	(27,497)	(27,497)		(27,497)	(27,497)	
Operating Expenditure							
Labour	251,867	208,927	247,952	39,025 ✓ 1	247,952	247,952	0
Consultancy	5,823	17,848	4,124	13,724 X 2	4,124	4,124	0
Administration	8,549	7,984	13,711	5,727 ✓	13,711	13,711	0
Capital Reserve Interest Paid	32,475	20,880	30,164	9,284 ✓	30,164	30,164	0
General Maintenance	480,561	444,738	533,833	89,095 ✓ 3	533,833	533,833	0
Council Staff Support Costs	381,600	133,248	133,230	18 X	133,230	133,230	0
Total Operating Expenditure	1,160,876	833,625	963,014	129,389	963,014	963,014	0
Operating Revenue							
Total Rates	491,126	432,465	437,364	4,899 ✓	437,364	437,364	0
Other Income	280,683	308,192	224,282	83,910 ✓ 4	224,282	224,282	0
Council Staff Support Income	319,719	89,988	89,093	895 ✓	89,093	89,093	0
Total Operating Revenue	1,091,527	830,645	750,739	79,906	750,739	750,739	0
CLOSING BALANCE	(27,525)	(30,477)	(239,772)		(239,772)	(239,772)	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Actual	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	(621,833)	(561,214)	(561,214)		(561,214)	(561,214)	
Capital Expenditure							
Resource Recovery Parks	0	0	0	0	0	0	0
Organic Waste	0	0	0	0	0	0	0
Total Capital Expenditure	0	0	0	0	0	0	0
Capital Revenue							
Total Rates (Funded Depn)	60,195	48,492	49,354	862 ✓	49,354	49,354	0
Council Staff Support Income	425	36	924	888 X	924	924	0
Total Capital Revenue	60,620	48,528	50,278	1,750	50,278	50,278	0
CLOSING BALANCE	(561,214)	(512,686)	(510,936)		(510,936)	(510,936)	

Variance Analysis

1. Lower than anticipated labour costs as a result of staff reductions and lower overtime being required.
2. Costs relating to assistance provided to Solid Waste sub committee by Biobiz Ltd. Some of these costs will be covered by the Solid Waste Levy.
3. Lower than anticipated costs for township collection costs (\$9,274) Closed Landfills costs (\$6,982) and RRP's (\$40,874) coupled with lower than anticipated costs for Organics (\$62,513) and transportation of recyclables (\$48,107) offset by higher than anticipated cartage costs and disposal fees of residual waste of \$32,715
4. Higher than anticipated gate fee takings for the period

SOLID WASTE ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Actual	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	41,824	(27,497)	(27,497)		(27,497)	(27,497)	
Operating Expenditure by Activity							
Management	97,885	110,437	100,596	9,841 X	100,596	100,596	0
Refuse Collection	84,061	81,994	91,268	9,274 ✓	91,268	91,268	0
Closed Landfills	2,184	4,201	11,183	6,982 ✓	11,183	11,183	0
Resource Recovery Parks	492,511	227,893	268,767	40,874 ✓	268,767	268,767	0
Hardfill Sites	7,385	4,747	8,940	4,193 ✓	8,940	8,940	0
Residual Waste	297,311	319,215	286,500	32,715 X	286,500	286,500	0
Recycling	68,373	33,358	81,467	48,109 ✓	81,467	81,467	0
Organics	111,166	51,780	114,293	62,513 ✓	114,293	114,293	0
Total Operating Expenditure	1,160,876	833,625	963,014	129,389	963,014	963,014	0
Operating Revenue							
Targeted Rates (Townships)	99,324	93,523	93,543	20 ✓	93,543	93,543	0
Rural Works and Services	528	552	550	2 X	550	550	0
General Rates	391,274	338,390	343,271	4,881 ✓	343,271	343,271	0
Other Income	280,683	308,192	224,282	83,910 ✓	224,282	224,282	0
Internal Council Income	319,719	89,988	89,093	895 ✓	89,093	89,093	0
Total Operating Revenue	1,091,527	830,645	750,739	79,906	750,739	750,739	0
CLOSING BALANCE	(27,525)	(30,477)	(239,772)	209,295	(239,772)	(239,772)	0

BUILDING CONTROL ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	140,881	132,086	139,024	6,938	✓	139,024	139,024	0	
Consultancy	8,753	0	12,031	12,031	✓	12,031	12,031	0	
Administration	28,458	52,471	32,132	20,339	X 3	32,132	32,132	0	
Capital Reserve Interest Paid	(19)	9	0	9	X	0	0	0	
General Maintenance	12,805	28,807	16,557	12,250	X 1	16,557	16,557	0	
Council Staff Support Costs	81,996	82,692	82,701	9	✓	82,701	82,701	0	
Total Operating Expenditure	272,875	296,065	282,445	13,620		282,445	282,445	0	
Operating Revenue									
Total Rates	2,720	56,490	102,286	45,796	✓	102,286	102,286	0	
Other Income	267,155	236,575	177,159	59,416	✓ 2	177,159	177,159	0	
Council Staff Support Income	3,000	3,000	3,000	0		3,000	3,000	0	
Total Operating Revenue	272,875	296,065	282,445	13,620		282,445	282,445	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(607)	227	227			227	227		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
General Rates	834	0	0	0		0	0	0	
Total Capital Revenue	834	0	0	0		0	0	0	
CLOSING BALANCE	227	227	227			227	227		

Variance Analysis

1. Due to increase in internal charge out of Motor vehicles to 48c per km
2. Increased revenue from Building consent fees
3. Includes \$33,340 call from Riskpool. This will be funded from the Special Reserve created in 2009/2010 to cover this expenditure.

