



## **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 24 May 2011  
at 9.30 am*

**VENUE:** Council Chambers, Fairlie

**BUSINESS:** As per agenda attached

**GLEN INNES**  
**CHIEF EXECUTIVE OFFICER**

19 May 2011



## AGENDA FOR TUESDAY 24 May 2011

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### 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 12 April 2011, including such parts as were taken with the Public Excluded.

#### MATTERS UNDER ACTION

### IV REPORTS

1. Finance Report – March 2011
2. Bancorp Quarterly Report
3. Tekapo Property Group Terms of Reference
4. Unbudgeted Expenditure Preliminary Subdivision Exercise Tekapo
5. Alps2Ocean Cycle Trail – Submission from Andrew Hocken
6. Amendment to Delegations Manual
7. Alpine Energy Draft Statement of Intent
8. Civic Assurance Statement of Intent 2011
9. Twizel Community Board Work Priorities :

***Recommendation:*** That the Finance Committee confirm its earlier informal endorsement of the request from the Twizel Community Board to proceed early with work removing diseased trees on the SH8 tree frontage so that replanting can be undertaken in the Spring.

10. Remuneration of CWMS Zone Committee Members (*verbal report from Chief Executive Officer*)

### V PUBLIC EXCLUDED

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

1. Medical Centres Rentals Policy
- 2.

<b><u>General subject of each matter to be considered</u></b>	<b><u>Reason for passing this resolution in relation to each matter</u></b>	<b><u>Ground(s) under Section 48(1) for the passing of this resolution</u></b>
Medical Centres Rentals Policy	Commercial Sensitivity	48(10(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: *Medical Centres Rentals Policy* Section 7(2)(b)(ii)

## **VI VISITORS**

10.00 am

Stephen Halliwell (*Attached is a copy of the **Alps2Ocean Cycle Trail Terms of Reference** report which was considered at the Council meeting on 19 April 2011*)

Time to be confirmed:

Andrew Hocken - to speak to his Alps2Ocean Cycle Trail Submission

12.00 pm

Kelvin Cross – JLT Insurance Brokers

# **MACKENZIE DISTRICT COUNCIL**

## **MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 12 APRIL 2011 AT 9.40 AM**

### **PRESENT:**

Graham Smith (Chairman)  
Claire Barlow (Mayor)  
John Bishop  
Peter Maxwell  
Annette Money  
Graeme Page  
Evan Williams (from 10.00 am)

### **IN ATTENDANCE:**

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

### **I     APOLOGY:**

There were no apologies.

### **II     DECLARATIONS OF INTEREST:**

Cr Page noted his interest in the Lake Alexandrina Reserve, in that his wife owned a hut at the Reserve; 'Lake Alexandrina Reserve Funds Policy' was the subject of a report on the Agenda

### **II     MINUTES**

The Minutes of the previous meeting of the Finance Committee held on 1 March 2011, including such parts as were taken with the Public Excluded, were confirmed and adopted as the correct record of the meeting.

**Graeme Page/Evan Williams**

### **MATTERS UNDER ACTION:**

#### **1. Medical Facilities:**

The Chief Executive Officer explained that the Council had requested a report on the funding of District medical facilities, including the level of rental income received. The

Community Facilities Manager noted a further issue was the use of the funds generated from the sale of the doctors' residence in Fairlie.

**2. Mackenzie Retirement Villas:**

The Community Facilities Manager said that the Fairlie Lions Club had declined to provide the \$2,482.00 as requested but had offered a \$500.00 contribution. In order to avoid the GST issue, it had been tentatively suggested that the Lions take over the project. If the Lions Club formally agreed to do this, the Council's agreed contribution of \$3,442 would then be required as a donation the Lions.

**VI VISITORS:**

The Chairman welcomed Aoraki Foundation Trustees, Chairman Nigel Davenport and Ken McKenzie. Mr McKenzie referred to the background of the Foundation and the Trustees, noting that the Mackenzie District was represented by John Bishop.

He said that the Foundation had initially been project driven; however it was now proposing to launch an endowment fund.

Mr McKenzie explained that the Foundation was not a Council Controlled Organisation and to that end the respective regional mayors as senior leaders in their communities were asked to nominate their appointees to the Trust; the appointees did not have to be councillors.

Cr Williams joined the meeting at 10.00 am.

Mr McKenzie said the Foundation had proposed that a joint representative be nominated for the Waimate and Mackenzie Districts, as had originally been recommended. This recent proposal arose because the funding which had been sought from Alpine Energy Ltd had not eventuated to the extent anticipated thus obviating the reason for the separate representation. He said the proposal was being put forward for consideration by the two councils and if the councils did not agree, the status quo would remain.

Nigel Davenport gave a power point presentation which referred to the Foundation's Integrated Funding Approach and Funding Levels. It outlined the Purpose of the Organisation, named the Trustees and referred to Project Progress to Date, Overall Funding and Specific Examples of Funding Support. A copy of the presentation is attached to this record as Appendix A.

Mr Davenport referred to the Foundations plans to launch an endowment fund, and explained its necessity for the wellbeing and self sufficiency of the Foundation.

Mr McKenzie referred to issues involved in attracting endowment funding noting that to be successful it was necessary to have the right person approach appropriate potential donors with care and sensitivity. He noted the ability for endowment funding to come from people who loved the district they lived in and had a desire to support it by making appropriate provision in their wills.

Mr Davenport explained that the Foundation was not a fund raiser; applications for funding would normally be made through other entities such as the Aoraki Gaming Trust or Mid and

South Canterbury Community Trust. Those entities could use the Foundation to channel applications. Approaches to the Foundation would normally be made by the Trustee who was the relevant community's representative.

The Chairman thanked the visitors who left the meeting at 10.35 am.

The meeting was adjourned for morning tea at 10.35 am and reconvened at 11.35 am.

### **III     REPORTS:**

#### **1.   FINANCIAL REPORT – FEBRUARY 2011:**

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

The Manager – Finance and Administration spoke to his report.

Resolved that the reports be received.

**Claire Barlow/Graeme Page**

### **VI     VISITORS:**

The Chairman welcomed Geoff Barry, Sport Canterbury Chief Executive Officer, and Verna Parker, South Canterbury Sport and Young People Manager. The visitors thanked the Committee for the opportunity of their meeting with the elected members.

Mrs Parker distributed information which referred to the Canterbury West Coast Sports Trust, Sport South Canterbury, Community Benefit, Working Alongside Council, Sport Development, Young People, Physical Activity and Funding Being Sought for 2011/2012.

Mr Barry further explained the function and role of the Trust, the issues on which it was strategically focussed and how it was bound by those strategies in relation to the Mackenzie District.

He said a major focus of the Trust was about participation in physical activity; the Trust was conscious of backing those sports and activities in schools where such participation could be demonstrated.

In response to Cr Smith's enquiry about the level of contribution to the Trust by other local authorities, Mr Barry suggested it would rely on what each community considered was important.

Mrs Parker explained that the projects in the Mackenzie District included work in schools, falls prevention and green prescription programmes and school holiday programmes.

She said there was also opportunity for local teachers and coaches to travel to training courses in Timaru. She noted her recent involvement in a Fairlie community initiative to encourage

local sports clubs and groups to work collaboratively which could help a limited volunteer base in the 700 population to be more effective in managing the 16 sports on offer.

She said there had been five local finalists in the 2010 South Canterbury Sports Awards and local elite performers were doing well.

Mr Barry referred to the \$837,000 per capita grant which the Trust received from SPARC; however than was not allocated on that basis. Mr Barry suggested that dialogue be established with the view to developing a sport and recreation strategic plan to enable the District to become eligible for funding from that source.

Cr Money suggested that there was a lack of information regarding the sort of support which Mackenzie schools would appreciate. Mrs Parker said that the Sport South Canterbury Young People Advisor, Lee King, had worked with the schools over the previous two years and identified the need to improve children's skills especially in the transition from primary to high school period. She also supported school programmes and improvement of activity levels at intervals and lunch times.

Cr Money questioned whether the benefit of Council's investment in the Trust was spread evenly across the District.

Mrs Parks said that the Trust had not been involved in the Twizel and Tekapo schools, health programmes had been run in Twizel and Fairlie and holiday programmes offered in Twizel and Fairlie. She highlighted Sport South Canterbury's limited resources of six staff covering three local authorities, 15 schools, the green prescription and falls prevention programmes and young persons' activities; three staff were part time and three full time.

Mr Barry reiterated the benefits of establishing a District sports structure because in reality it was not possible to cover all the sports across all the schools in the Districts; choices had to be made.

The Chairman thanked the visitors for attending.

The meeting was adjourned for lunch at 12.45 pm and reconvened at 1.25 pm.

### III **REPORTS:**

#### 3. **POLICY RELATING TO THE USE OF RENTAL INCOME RECEIVED FROM THE TWO LAKE ALEXANDRINA SETTLEMENTS:**

This report from the Manager – Finance and Administration provided a draft policy relating to the use of rental income received from the two Lake Alexandrina settlements.

Resolved that the report be received.

**Annette Money/Peter Maxwell**

#### Resolved:

1. That Council maintain a balance in the reserve equal to 15% of the accumulated income earned during the preceding three years as an emergency fund and be considered Priority 1.
2. That Council continue to fund Rural Township Reserve expenditure and be considered Priority 2.
3. That any projects of planned improvements to the Lake Alexandrina Reserve as consulted with the two Lake Alexandrina groups and included in Councils Long-Term Plan have call on the funds after satisfying recommendations 2 and 3 above.
4. That Council fund other community reserve expenditure for capital projects where the community concerned funds 50% of the cost from local sources.

**Annette Money/Evan Williams**

### IV **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. Eversley Reserve
3. High Country Health and Mackenzie Medical Trust (briefing)

<b><u>General subject of each matter to be considered</u></b>	<b><u>Reason for passing this resolution in relation to each matter</u></b>	<b><u>Ground(s) under Section 48(1) for the passing of this resolution</u></b>
Sale Lot 2, Mackenzie Drive Twizel	Legal Professional Privilege	48(1)(a)(i)
Eversley Reserve	Legal Professional Privilege	48(1)(a)(i)
High Country Health and Mackenzie Medical Trust	To enable the Council to carry on 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* and *Eversley Reserve* Section 7(2)(g) and *High Country Health and Mackenzie Medical Trust* Section 7(ii)(i).

**Claire Barlow/Graeme Page**

The Committee continued in Open Meeting.

**SPORT CANTERBURY:**

The Chairman referred to the recommendation that the Council's contribution to Sport Canterbury be increased by 25% for the 2011/2012 year.

The Manager – Finance and Administration advised that the proposed budget for 2011/2012 for Sport Canterbury was \$4,533.00.

Resolved that the Council's contribution to Sport Canterbury for the 2011/2012 year be confirmed at \$4,533.00.

**Graeme Page/Evan Williams**

**AORAKI FOUNDATION:**

Cr Bishop signalled his wish for the Mayor to replace him as her appointee to the Aoraki Foundation. It was agreed that the issue be included on the Agenda for the Council meeting on 19 April 2012.