RESOURCE MANAGEMENT ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(8,745)	(348,383)	(348,383)			(348,383)	(348,383)		
Operating Expenditure									
Labour	185,026	187,000	185,914	1,086	X	185,914	185,914	0	
Members Costs				0				0	
Consultancy	368,852	235,499	16,576	218,923	X 1	16,576	16,576	0	
Administration	20,733	7,663	14,563	6,900	✓	14,563	14,563	0	
Capital Reserve Interest Paid	7,265	9,826	3,098	6,728	X 2	3,098	3,098	0	
General Maintenance	10,006	19,029	16,557	2,472	X	16,557	16,557	0	
Council Staff Support Costs	116,604	119,256	119,263	7	✓	119,263	119,263	0	
Total Operating Expenditure	708,486	578,272	355,971	222,301		355,971	355,971	0	
Operating Revenue									
General Rates	241,464	249,008	249,008	0	1	249,008	249,008	0	
Other Income	85,998	93,544	77,963	15,581	✓	77,963	77,963	0	
Real Estate Account Funding	12,382	1,692	0	1,692	✓	0	0	0	
Council Staff Support Income	29,004	29,004	29,000	4	✓	29,000	29,000	0	
Total Operating Revenue	368,848	373,248	355,971	17,277		355,971	355,971	0	
CLOSING BALANCE	(348,383)	(553,408)	(348,383)			(348,383)	(348,383)		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(82,788)	(250,881)	(250,881)			(250,881)	(250,881)		
Capital Expenditure									
Computers	0	0	0	0	✓	0	0	0	✓
Plan Change 15	0	(0)	65,000	65,000	✓ 1	65,000	65,000	0	✓
Plan Change 13	174,594	(0)	90,000	90,000	✓ 1	90,000	90,000	0	
Total Capital Expenditure	174,594	(0)	155,000	155,000		155,000	155,000	0	
Capital Revenue									
General Rates	6,501	132	23,636	23,504	✓	23,636	23,636	0	
Transfer Funding from General Res	0	0	0	0	X	0	0	0	X
Subdivision Res Contn Received	84,854	27,469	20,000	7,469	✓	20,000	20,000	0	
Subdivision Res Contn Transferred	(84,854)	(27,469)	(20,000)	7,469	X	(20,000)	(20,000)	0	
Total Capital Revenue	6,501	132	23,636	23,504		23,636	23,636	0	
CLOSING BALANCE	(250,881)	(250,749)	(382,245)			(382,245)	(382,245)		

Variance Analysis

1. Due to an accounting treatment change Plan Change 13 and 15 cannot now be capitalised. This has incurred an unfavourable variance of \$188,182. This now has a rates impact rather than a funded depreciation impact. The budget for both projects is recorded in the Capital Reserve Account.
2. Due to previous levels of Capitalised Plan Change 13 costs (\$250,881)

REGULATORY SERVICES ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	18,520	10,983	19,831	8,848	✓ 1	19,831	19,831	0	
Administration	21,822	21,501	24,288	2,787	✓	24,288	24,288	0	
Capital Reserve Interest Paid	4,331	2,301	1,890	411	X	1,890	1,890	0	
General Maintenance	98,819	130,442	144,778	14,336	✓ 2	144,778	144,778	0	
Council Staff Support Costs	18,828	19,104	19,100	4	X	19,100	19,100	0	
Total Operating Expenditure	162,320	184,332	209,887	25,555		209,887	209,887	0	
Operating Revenue									
Total Rates	123,217	110,748	139,347	28,599	✓	139,347	139,347	0	
Other Income	38,383	72,967	69,556	3,411	✓	69,556	69,556	0	
Capital Reserve Interest Received	720	617	984	367	X	984	984	0	
Total Operating Revenue	162,320	184,332	209,887	25,555		209,887	209,887	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(76,167)	(48,114)	(48,114)			(47,406)	(47,406)		
Capital Expenditure									
Animal Control	0	7,257	7,100	157	X	7,100	7,100	0	
Rural Fire Control	7,600	5,600	6,216	616	✓	6,216	6,216	0	
Total Capital Expenditure	7,600	12,857	13,316	459		13,316	13,316	0	
Capital Revenue									
Total Rates	35,653	32,220	32,211	9	X	32,211	32,211	0	
Total Capital Revenue	35,653	32,220	32,211	9		32,211	32,211	0	
CLOSING BALANCE	(48,114)	(28,751)	(29,219)			(28,511)	(28,511)		

Variance Analysis

1. Unspent costs due to delay in replacement of Civil Defence Officer.
2. Lower than anticipated costs to date for Rural fire contributions (\$4,618) and Animal control contractors (\$5,182) has resulted in the favourable variance. Civil Defence Maintenance costs are \$4,055 below budget due to lower costs of licences and permits and materials purchased..

RECREATIONAL FACILITIES ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	2,053	0	0			0	0		
Operating Expenditure									
Labour	64,567	62,870	66,698	3,828	✓	66,698	66,698	0	
Consultancy	10,100	485	0	485	X	0	0	0	
Administration	226,271	192,146	174,912	17,234	X 1	174,912	174,912	0	
Capital Reserve Interest Paid	57,270	41,140	38,035	3,105	X	38,035	38,035	0	
General Maintenance	774,343	856,369	916,056	59,687	✓ 2	916,056	916,056	0	
Council Staff Support Costs	189,300	189,132	189,140	8	✓	189,140	189,140	0	
Total Operating Expenditure	1,321,851	1,342,142	1,384,841	42,699		1,384,841	1,384,841	0	
Operating Revenue									
Total Rates	1,044,360	1,113,205	1,107,247	5,957	X	1,107,247	1,107,247	0	
Other Income	282,699	207,130	220,354	13,224	X	220,354	220,354	0	
Building Maintenance Reserve	(11,508)	20,976	38,726	17,750	X	38,726	38,726	0	
Capital Reserve Interest Received	4,247	832	18,514	17,682	X	18,514	18,514	0	
Total Operating Revenue	1,319,798	1,342,142	1,384,841	42,699		1,384,841	1,384,841	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(853,421)	(801,025)	(801,025)			(801,025)	(801,025)		
Capital Expenditure									
Parks, Reserves & Township Maint	44,729	39,751	30,000	9,751	X	30,000	30,000	0	
Community Halls	23,268	7,390	4,000	3,390	X	4,000	4,000	0	
Total Capital Expenditure	67,998	47,141	34,000	13,141		34,000	34,000	0	
Capital Revenue									
Total Rates	17,731	5,520	5,519	1	X	5,519	5,519	0	
Capital Reserve Interest Received	2,169	1,508	1,939	431	X	1,939	1,939	0	
Funding from Land Subdivision Res	100,000	175,000	150,000	25,000	✓	150,000	150,000	0	
Total Capital Revenue	119,900	182,028	157,458	24,570		157,458	157,458	0	
CLOSING BALANCE	(801,519)	(666,138)	(677,567)			(677,567)	(677,567)		

Variance Analysis

1. Additional funding costs relating to Grants for assisting with Information centre hours. The Twizel Community Board allocated an additional \$5,500 which was unbudgeted as well as Tekapo Community Board withdrawing their share of funding for the Twizel Information centre.
2. Planned Repairs and Maintenance for Fairlie was under budget by \$5,734 due to cost of repairs covered by insurance. This budget has been carried forward to 2012. Also positively impacting on the budget was planned Repairs at Tekapo not being spent (\$6,855) and Electricity costs for Twizel (\$11,540) due to lower usage. Planned maintenance at Twizel Events centre was lower than budget (\$12,485) due to the Community Boards decision not to replace the foyer carpet.