Resolved that the recommendation that the Mackenzie and Waimate Districts revert to appointing one joint representative to the Aoraki Foundation be rejected.

**Graeme Page/Evan Williams**

**THERE BEING NO FURTHER BUSINESS THE  
CHAIRMAN DECLARED THE MEETING CLOSED AT 2.50 PM**

**CHAIRMAN:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## **MATTERS UNDER ACTION – FINANCE COMMITTEE**

### **MANAGER – FINANCE AND ADMINISTRATION**

**6 August 2010**

#### **Medical Facilities – Sale of Doctors' Residences**

Prepare a report with options for funding to support medical facilities in the District

#### **Tekapo Property Matters**

Investigate opportunities to market VC1 and VC2 sites and investigate potential corridor for access to lake frontage land. *Ongoing*

#### **Twizel Land Sale**

Withdraw from the sale of that piece of land forming part of the property at on Mackenzie Drive, Twizel on the grounds that costs of complying with the subdivisional consent are not acceptable.

### **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 *Awaiting updated information from the Fairlie Lions Club.*

### **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. *Agreement has been reached. All direct costs/shortfalls will lie where they fall. Any overruns in indirect costs (which are expected to be a small proportion of the overall cost) will be evenly split with the Joint Committee acting as arbiter in case of dispute.*

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** FINANCIAL REPORT – MARCH 2011

**MEETING DATE:** 24 MAY 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 period to March 2011.

Commentary has been provided for any significant variances.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.

**PAUL MORRIS**

**MANAGER – FINANCE & ADMINISTRATION**

**GLEN INNES**

**CHIEF EXECUTIVE OFFICER**

**GOVERNANCE ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	34,536	47,827	38,511	9,316	X 1	54,352	54,352	0	
Members Costs	138,370	158,605	154,953	3,652	X 2	206,599	206,599	0	
Administration	48,251	33,967	31,023	2,944	X 3	38,360	38,360	0	
Capital Reserve Interest Paid	233	166	252	86	✓	333	333	0	
Council Staff Support Costs	317,169	317,349	317,349	0		423,111	423,111	0	
<b>Total Operating Expenditure</b>	<b>538,560</b>	<b>557,914</b>	<b>542,088</b>	<b>15,826</b>		<b>722,755</b>	<b>722,755</b>	<b>0</b>	
Operating Revenue									
Total Rates	538,560	535,260	542,088	6,828	✓	722,755	722,755	0	
Other Income	0	22,654	0	22,654	✓ 4	0	0	0	X
<b>Total Operating Revenue</b>	<b>538,560</b>	<b>557,914</b>	<b>542,088</b>	<b>15,826</b>		<b>722,755</b>	<b>722,755</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(7,244)	(5,617)	(5,617)			(5,617)	(5,617)		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
Total Rates	0	0	0	0		0	0	0	
Total Capital Revenue	0	0	0	0		0	0	0	
<b>CLOSING BALANCE</b>	<b>(7,244)</b>	<b>(5,617)</b>	<b>(5,617)</b>			<b>(5,617)</b>	<b>(5,617)</b>		

**Variance Analysis**

1. Includes costs of \$7,090 wages and Salaries relating to Local Body elections
2. 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.
3. Includes \$5,000 contribution to Mackenzie Sustainable Futures Trust

**WATER ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 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	7,060	29,526	22,466	✓ 1	39,606	39,606	0	
Administration	5,177	6,587	5,379	1,208	X	7,435	7,435	0	
Capital Reserve Interest Paid	48,265	27,544	47,943	20,399	✓ 2	63,915	63,915	0	
General Maintenance	214,049	216,420	235,160	18,740	✓ 3	314,001	314,001	0	
Council Staff Support Costs	87,543	86,202	86,202	0		114,942	114,942	0	
Total Operating Expenditure	357,549	343,813	404,210	60,397		539,899	539,899	0	
Operating Revenue									
Total Rates	346,430	333,767	403,400	69,633	✓	461,563	461,563	0	
Other Income	8,495	2,469	747	1,722	✓	78,087	78,087	0	
Total Operating Revenue	354,925	336,236	404,147	67,911		539,650	539,650	0	
CLOSING BALANCE	(38,807)	(41,696)	(34,182)			(34,368)	(34,368)		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(420,833)	113,533	113,533			113,533	113,533		
Capital Expenditure									
Fairlie	3,695	44,059	54,000	9,941	✓	633,516	633,516	0	
Tekapo	0	4,774	3,102	1,672	X	38,122	38,122	0	
Twizel	22,493	17,194	21,637	4,443	✓	106,998	106,998	0	
Rural	25,139	18,014	15,000	3,014	X	15,000	15,000	0	
Vested Assets from Developers	0	0	0	0		48,098	48,098	0	
Total Capital Expenditure	51,327	84,042	93,739	9,697		841,734	841,734	0	
Capital Revenue									
Total Rates	223,618	231,684	208,162	23,522	X 4	281,119	281,119	0	
Capital Reserve Interest Received	28,110	21,749	15,300	6,449	✓	20,404	20,404	0	
Financial Contributions	34,392	4,612	0	4,612	✓	5,034	5,034	0	
Upgrade Contributions	0	0	0	0		42,344	42,344	0	
Vested Assets from Developers	0	0	2,772	2,772	X	48,098	48,098	0	
Rural	4,441	24,000	15,000	9,000	✓	15,000	15,000	0	
Total Capital Revenue	290,560	282,045	241,234	40,811		411,999	411,999	0	
CLOSING BALANCE	(181,600)	311,536	261,028			(316,202)	(316,202)		

**Variance Analysis**

1. Relates to valuation expenses not yet brought to account. Once the valuation is complete these costs should equal budget.
2. Capital Reserve Interest down on budget for Fairlie (\$14,449) and Allandale (\$4,444) due to budgeted interest being calculated on the average estimated balance of the Capital Reserve (\$654,280) compared to actual of \$391,726. Fairlie is expected to end up at year end being below budget due to lower than anticipated contract price to undertake the Fairlie Main line replacement.
3. General Maintenance shows a favourable variance of \$18,740 made up of lower Contractor costs for Fairlie \$6,862 due to lower than anticipated breakages along with \$8,298 favourable variance for Twizel power costs and maintenance costs as well as lower than anticipated maintenance costs. Ashwick schemes maintenance costs are down on budget by \$7,118.
4. Fairlie Water scheme transfers its profits to its Capital reserve. YTD operating profit was ahead of budget by \$23,522 which has created this positive variance. The level of surplus will ultimately depend on the level of maintenance required to be undertaken for the year.

**SEWERAGE ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Administration	3,646	3,476	4,068	592	✓	5,408	5,408	0	
Capital Reserve Interest Paid	32,132	20,920	20,709	211	X	24,613	24,613	0	
General Maintenance	90,048	90,592	85,467	5,125	X 1	112,062	112,062	0	
Council Staff Support Costs	67,392	66,240	66,249	9	✓	88,329	88,329	0	
Total Operating Expenditure	193,218	186,253	189,547	3,294		243,466	243,466	0	
Operating Revenue									
Total Rates	193,218	186,036	189,547	3,511	✓	243,466	243,466	0	
Other Income	0	217	0	217	✓	0	0	0	
Total Operating Revenue	193,218	186,253	189,547	3,294		243,466	243,466	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(963,465)	(82,805)	(82,805)			(82,805)	(82,805)		
Capital Expenditure									
Fairlie	0	162,340	165,000	2,660	✓	165,000	165,000	0	
Tekapo	0	0	0	0		0	0	0	
Twizel	113,989	33,055	150,000	116,945	✓	150,000	150,000	0	
Vested Assets from Developers	0	0	0	0		64,140	64,140	0	
Total Capital Expenditure	113,989	195,395	315,000	119,605		379,140	379,140	0	
Capital Revenue									
Total Rates	160,604	162,670	165,590	2,920	✓	228,128	228,128	0	
Capital Reserve Interest Received	18,455	15,022	11,565	3,457	✓	15,424	15,424	0	
Financial Contributions	50,464	9,200	0	9,200	✓	83,925	83,925	0	
Upgrade Contributions	0	0	0	0		24,082	24,082	0	
Vested Assets from Developers	0	0	0	0		64,140	64,140	0	
Total Capital Revenue	229,522	186,892	177,155	9,737		415,699	415,699	0	
CLOSING BALANCE	(847,932)	(91,308)	(220,650)			(46,246)	(46,246)		

**Variance Analysis**

- Higher than anticipated Consent monitoring costs for Fairlie (\$3,910) and Tekapo (\$7,248) have contributed to this unfavourable variance.

**STORMWATER ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Consultancy	0	1,915	12,432	10,517	✓ 1	12,434	12,434	0	✓
Administration	838	752	729	23	X	976	976	0	
General Maintenance	7,371	6,556	9,747	3,191	✓	12,995	12,995	0	
Council Staff Support Costs	17,631	17,361	17,361	0		23,137	23,137	0	
<b>Total Operating Expenditure</b>	<b>25,840</b>	<b>26,584</b>	<b>40,269</b>	<b>13,685</b>		<b>49,542</b>	<b>49,542</b>	<b>0</b>	
Operating Revenue									
Total Rates	17,655	20,236	34,743	14,507	✓	42,188	42,188	0	
Capital Reserve Interest Received	8,185	6,347	5,526	821	✓	7,354	7,354	0	
<b>Total Operating Revenue</b>	<b>25,840</b>	<b>26,584</b>	<b>40,269</b>	<b>13,685</b>		<b>49,542</b>	<b>49,542</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	235,053	308,184	308,183			308,183	308,183		
Capital Expenditure									
Fairlie	0	0	0	0		10,000	10,000	0	
Tekapo	0	0	0	0		10,000	10,000	0	
Twizel	0	0	0	0		0	0	0	
Vested Assets from Developers	0	0	0	0		38,514	38,514	0	
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>58,514</b>	<b>58,514</b>	<b>0</b>	
Capital Revenue									
Total Rates	42,696	44,442	44,442	0		59,257	59,257	0	
Financial Contributions	1,196	1,445	0	1,445	✓	0	0	0	
Upgrade Contributions	0	0	0	0		0	0	0	
Vested Assets from Developers	0	0	0	0		38,514	38,514	0	
<b>Total Capital Revenue</b>	<b>43,892</b>	<b>45,887</b>	<b>44,442</b>	<b>1,445</b>		<b>97,771</b>	<b>97,771</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>278,945</b>	<b>354,071</b>	<b>352,625</b>			<b>347,440</b>	<b>347,440</b>		