COMMUNITY SERVICES ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Administration	23,206	20,467	24,828	4,361	✓	24,828	24,828	0	✓
Grants	168,337	102,374	108,012	5,638	✓ 1	108,012	108,012	0	✓
Capital Reserve Interest Paid	2,391	0	0	0		0	0	0	
General Maintenance	178,592	185,760	177,816	7,944	X	177,816	177,816	0	
Council Staff Support Costs	48,960	49,392	49,408	16	✓	49,408	49,408	0	
Total Operating Expenditure	421,486	357,993	360,064	2,071		360,064	360,064	0	
Operating Revenue									
Total Rates	305,826	261,736	226,528	35,208	X	226,528	226,528	0	
Building Maintenance Reserve	7,522	28,994	22,500	6,494	✓	22,500	22,500	0	
Other Income	103,009	65,270	107,159	41,889	X 2	107,159	107,159	0	
Capital Reserve Interest Received	5,129	1,993	3,877	1,884	X	3,877	3,877	0	
Total Operating Revenue	421,486	357,993	360,064	2,071		360,064	360,064	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	49,807	73,308	73,308			73,308	73,308		
Capital Expenditure									
Pensioner Housing	325	0	0	0		0	0	0	
Total Capital Expenditure	325	0	0	0		0	0	0	
Capital Revenue									
Total Rates	23,826	21,636	21,642	6	✓	21,642	21,642	0	
Total Capital Revenue	23,826	21,636	21,642	6		21,642	21,642	0	
CLOSING BALANCE	73,308	94,944	94,950			94,950	94,950		

Variance Analysis

- Grant monies still to be drawn down.
- Reversal of Meridain funding (\$20,000) for Pukaki toilets from last year has contributed to this unfavourable variance.

COMMERCIAL ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	374,670	303,593	303,593		303,593	303,593	
Operating Expenditure							
Labour	0	0	0	0 ✓	0	0	0 ✓
Members Costs	33,325	25,975	31,000	5,025 ✓	31,000	31,000	0
Consultancy	131,550	74,951	87,520	12,569 ✓ 1	87,520	87,520	0
Administration	85,518	54,766	108,587	53,821 ✓	108,587	108,587	0
Capital Reserve Interest Paid	120,393	119,475	172,414	52,939 ✓	172,414	172,414	0
General Maintenance	264,799	282,331	275,167	7,164 X 2	275,167	275,167	0
Council Staff Support Costs	123,264	124,932	124,927	5 X	124,927	124,927	0
Total Operating Expenditure	758,850	682,430	799,615	117,185	799,615	799,615	0
Operating Revenue							
Total Rates	(774,820)	(632,318)	(638,113)	5,795 X	(638,113)	(638,113)	0
Capital Reserve Interest Received	212,283	131,388	270,632	139,244 X	270,632	270,632	0
Other Income	1,250,309	1,218,776	1,256,442	37,666 X 3	1,256,442	1,256,442	0
Total Operating Revenue	687,772	717,845	888,961	171,116	888,961	888,961	0
CLOSING BALANCE	303,593	339,008	392,939		392,939	392,939	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	156,202	670,590	670,590		670,590	670,590	
Capital Expenditure							
Pukaki Airfield	205,806	0	0	0	0	0	0
Total Capital Expenditure	205,806	0	0	0	0	0	0
Capital Revenue							
Total Rates	0	0	0	0 ✓	0	0	0 ✓
Capital Reserve Interest Received	(4,343)	10,866	15,000	4,134 X	15,000	15,000	0 X
Forestry	229,715			0 X	0	0	0 X
Pukaki Airfield	494,822			0 X			0 X
Total Capital Revenue	720,194	10,866	15,000	4,134	15,000	15,000	0
CLOSING BALANCE	670,590	681,455	685,590		685,590	685,590	

Variance Analysis

1. Lower than anticipated legal expenses have resulted in a positive variance. The majority of the costs relating to the major land deal on the table at present were incurred in the previous financial year.
2. Forestry costs show an unfavourable variance of \$12,758 mainly due to the costs associated with the logging operations undertaken at the beginning of the financial year. This is offset by lower than anticipated Rates payment to MTDI who received some of the 2011 money in advance in 2010.
3. Includes unbudgeted property sales Doctors residence as well as \$66,000 in carbon credit sales. The budget includes a property sale at Pukaki Airport that did not eventuate.

CORPORATE SERVICES ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	904,170	953,912	942,731	11,181	X 1	942,731	942,731	0	
Consultancy	166,229	147,162	93,101	54,061	X 2	93,101	93,101	0	
Administration	232,013	238,709	252,935	14,226	✓	252,935	252,935	0	
Capital Reserve Interest Paid	8,309	0	4,096	4,096	✓	4,096	4,096	0	
General Maintenance	150,917	212,594	190,133	22,461	X 3	190,133	190,133	0	
Roading	0	0	0	0		0	0	0	
Council Staff Support Costs	328,044	334,164	334,176	12	✓	334,176	334,176	0	
Total Operating Expenditure	1,789,682	1,886,542	1,817,172	69,370		1,817,172	1,817,172	0	
Operating Revenue									
Rates				0				0	
Other Income	107,133	99,977	92,584	7,393	✓	92,584	92,584	0	
Capital Reserve Interest Received	2,623	0	0	0		0	0	0	
Council Staff Support Income	1,686,715	1,747,080	1,747,106	26	X	1,747,106	1,747,106	0	
Total Operating Revenue	1,800,181	1,854,134	1,857,890	3,756		1,857,890	1,857,890	0	
SURPLUS/(DEFICIT)	10,499	(32,409)	40,718			40,718	40,718		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(8,833)	(789)	(789)			(789)	(789)		
Capital Expenditure									
Administration	613	15,033	22,500	7,467	✓	22,500	22,500	0	
Information Technology Department	36,880	11,271	7,000	4,271	X	7,000	7,000	0	✓
Total Capital Expenditure	37,493	26,304	29,500	3,196		29,500	29,500	0	
Capital Revenue									
Council Staff Support Income	45,536	59,508	59,510	2	X	59,510	59,510	0	
Total Capital Revenue	45,536	59,508	59,510	2		59,510	59,510	0	
CLOSING BALANCE	(790)	32,415	29,221			29,221	29,221		

Variance Analysis

- Staff Training costs exceeded budget (\$17,844) due to additional training requirements of new staff (x3). Additional costs associated with LTP training have been incurred during the year.
- Additional tax advice re Mackenzie Holdings Ltd (\$8,037) and MTDT (\$8,579) coupled with additional legal costs for Meridian Asset Split (\$3,720), High Country Health Ltd (\$1,71 Mackenzie Sustainable Futures Trust (\$3,441) and advice sought on the Eversley Reserve rating matter (\$5,990) and legal advice on Councils treatment of its fire service levy (\$2,050) as well as costs relating to production of District and Ward plans (\$4003) have contributed to this unfavourable variance.
- Includes \$8,136 relating to computer leasing. Depreciation expense will be reduced to offset this additional expenditure. Also includes additional costs of \$12,626 that relates to increased motor vehicle charge out costs caused by raising the rate to 48c per km.

VEHICLE ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Contractors	8,589	7,439	15,405	7,966	✓	15,405	15,405	0	✓
Insurance	2,010	3,441	2,994	447	X	2,994	2,994	0	✓
Interest	266	4,568	7,280	2,712	✓	7,280	7,280	0	✓
Licences	2,240	4,577	1,940	2,637	X	1,940	1,940	0	✓
Fuel	29,891	42,456	27,401	15,055	X 1	27,401	27,401	0	✓
Total Operating Expenditure	42,996	62,480	55,020	7,460		55,020	55,020	0	
Operating Revenue									
Operating Expense Recoveries	62,636	91,967	57,100	34,867	X 2	57,100	57,100	0	✓
Total Operating Revenue	62,636	91,967	57,100	34,867		57,100	57,100	0	
Over/(Under) Recovery	19,640	29,487	2,080			2,080	2,080		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(129,879)	(115,995)	(115,995)			(115,995)	(115,995)		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
Recoveries Funded Depn	(5,756)	26,382	28,278	1,896	✓	28,278	28,278	0	✓
Surplus Recoveries/(Deficit)	19,640	29,487	2,080	27,407	✓	2,080	2,080	0	X
Total Capital Revenue	13,884	55,869	30,358	25,511		30,358	30,358	0	
CLOSING BALANCE	(115,995)	(60,126)	(85,637)			(85,637)	(85,637)		

Variance Analysis

1. Due to changes in fuel prices coupled with increased mileage during the period has resulted in higher than anticipated Fuel costs.
2. Change in Chargeout recovery to 48c as per Council resolution to collect sufficient revenue to clear prior years Capital reserve deficits and to fund replacement in future.

OVERALL OPERATING ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	June 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	205,681	(155,241)	(155,241)		(155,241)	(155,241)	
Operating Expenditure							
Labour	1,718,919	1,709,070	1,764,195	55,125 ✓	1,764,195	1,764,195	0
Members Costs	231,048	264,336	237,599	26,737 X	237,599	237,599	0
Consultancy	723,082	531,045	326,446	204,599 X	326,446	326,446	0
Administration	877,210	772,449	813,420	40,971 ✓	813,420	813,420	0
General Maintenance	2,372,729	2,611,915	2,721,508	109,593 ✓	2,721,508	2,721,508	0
Capital Reserve Interest Paid	336,473	255,598	348,793	93,195 ✓	348,793	348,793	0
Plant Under Recovery	0	0	0	0	0	0	0
Roading	1,083,167	1,087,035	1,264,784	177,749 ✓	1,264,784	1,264,784	0
Council Support Costs	2,152,978	2,000,518	2,000,451	67 X	2,000,451	2,000,451	0
Total Operating Expenditure	9,495,606	9,231,965	9,477,196	245,231	9,477,196	9,477,196	0
Operating Revenue							
Total Rates	3,403,554	3,817,875	3,817,875	0	3,817,875	3,817,875	0
Building Maintenance Reserve (277)		57,046	79,426	22,380 X	79,426	79,426	0
Plant Over Recoveries	19,640	29,487	2,080	27,407 ✓	2,080	2,080	0
Net Capital Reserve Interest Received	235,927	143,396	301,361	157,965 X	301,361	301,361	0
Other Income	3,316,494	3,250,272	3,206,233	44,039 ✓	3,206,233	3,206,233	0
Other Reserve Funding	12,382	1,692	0	1,692 ✓	0	0	0
Council Staff Support Income	2,146,965	1,998,072	1,997,191		1,997,191	1,997,191	
Total Operating Revenue	9,134,685	9,297,839	9,404,165	106,326	9,404,165	9,404,165	0
CLOSING BALANCE	(155,241)	(89,367)	(228,272)		(228,271)	(228,271)	

OVERALL CAPITAL ACTIVITY
FINANCIAL REPORT FOR JUNE 2011

✓

CAPITAL RESERVE STATEMENT	Last Year			June 2011	Variance Note	Full Year to 30 June 2011		
	YTD Actual	Actual	Budget			Forecast	Budget	Variance Note
OPENING BALANCE	(669,415)	848,014	848,014			848,014	848,014	
Capital Expenditure								
Water	57,193	556,907	807,862	250,955	✓	807,862	807,862	0
Sewerage	244,617	232,209	315,000	82,791	✓	315,000	315,000	0
Stormwater	0	0	20,000	20,000	✓	20,000	20,000	0
Roading	1,179,132	1,239,267	1,260,896	21,629	✓	1,260,896	1,260,896	0
Solid Waste	0	0	0	0		0	0	0
Resource Management	174,594	(0)	155,000	155,000	✓	155,000	155,000	0
Regulatory Services	7,600	12,857	13,316	459	✓	13,316	13,316	0
Community Services	325	0	0	0		0	0	0
Recreational Facilities	67,998	47,141	34,000	13,141	X	34,000	34,000	0
Commercial Activities	205,806	0	0	0		0	0	0
Corporate Services	37,493	26,304	29,500	3,196	✓	29,500	29,500	0
Vested Assets from Developers	2,141,317	0	299,770			299,770	299,770	0
Total Capital Expenditure	4,116,075	2,114,684	2,935,344	820,660		2,935,344	2,935,344	0
Capital Revenue								
Total Rates (Funded Depn)	1,210,955	1,346,158	1,346,158	0		1,346,158	1,346,158	0
Indirect Funded Depreciation	47,138	60,756	61,649	893	✓	61,649	61,649	0
Land Subdivision Reserve	100,000	175,000	150,000	25,000	✓	150,000	150,000	0
Water	115,552	23,780	62,378	38,598	X	62,378	62,378	0
Sewerage	87,870	82,332	145,693	63,361	X	145,693	145,693	0
Stormwater	2,745	1,445	0	1,445	✓	0	0	0
Roading	1,203,389	1,271,475	1,307,741	36,266	X	1,307,741	1,307,741	0
Community Services	0	0	0	0		0	0	0
Recreational Facilities	0	0	0	0		0	0	0
Commercial Activities	724,538	0	0	0		0	0	0
Vested Assets from Developers	2,141,317	0	299,770	299,770	X	299,770	299,770	0
Total Capital Revenue	5,633,504	2,960,947	3,373,389	412,442	X	3,373,389	3,373,389	0
CLOSING BALANCE	848,014	1,694,277	1,286,059			1,286,059	1,286,059	

Variance Analysis

MACKENZIE DISTRICT COUNCIL

REPORT TO: FINANCE COMMITTEE

SUBJECT: BANCORP QUARTERLY REPORT – JUNE 2011

MEETING DATE: 16 AUGUST 2011

REF: FIN 9/1/9

FROM: MANAGER – FINANCE AND ADMINISTRATION

ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

The report has been tabled to inform Councillors of the performance of the Council's investment portfolio, which is managed by Bancorp Treasury Services Limited.