**Variance Analysis**

1. Relates to Valuation costs yet to be brought to account.

**ROADING ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(108,688)</b>	<b>(48,834)</b>	<b>(48,834)</b>		<b>(48,834)</b>	<b>(48,834)</b>		
<b>Operating Expenditure</b>								
Labour	68,742	70,475	80,766	10,291 ✓	107,693	107,693	0	
Consultancy	15,923	23,247	36,000	12,753 ✓	48,000	48,000	0	
Administration	2,334	4,218	3,213	1,005 X	4,273	4,273	0	
Capital Reserve Interest Paid	518	(174)	927	1,101 ✓	1,235	1,235	0	
General Maintenance	9,723	20,582	8,667	11,915 X	11,553	11,553	0	
Roading	814,258	783,047	920,133	137,086 ✓	1,264,784	1,264,784	0	
Council Staff Support Costs	208,890	224,244	224,244	0	298,987	298,987	0	
<b>Total Operating Expenditure</b>	<b>1,120,389</b>	<b>1,125,638</b>	<b>1,273,950</b>	<b>148,312</b>	<b>1,736,525</b>	<b>1,736,525</b>	<b>0</b>	
<b>Operating Revenue</b>								
Fairlie Works & Services Rates	44,064	27,734	33,250	5,516 ✓	61,535	61,535	0	
Tekapo Works & Services Rates	51,273	11,781	51,482	39,702 ✓	65,874	65,874	0	
Twizel Works & Services Rates	77,641	53,595	73,145	19,550 ✓	91,252	91,252	0	
Rural Works & Services Rates	719,024	285,283	363,040	77,757 ✓	473,802	473,802	0	
Total Rates	892,003	378,393	520,918	142,525 ✓	692,463	692,463	0	
Other Income	172,252	695,701	665,282	30,419 ✓	927,073	927,073	0	
Council Staff Support Income	81,331	96,750	96,750	0	128,992	128,992	0	
<b>Total Operating Revenue</b>	<b>1,145,586</b>	<b>1,170,844</b>	<b>1,282,950</b>	<b>112,106</b>	<b>1,748,528</b>	<b>1,748,528</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(83,491)</b>	<b>(3,628)</b>	<b>(39,834)</b>		<b>(36,831)</b>	<b>(36,831)</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>897,019</b>	<b>760,195</b>	<b>760,195</b>		<b>760,195</b>	<b>760,195</b>		
<b>Capital Expenditure</b>								
Fairlie	31,351	25,045	37,458	12,413 ✓	56,549	56,549	0	
Tekapo	52,713	3,730	43,421	39,691 ✓	126,286	126,286	0	
Twizel	126,061	100,438	99,304	1,134 X	236,995	236,995	0	
Rural	758,953	518,250	730,430	212,180 ✓	954,924	954,924	0	
Professional Services Business Unit	4,496	0	0	0	0	0	0	
<b>Total Capital Expenditure</b>	<b>973,574</b>	<b>647,463</b>	<b>910,613</b>	<b>263,150</b>	<b>1,374,754</b>	<b>1,374,754</b>	<b>0</b>	
<b>Capital Revenue</b>								
Fairlie Works & Services Rates	13,481	11,521	17,231	5,710 ✓	34,372	34,372	0	
Tekapo Works & Services Rates	22,667	1,716	19,974	16,258 ✓	40,330	40,330	0	
Twizel Works & Services Rates	54,206	46,201	45,680	521 X	96,165	96,165	0	
Rural Works & Services Rates	326,350	231,999	335,998	103,999 ✓	439,265	439,265	0	
Total Rates	416,703	291,437	418,882	127,445 ✓	610,132	610,132	0	
Council Staff Support Income	947	909	909	0	1,215	1,215	0	
Fairlie	17,870	13,524	20,227	6,703 ✓	22,177	22,177	0	
Tekapo	30,047	2,014	23,447	21,433 ✓	85,956	85,956	0	
Twizel	74,503	55,359	54,749	610 X	142,336	142,336	0	
Rural	483,205	300,579	407,230	106,651 ✓	532,727	532,727	0	
Professional Services Business Unit	0	0	0	0	0	0	0	
<b>Total Capital Revenue</b>	<b>1,023,275</b>	<b>663,822</b>	<b>925,445</b>	<b>261,623</b>	<b>1,394,543</b>	<b>1,394,543</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>946,720</b>	<b>776,554</b>	<b>775,027</b>		<b>779,984</b>	<b>779,984</b>		