STAFF RECOMMENDATIONS:

1. That the report be received.

PAUL MORRIS
MANAGER – FINANCE & ADMINISTRATION

GLEN INNES
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Appendix 1: Quarterly report from Bancorp Treasury Services to 30 June 2011.

PARTICULAR POINTS TO NOTE:

Comparison with the Benchmark

The Council's portfolio increased in value by 1.78%, whereas the benchmark portfolio increased in value by 2.15% over the quarter, therefore the Council's Portfolio underperformed compared to the benchmark. There are two main reasons why Councils portfolio underperformed the benchmark index summarized as follows.

A management decision was taken not to re-invest the \$0.5 million that matured during the quarter so as not to lock Council into lower rates over a medium to long term. These surplus monies have been invested in term deposits not exceeding 90 days to be able to take advantage of the market when rates start to increase.

Movements in the Portfolio

The portfolio stands at \$5.398 million. The movements in the portfolio for the quarter were as follows:

- Westpac April 2011 bonds matured \$0.5 million
- Fonterra April 2011 bonds matured \$0.5 million
- ASB November 2012 bonds purchased \$0.398 million 5.00%

At the end of March the weighted average running yield of Councils bond portfolio was 7.00%.

Policy Adherence

- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.32 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.25 years.
- Assets category percentages are as follows:
 - Corporates 23.16%
 - Registered Banks 58.31%
 - Local Authorities 18.53%

Financial Market Movements

The Official Cash Rate remained at 2.50%

QUARTERLY PORTFOLIO REPORT

PREPARED FOR



For the 3 months ending 30 June 2011

PREPARED BY BANCORP TREASURY SERVICES LIMITED



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

**PORTFOLIO REPORT
FOR
MACKENZIE DISTRICT COUNCIL**

FOR THE THREE MONTHS TO 30 JUNE 2011

Please find detailed below a summary of the performances of the Mackenzie District Council's ("MDC") Long term Funds Portfolio and the benchmark portfolio for the three months ending 30 June 2011.

The MDC's Long Term Funds Portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value over the quarter by 1.78%.

MDC Portfolio value 31 March 2011	<u>\$ 6,342,301</u>
MDC Portfolio value 30 June 2011	\$ 5,750,263
Add coupon payments	\$ 125,727
Net Purchases/Sales/Maturities	<u>\$ 579,428</u>
Total	<u>\$ 6,455,418</u>
Change in Effective Cash Value	+ 1.78%

The benchmark portfolio of fixed interest investments, on an open to close valuation basis with coupons received during the quarter included, increased in value by 2.15%.

Benchmark Portfolio Value 31 March 2011	<u>\$ 9,519,600</u>
Benchmark Portfolio Value 30 June 2011	\$ 9,507,130
Add Coupon Payments	<u>\$ 217,200</u>
Total	<u>\$ 9,724,330</u>
Percentage Change in Effective Cash Value	+ 2.15%

PORTFOLIO ACTIVITY

A summary of the MDC Long Term Funds Portfolio ("LTFFP") during the June 2011 quarter is as follows.

- MDC's portfolio underperformed the benchmark index, increasing in value by 1.78% compared to the benchmark portfolio's increase of 2.15%.
- The running yield of the portfolio as at 30 June was 7.00%.
- The nominal value of the portfolio declined to \$5.398 million, down from \$6.0 million at the end of March 2011.

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
31 March 2011	2.50%	2.64%	2.75%	3.29%	3.80%	4.46%	5.28%
30 June 2011	2.50%	2.66%	2.89%	3.36%	3.76%	4.37%	5.16%
Change	Nil%	+0.02%	+0.14%	+0.07%	-0.04%	-0.09%	-0.12%

At the beginning of the quarter, the yield curve steepened as longer term rates rose despite the setback caused by the Christchurch earthquake, while shorter term rates remained anchored close to historical lows. The benchmark used by the market to measure the steepness of the curve, the spread between the 2 year swap and the 10 year swap rose above 200 basis points in April. However, later in the quarter the spread contracted as yields in offshore bond markets moved lower after weak US economic data caused markets to lower the timing of the US' recovery and the European sovereign debt situation worsened with the prospect of Greece defaulting on its sovereign debt obligations increasing. By the end of the quarter, the spread had contracted back to 180 basis points.

Against this backdrop, MDC's portfolio underperformed the benchmark index despite the similar durations of the two portfolios (2.25 years for the benchmark and 2.32 years for MDC). The underperformance was due to the following reasons.

- MDC indicated that while it wished to purchase up to \$0.5 million of additional bonds it did not want to purchase medium to longer dated bonds at yields which are in the bottom quartile of what we have seen over the past few years and thus it did not see the value in being locked in at low rates for an extended period. It preferred to buy shorter dated bonds with a view to buying longer dated bonds in a year or so when rates have moved up again.
- Allied to the above point, MDC also indicated that it did not want to carry out switching strategies whereby shorter dated bonds are sold and replaced with medium to longer dated bonds, as again these yields are in the bottom quartile.

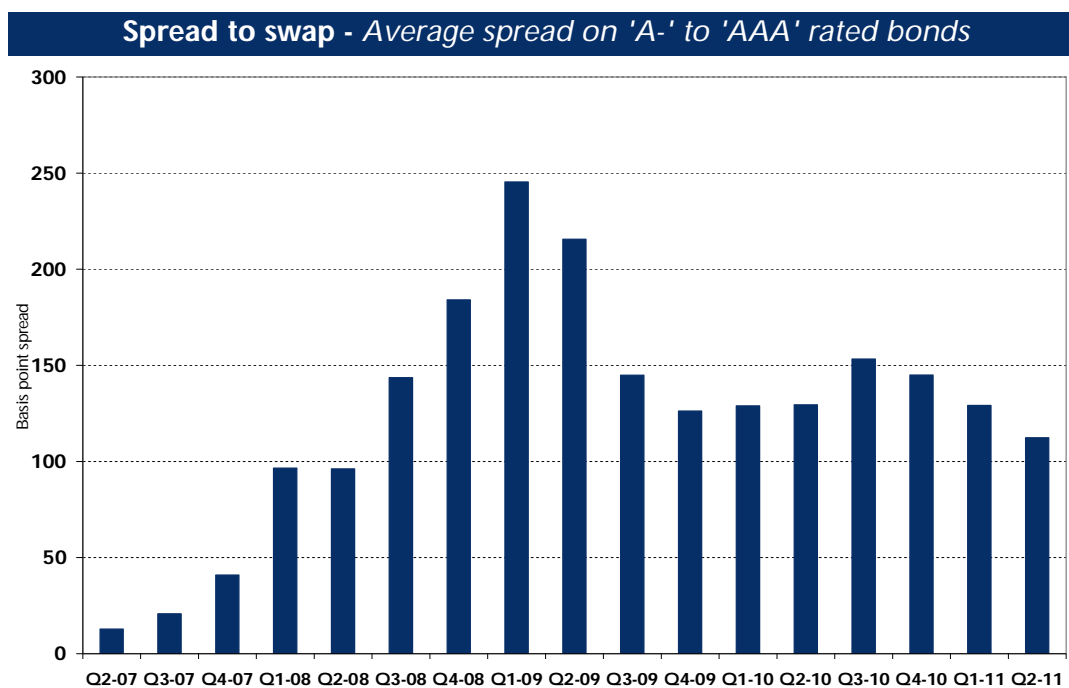
As a result of these preferences MDC was not able to take full advantage of the fall in rates at the medium to longer end of the yield curve, a fall which was captured to a greater degree by the benchmark index.