Variances

Variances will be discussed at the meeting



**ROADING ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(108,688)</b>	<b>(48,834)</b>	<b>(48,834)</b>		<b>(48,834)</b>	<b>(48,834)</b>		
<b>Operating Expenditure</b>								
<i>Fairlie Roding</i>								
Subsidised	43,469	45,680	48,600	2,920 ✓	86,792	86,792	0	
Unsubsidised	12,808	17,016	13,257	3,759 X	17,676	17,676	0	
<i>Tekapo Roding</i>								
Subsidised	53,920	38,417	69,345	30,928 ✓	97,085	97,085	0	
Unsubsidised	14,331	13,615	14,202	587 ✓	18,935	18,935	0	
<i>Twizel Roding</i>								
Subsidised	76,540	58,309	81,207	22,898 ✓	119,610	119,610	0	
Unsubsidised	29,944	27,495	26,874	621 X	35,824	35,824	0	
<i>Rural Roding</i>								
Subsidised	677,419	688,360	772,803	84,443 ✓	1,030,397	1,030,397	0	
Unsubsidised	78,534	80,568	80,568	0	107,433	107,433	0	
Professional Roding Business Unit	133,425	156,177	167,094	10,917 ✓	222,773	222,773	0	
<b>Total Operating Expenditure</b>	<b>1,120,389</b>	<b>1,125,638</b>	<b>1,273,950</b>	<b>148,312</b>	<b>1,736,525</b>	<b>1,736,525</b>	<b>0</b>	
<b>Operating Revenue</b>								
Fairlie Works & Services Rates	44,064	27,734	33,250	5,516 ✓	61,535	61,535	0	
Tekapo Works & Services Rates	51,273	11,781	51,482	39,702 ✓	65,874	65,874	0	
Twizel Works & Services Rates	77,641	53,595	73,145	19,550 ✓	91,252	91,252	0	
Rural Works and Services Rates	719,024	285,283	363,040	77,757 ✓	473,802	473,802	0	
Other Income	172,252	695,701	665,282	30,419 ✓	927,073	927,073	0	
Professional Roding Business Unit	81,331	96,750	96,750	0	128,992	128,992	0	
<b>Total Operating Revenue</b>	<b>1,145,586</b>	<b>1,170,844</b>	<b>1,282,950</b>	<b>112,106</b>	<b>1,748,528</b>	<b>1,748,528</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(83,491)</b>	<b>(3,628)</b>	<b>(39,834)</b>		<b>(36,831)</b>	<b>(36,831)</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>897,019</b>	<b>761,857</b>	<b>761,857</b>		<b>761,857</b>	<b>761,857</b>		
<b>Capital Expenditure</b>								
<i>Fairlie</i>								
Subsidised	31,351	25,045	37,458	12,413 ✓	41,069	41,069	0	
Unsubsidised	0	0	0	0	15,480	15,480	0	
<i>Tekapo</i>								
Subsidised	52,713	3,730	43,421	39,691 ✓	44,195	44,195	0	
Unsubsidised	0	0	0	0	20,000	20,000	0	
<i>Twizel</i>								
Subsidised	126,061	100,438	99,304	1,134 X	99,820	99,820	0	
Unsubsidised	0	0	0	0	50,248	50,248	0	
<i>Rural</i>								
Subsidised	758,953	518,250	730,430	212,180 ✓	954,924	954,924	0	
Unsubsidised	0	0	0	0	0	0	0	
Assets Vested from Developers	0	0	0	0	149,018	149,018	0	
Professional Services Business Unit	4,496	0	0	0	0	0	0	
<b>Total Capital Expenditure</b>	<b>973,574</b>	<b>647,463</b>	<b>910,613</b>	<b>263,150</b>	<b>1,374,754</b>	<b>1,374,754</b>	<b>0</b>	
<b>Capital Revenue</b>								
Fairlie Works & Services Rates	13,481	11,521	17,231	5,710 ✓	34,372	34,372	0	
Tekapo Works & Services Rates	22,667	1,716	19,974	18,258 ✓	40,330	40,330	0	
Twizel Works & Services Rates	54,206	46,201	45,680	521 X	96,165	96,165	0	
Rural Works and Services Rates	326,350	231,999	335,998	103,999 ✓	439,265	439,265	0	
Capital Reserve Interest Received	25,674	21,847	13,923	7,924 ✓	18,574	18,574	0	
Financial Contributions	0	0	0	0	0	0	0	
Upgrade Contributions	27,576	0	0	0	0	0	0	
Assets Vested from Developers	0	0	0	0	149,018	149,018	0	
Other Income	0	0	0	0	0	0	0	
LTNZ Subsidies	552,374	349,630	491,731	142,101 X	615,604	615,604	0	
Council Staff Support Income	947	909	909	0	1,215	1,215	0	
<b>Total Capital Revenue</b>	<b>1,023,275</b>	<b>663,823</b>	<b>925,445</b>	<b>261,622</b>	<b>1,394,543</b>	<b>1,394,543</b>	<b>0</b>	
	<b>946,720</b>	<b>778,217</b>	<b>776,689</b>		<b>781,646</b>	<b>781,646</b>		