Also contributing to the underperformance was the \$1.50 million of the Deutsche Bank Floating Rate Notes which only had a marginal increase in value compared to other fixed rate bonds of a similar maturity in the benchmark index.

During the quarter, the nominal value of MDC's portfolio decreased by \$602,000 to \$5,398,000 as a result of two maturities which were partially offset by the purchase of \$398,000 of ASB sub-debt bonds. Details of the maturities and the purchase are as follows.

- A maturity of \$0.5 million of Westpac April 2011 bonds.
- A maturity of \$0.5 million of Fonterra April 2011 bonds.
- A purchase of \$398,000 of ASB Bank subordinated debt bonds at a rate of 5.00%. These bonds were purchases in three separate parcels, with \$398,000 being the most that we were able to purchase at 5.00%.

During the June 2011 quarter, credit spreads on the New Zealand bond market continued to fall as investors bid aggressively for inventory in a market that was bereft of supply from the non-sovereign sector. Below is a chart which depicts the average spread for all NZD denominated bonds (with the exception of the supra-nationals) rated between 'A-' and 'AAA'.



NEW ZEALAND FINANCIAL MARKET OVERVIEW

Monetary policy in New Zealand during the second quarter of 2011 continued to be largely influenced by the effects of the Christchurch earthquake on 22 February. As expected the Reserve Bank of New Zealand ("RBNZ") left the Official Cash Rate ("OCR") at 2.50% in both the April OCR Review and the June *Monetary Policy Statement* ("MPS"). However in the MPS the RBNZ did imply a gradual rise in the OCR over 2012 and 2013 with the pace and timing to be *"guided by the speed of the recovery"*. The June MPS contained more upbeat growth forecasts, a higher inflation track and, significantly, a faster and higher path for the 90 day rate from December this year than in the March statement (see chart below).

In the June MPS, the RBNZ stressed that the timing and intensity of the rebuild of Christchurch will be key to OCR rises in 2012 and 2013. Yet it believes that *"it remains appropriate for monetary policy to be supportive given the current softness of the economy and the inflated level of the New Zealand dollar"*, as well as *"New Zealand's current positively sloped yield curve and the reduced duration of private debt"*. This is a turnaround from the March MPS and much more upbeat than in December. In Bancorp Treasury's view, the RBNZ's central projections for both the New Zealand economy (mainly growth and inflation) and interest rates remain highly conditional.

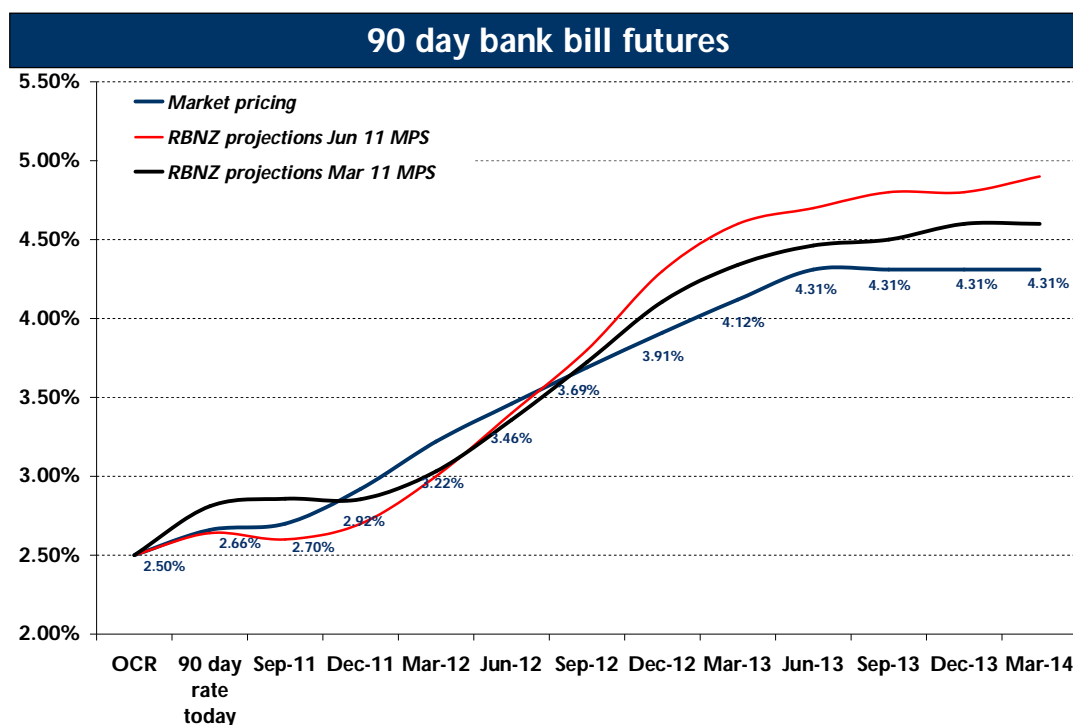
Medium and longer term swap rates had a volatile quarter, particularly in June as a reappearance of the European sovereign debt crisis (specifically Greece) caused another bout of risk aversion trading to occur. This led to a decline in New Zealand's medium and longer term bond and swap rates declined, with the 5 and 10 year swap rates reaching lows of 4.28% and 4.99% respectively. However, by the end of June, the markets had retraced some of the downward move as the markets pre-empted a successful resolution to the contagion. The 5 year swap rate finished the quarter at 4.37% and the 10 year swap at 5.16%.

NEW ZEALAND OUTLOOK

By the end of June, market pricing implied the first increase in the OCR would occur in early 2012, most likely in January. Once the reconstruction of Christchurch gathers momentum, the New Zealand economy is expected to quickly rebound and the associated inflation risk will give the RBNZ cause for concern, more so if high world commodity prices continue to boost the export sector. Those growth, inflation and OCR expectations from 2012 and the government's substantial borrowing programme for the next two or three years will keep the New Zealand yield curve's relatively steep positive shape and maintain the high premium borrowers will need to pay for certainty.

In Bancorp Treasury's view, the RBNZ's central projections for both the New Zealand economy (mainly growth and inflation) and interest rates remain highly conditional. We believe that the market's path, as it stands today, is likely to closely reflect domestic growth and inflation over the next twelve to eighteen months, although given the ongoing levels of global uncertainty the flexibility delivered by floating rate debt still has a significant attraction.

The chart below shows the futures market expectations for the path of the 90 day bill rate and the RBNZ predictions from the March and June *Monetary Policy Statements*.



LOCAL AUTHORITY SECTOR

Margins for local authority debt contracted during the June quarter as both the institutional investors and the banks jostled for market share in a pre-emptive move ahead of the expected introduction of the Local Government Authority Funding Agency ("LGFA"). The institutional investors are attempting to secure inventory at margins in excess of what it is anticipated the LGFA will issue at, as well as build up as much local authority 'name diversification' as possible to counter the expected decrease in the number of 'names' issuing after LGFA is launched. Banks too offered lower margins for local authority debt, particularly for tenors out to 3 years as they sought to counter the issuance margins available from the capital markets.

Despite the possibility that the LGFA may be able to provide even lower margins than prevailed during the quarter, some local authorities took the pragmatic approach of recognising that the 'all up' yields that they could access were very low by historical standards and were 'too good' not to be taken advantage of. Details of issuance margins for unrated local authorities over the quarter were as follows.

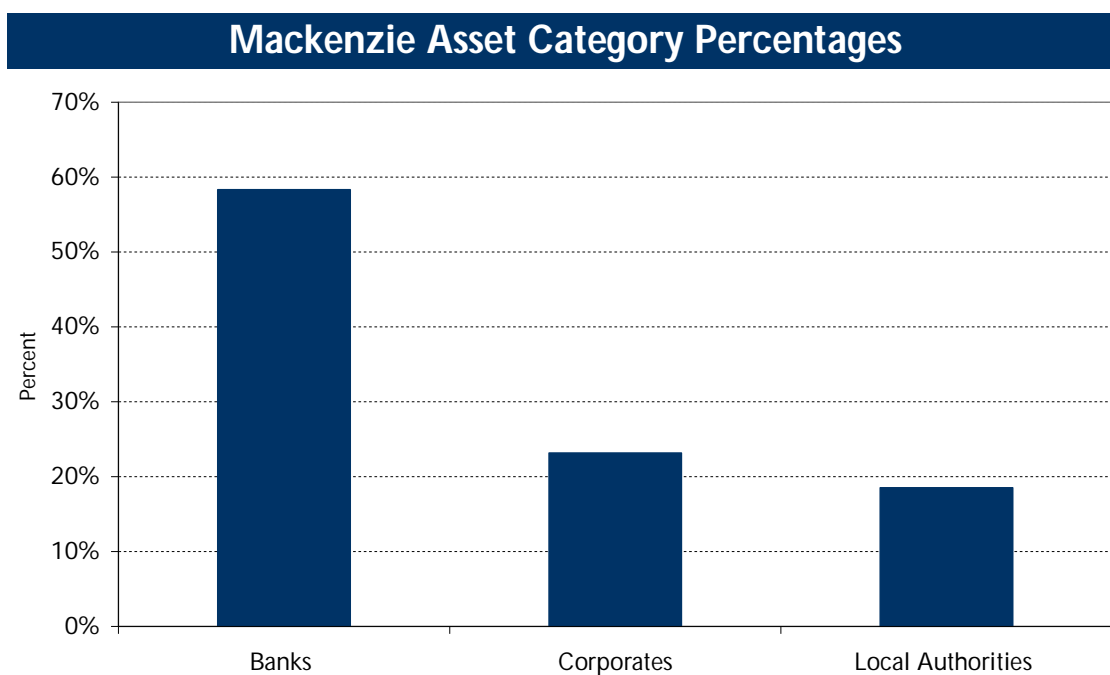
- Taupo District Council (unrated) issued 2 year bonds at a margin of 80 basis points over swap.
- Horowhenua District Council issued 4 year Floating Rate Notes at a margin of 100 basis points over swap.
- Waimakariri District Council issued 3 year bonds at a margin of 100 basis points over swap.
- Queenstown Lakes District Council 5 year bonds at a margin of 140 basis points over swap.
- Ashburton District Council issued 5 year bonds for settlement in July at a margin of 125 basis points over swap.

- Far North District Council (unrated) issued 7 year Floating Rate Notes at a margin of 125 basis points over swap.

POLICY ADHERENCE

- As at 31 June 2011 all financial market investments comply with the counterparty exposure limits.
- As far as liquidity is concerned, all of the bonds in the portfolio have been traded regularly on the secondary market over the quarter and therefore we are confident that any of the bonds would be able to be sold at short notice if required.
- The duration of the MDC portfolio at 2.32 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.25 years.
- The asset category percentages comply with the Treasury Policy. These are listed and are depicted in the graph below.