**FAIRLIE ROADING**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	March 2011		Forecast	Full Year to 30 June 2011		Note
	YTD Actual			Variance	Note		Budget	Variance	
<b>OPENING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		
<b>Operating Expenditure</b>									
Interest on Capital Reserves	16	(174)	135	309	✓	178	178	0	
Roading									
Subsidised									
Drainage Mtce - St Cleaning	12,429	4,996	5,000	4	✓	25,500	25,500	0	
Drain Mtce - St Clean - Transi	9,389	9,451	9,054	397	X	12,076	12,076	0	
Traffic Svcs Mtce - Pav Mkings	0	0	0	0		3,600	3,600	0	
St Lighting - Elec	3,134	3,913	5,004	1,091	✓	6,670	6,670	0	
St Lighting - Elec - Transit	3,304	4,099	3,852	247	X	5,130	5,130	0	
St Lighting - Mtce	3,165	1,991	4,950	2,959	✓	6,600	6,600	0	
St Lighting - Mtce - Transit	3,294	8,752	3,015	5,737	X	4,017	4,017	0	
Sealed Pavement Mtce	3,340	1,871	4,392	2,521	✓	5,850	5,850	0	
Unsealed Pavement Mtce	2,168	1,553	774	779	X	1,032	1,032	0	
Routine Drainage Mtce	813	1,647	1,300	347	X	1,300	1,300	0	
Environ Mtce - Snow & Ice Cont	0	4,596	2,349	2,247	X	3,127	3,127	0	
Enviro Mtce - Vegetation Contr	651	0	999	999	✓	1,333	1,333	0	
Enviro Mtce - Other	0	501	999	498	✓	1,334	1,334	0	
Traffic Svcs Mtce - Signs EMPs	0	136	297	161	✓	400	400	0	
Network & Asset Management	0	0	4,500	4,500	✓	6,001	6,001	0	
Total Subsidised	41,687	43,565	46,485	2,920	✓	83,970	83,970	0	
Unsubsidised									
Fairlie Footpaths	5,584	9,757	5,688	4,069	X	7,585	7,585	0	
Total Unsubsidised	5,584	9,757	5,688	4,069	X	7,585	7,585	0	
Total Direct Roothing Costs	47,270	53,322	52,173	1,149	X	91,555	91,555	0	
Council Staff Support Costs									
Charges - Roothing Prof Svcs	1,782	2,115	2,115	0		2,822	2,822	0	
Charges - Roothing Prof Svcs	1,278	1,521	1,521	0		2,027	2,027	0	
Professional Roothing Services	3,060	3,636	3,636	0		4,849	4,849	0	
Charges - Admin District	3,096	3,132	3,132	0		4,181	4,181	0	
Charges - Asset Management	2,835	2,781	2,781	0		3,705	3,705	0	
Total Council Staff Support Costs	8,991	9,549	9,549	0		12,735	12,735	0	
<b>Total Operating Expenditure</b>	<b>56,277</b>	<b>62,697</b>	<b>61,857</b>	<b>840</b>		<b>104,468</b>	<b>104,468</b>	<b>0</b>	
<b>Operating Revenue</b>									
Fairlie Works & Services Rates	44,064	27,734	33,250	5,516	✓	61,535	61,535	0	
Other Income									
Transit-Street Lights & Clean	0	14,746	6,858	7,888	✓	9,147	9,147	0	
Transfund New Zealand	23,496	26,943	36,288	9,345	X	48,378	48,378	0	
NZTA Operational Subsidy	5,627	13,419	16,061	2,642	X	26,201	26,201	0	
Petroleum Tax	6,586	6,797	5,688	1,109	✓	7,585	7,585	0	
Total Other Income	12,212	34,963	28,607	6,356	✓	42,933	42,933	0	
Council Staff Support Income				0				0	
<b>Total Operating Revenue</b>	<b>56,277</b>	<b>62,697</b>	<b>61,857</b>	<b>840</b>		<b>104,468</b>	<b>104,468</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year	Actual	Budget	March 2011		Forecast	Full Year to 30 June 2011		Note
	YTD Actual			Variance	Note		Budget	Variance	
<b>OPENING BALANCE</b>	<b>(41,745)</b>	<b>6,011</b>	<b>6,011</b>			<b>6,011</b>	<b>6,011</b>		
<b>Capital Expenditure</b>									
Subsidised Capital									
Traffic Svcs Renewal - Signs EMP	250	3,338	10,818	7,480	✓	14,429	14,429	0	
Sealed Road Resurfacing	31,101	21,707	26,640	4,933	✓	26,640	26,640	0	
Total Subsidised Capital	31,351	25,045	37,458	12,413	✓	41,069	41,069	0	
Unsubsidised Capital									
Vested Assets	0	0	0	0		0	0	0	
Footpaths - Surfacing	0	0	0	0		15,480	15,480	0	
Total Unsubsidised	0	0	0	0		15,480	15,480	0	
<b>Total Capital Expenditure</b>	<b>31,351</b>	<b>25,045</b>	<b>37,458</b>	<b>12,413</b>		<b>56,549</b>	<b>56,549</b>	<b>0</b>	
<b>Capital Revenue</b>									
Fairlie Works & Services Rates	13,481	11,521	17,231	5,710	✓	34,372	34,372	0	
Vested Assets	0	0	0	0		0	0	0	
NZTA Subsidies	17,870	13,524	20,227	6,703	X	22,177	22,177	0	
<b>Total Capital Revenue</b>	<b>31,351</b>	<b>25,045</b>	<b>37,458</b>	<b>12,413</b>		<b>56,549</b>	<b>56,549</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(41,745)</b>	<b>6,011</b>	<b>6,011</b>			<b>6,011</b>	<b>6,011</b>		