- Registered Banks	58.31%
- Corporates	23.16%
- Local Authorities	18.53%



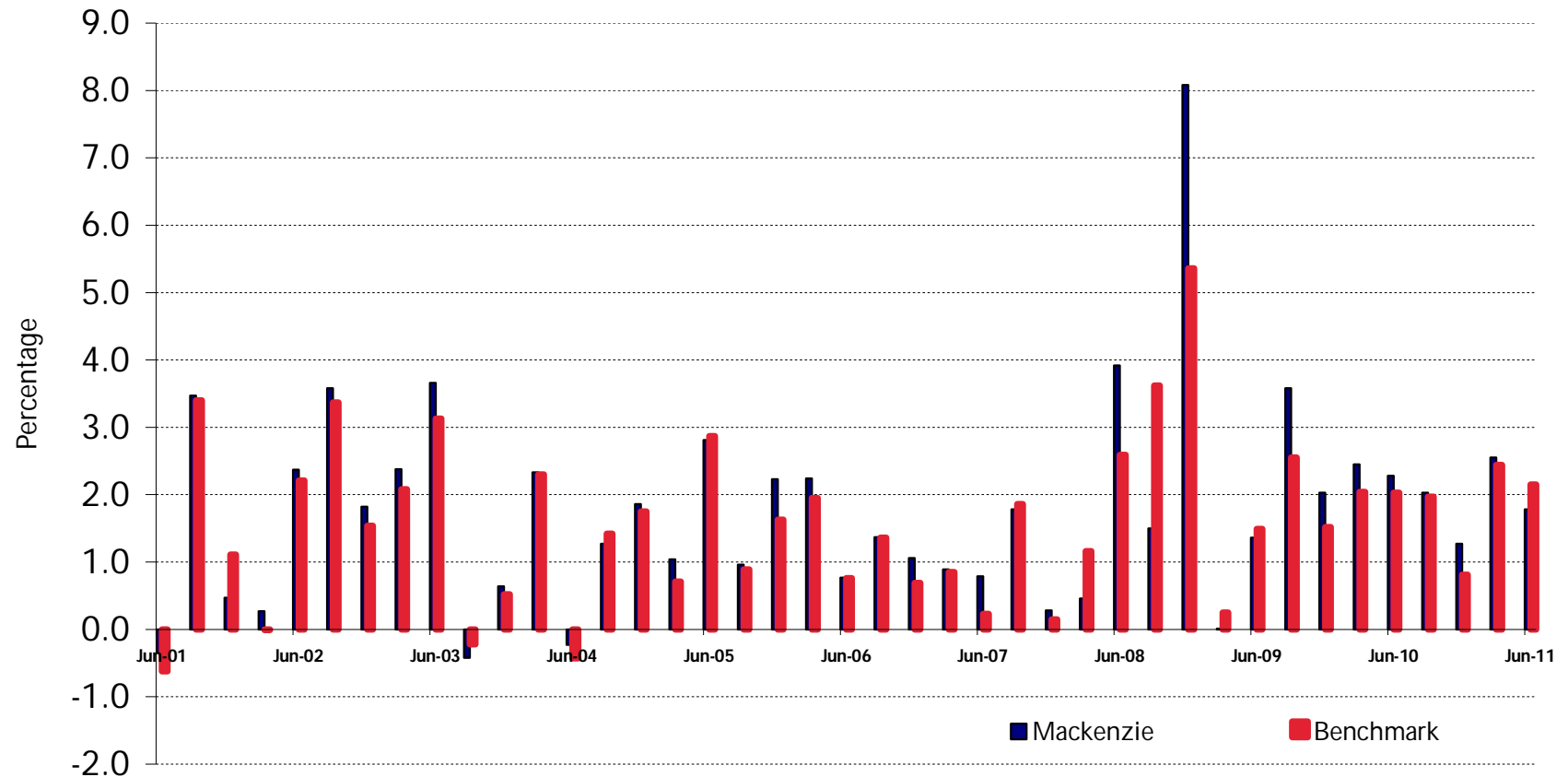
Benchmark

Security	Issue Date	Maturity Date	Coupon	31-Mar-11 Nominal \$	Yield	Value \$	30-Jun-11 Nominal \$	Coupons 01/04/ to 30/06 \$	Yield	Value \$	Effective cash 30/06/11 \$
3 month Bank Bill	30-Jun-11	30-Sep-11		1,000,000	2.64	993,461	1,000,000		2.66	993,340	993,340
NZ Post	15-Nov-06	15-Nov-11	7.10	1,000,000	3.16	1,015,369	1,000,000	\$35,500	2.97	1,024,115	1,059,615
ANZNational (sub)	16-Nov-07	23-Jul-12	8.23	1,000,000	5.26	1,052,370	1,000,000		4.97	1,069,234	1,069,234
Westpac	16-Sep-02	28-Nov-13	7.04	1,000,000	4.72	1,081,198	1,000,000	\$35,200	4.52	1,063,197	1,098,397
Auck CC	20-Apr-04	24-Mar-14	6.42	1,000,000	4.68	1,049,101	1,000,000		4.45	1,067,193	1,067,193
Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	4.87	1,086,206	1,000,000	\$34,300	4.58	1,072,484	1,106,784
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	5.73	1,136,971	1,000,000	\$43,350	5.38	1,122,491	1,165,841
ASB	20-Oct-10	20-Oct-15	6.10	1,000,000	5.89	1,035,388	1,000,000	\$35,500	5.51	1,034,080	1,069,580
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	5.71	1,069,536	1,000,000	\$33,350	5.47	1,060,996	1,094,346
				<u>\$9,000,000</u>		<u>\$9,519,600</u>	<u>\$9,000,000</u>	<u>\$217,200</u>		<u>\$9,507,130</u>	<u>\$9,724,330</u>
Value as at 31/03/2011						\$9,519,600				30/06/11	9,507,130
										Coupons	217,200
										Net Purchases/Sales	0
											9,724,330
										Effective change in cash	\$204,730
										% change	2.15%
										Duration-years	2.25

Mackenzie District Council

Security	Issue Date	Maturity Date	Coupon	31-Mar-11	Yield	Value	30-Jun-11	Coupons	Yield	Value	Effective Cash
				Nominal \$			Nominal \$	01/04/ to 30/06			30/06/11 \$
WESTPAC	18-Apr-08	18-Apr-11	8.87	500,000	2.87	521,440		\$22,175			
FONTERRA	30-May-05	21-Apr-11	6.64	500,000	2.92	515,737		\$16,660			
TELSTRA	24-Nov-04	24-Nov-11	6.99	500,000	3.36	523,790	500,000	\$17,475	3.21	510,934	528,409
ANZ NATIONAL sub	2-Mar-07	2-Mar-12	7.60	250,000	5.02	257,218	250,000		4.74	260,858	260,858
ANZ NATIONAL sub	23-Jul-07	23-Jul-12	8.23		5.26	263,092	250,000		4.97	267,308	267,308
MORGAN STANLEY	6-Sep-05	6-Sep-12	6.86	500,000	5.03	514,797	500,000		4.83	522,317	522,317
ASB Bank	15-Nov-07	15-Nov-12	8.77				398,000		4.92	422,457	422,457
ANZ NATIONAL	18-Apr-08	18-Apr-13	9.66	500,000	7.75	539,502	500,000	24,150	6.73	533,995	558,145
BNZ	27-May-08	27-May-13	8.56	500,000	4.46	556,335	500,000	21,400	4.31	542,438	563,838
ASB	16-Jul-08	16-Jul-13	8.52	500,000	4.53	551,686	500,000		4.44	558,847	568,473
MERRILL LYNCH	4-Sep-05	4-Sep-13	7.16	250,000	5.65	259,747	250,000		5.19	265,739	265,739
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	4.02	234,876	250,000	2,192	3.48	238,175	240,367
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	5.28	519,546	500,000		4.83	533,100	533,100
BNZ	27-May-08	27-May-15	8.67	500,000	5.73	568,485	500,000	21,675	5.38	561,246	582,921
MANUKAU CC	27-Sep-10	27-Sep-17	6.52	500,000	5.93	516,050	500,000		5.58	532,848	532,848
				\$5,750,000		\$6,342,301	\$5,398,000	\$125,727		\$5,750,263	\$5,846,781
Value 31/03/2011						\$6,342,301	Value 30/06/2011				5,750,263
							Coupons				125,727
							Net purchases/sales/maturities				579,428
											6,455,418
							Effective change in cash				\$113,117
							% change				1.78%
							Duration-Years				2.32

Mackenzie vs Benchmark - Quarterly



Mackenzie vs Benchmark - Cumulative