**Variance Analysis**

**TEKAPO ROADING**  
**FINANCIAL REPORT FOR MARCH 2011**

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 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	11,295	4,973	11,781	6,808	✓	15,705	15,705	0	
Drain Mtce - St Clean - Transi	6,099	5,312	7,371	2,059	✓	9,825	9,825	0	
Traffic Svcs Mtce - Pav Mkings	0	0	0	0		4,644	4,644	0	
Street Lighting - Electricity	5,124	5,237	6,003	766	✓	8,000	8,000	0	
St Lighting - Elec - Transit	633	647	1,026	379	✓	1,372	1,372	0	
Street Lighting - Maintenance	18,232	6,437	18,000	11,563	✓	24,000	24,000	0	
St Lighting - Mtce - Transit	2,253	792	3,060	2,268	✓	4,079	4,079	0	
Sealed Pavement Mtce	4,005	2,303	3,582	1,279	✓	4,771	4,771	0	
Unsealed Pavement Maintenance	1,734	981	0	981	X	0	0	0	
Drainage Mtce - Other	1,879	880	1,188	308	✓	1,590	1,590	0	
Environmental Maintenance	0	0	0	0		0	0	0	
Enviro Mtce - Snow & Ice Contr	495	7,881	2,745	5,136	X	3,657	3,657	0	
Enviro Mtce - Vegetation Contr	658	618	4,878	4,260	✓	6,500	6,500	0	
Enviro Mtce - Other	0	392	4,815	4,423	✓	6,416	6,416	0	
Traffic Svcs Mtce - Signs EMPs	0	163	387	224	✓	516	516	0	
Network & Asset Management	0	0	2,709	2,709	✓	3,612	3,612	0	
Total Subsidised	52,408	36,617	67,545	30,928	✓	94,687	94,687	0	
Unsubsidised									
Tekapo Footpaths	5,558	4,696	4,878	182	✓	6,502	6,502	0	
New Year Road Sweep	0	0	405	405	✓	542	542	0	
Total Unsubsidised	5,558	4,696	5,283	587	✓	7,044	7,044	0	
Total Direct Roothing Costs	57,966	41,312	72,828	31,516	✓	101,731	101,731	0	
Council Staff Support Costs									
Charges - Roothing Prof Svcs	1,512	1,800	1,800	0		2,398	2,398	0	
Charges - Roothing Prof Svcs	3,645	4,329	4,329	0		5,768	5,768	0	
Professional Roothing Services	5,157	6,129	6,129	0		8,166	8,166	0	
Charges - Asset Management	2,934	2,871	2,871	0		3,834	3,834	0	
Charges - Admin District	1,692	1,719	1,719	0		2,289	2,289	0	
Total Council Staff Support Costs	9,783	10,719	10,719	0		14,289	14,289	0	
Total Operating Expenditure	68,251	52,031	83,547	31,516		116,020	116,020	0	
Operating Revenue									
Tekapo Works & Services Rates	51,273	11,781	51,482	39,702	✓	65,874	65,874	0	
Other Income									
Transit-Street Lights & Clean	0	2,709	4,086	1,377	X	5,451	5,451	0	
NZTA Operational Subsidy	11,547	32,084	23,353	8,732	✓	38,537	38,537	0	
Petroleum Tax	4,821	4,976	3,483	1,493	✓	4,639	4,639	0	
Interest Earned on Capital Rsv	610	482	1,143	661	X	1,519	1,519	0	
Total Other Income	16,978	40,251	32,065	8,186	✓	50,146	50,146	0	
Total Operating Revenue	68,251	52,031	83,547	31,516		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	6,876	18,815	18,815			18,815	18,815		
Capital Expenditure									
Subsidised Capital									
Traffic Svcs Renewal - St Light	0	3,730	1,548	2,182	X 1	2,064	2,064	0	
Signs	0	0	774	774	✓	1,032	1,032	0	
Reseals	52,713	0	41,099	41,099	✓	41,099	41,099	0	
Total Subsidised Capital	52,713	3,730	43,421	39,691	✓	44,195	44,195	0	
Unsubsidised Capital									
Vested Assets	0	0	0	0		62,091	62,091	0	
Footpaths - Surfacing	0	0	0	0		20,000	20,000	0	
Pioneer Drive Upgrade	0	0	0	0		0	0	0	
Total Unsubsidised	0	0	0	0		82,091	82,091	0	
Total Capital Expenditure	52,713	3,730	43,421	39,691		126,286	126,286	0	
Capital Revenue									
Tekapo Works & Services Rates	22,667	1,716	19,974	18,258	✓	40,330	40,330	0	
Vested Assets	0	0	0	0		62,091	62,091	0	
NZTA Subsidy	30,047	2,014	23,447	21,433	X	23,865	23,865	0	
	52,713	3,730	43,421	39,691		126,286	126,286	0	
	6,876	18,815	18,815			18,815	18,815		

**Variance Analysis**

- Unbudgeted carry forward from 2009/2010 year

**TWIZEL ROADING  
FINANCIAL REPORT FOR MARCH 2011**

OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	March 2011		Forecast	Full Year to 30 June 2011		
	YTD Actual			Variance	Note		Budget	Variance	Note
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	21,055	17,514	23,220	5,706	✓	30,960	30,960	0	
Traffic Svcs Mtce - Pav Mkings	0	0	0	0		11,352	11,352	0	
St Lighting - Electricity	14,926	14,521	16,713	2,192	✓	22,280	22,280	0	
St Lighting - Elec - Transit	81	85	108	23	✓	144	144	0	
Street Lighting - Maintenance	15,606	11,049	15,597	4,548	✓	20,800	20,800	0	
St Lighting - Mtce - Transit	158	112	540	428	✓	722	722	0	
Sealed Pavement Mtce	13,861	2,755	11,862	9,107	✓	15,813	15,813	0	
Unsealed Pavement Maintenance	1,951	2,553	774	1,779	X	1,032	1,032	0	
Routine Drainage Mtce	2,104	961	1,503	542	✓	2,002	2,002	0	
Environmental Maintenance	386	0	0	0		0	0	0	
Enviro Mtce - Snow & Ice Contr	0	2,229	1,035	1,194	X	1,376	1,376	0	
Enviro Mtce - Vegetation Contr	1,819	333	1,035	703	✓	1,376	1,376	0	
Enviro Mtce - Other	343	795	1,035	240	✓	1,376	1,376	0	
Traffic Svcs Mtce - Signs EMPs	38	409	468	59	✓	619	619	0	
Network & Asset Management	0	0	2,322	2,322	✓	3,096	3,096	0	
Total Subsidised	72,328	53,314	76,212	22,898	✓	112,948	112,948	0	
Unsubsidised									
Twizel Footpaths	12,898	10,377	9,756	621	X	13,003	13,003	0	
Total Unsubsidised	12,898	10,377	9,756	621	X	13,003	13,003	0	
Total Direct Rooding Costs	85,226	63,691	85,968	22,277	✓	125,951	125,951	0	
Council Staff Support Costs									
Charges - Rooding Prof Svcs	4,212	4,995	4,995	0		6,662	6,662	0	
Charges - Rooding Prof Svcs	1,413	1,683	1,683	0		2,239	2,239	0	
Professional Rooding Services	5,625	6,678	6,678	0		8,901	8,901	0	
Charges - Asset Management	12,033	11,790	11,790	0		15,719	15,719	0	
Charges - Admin District	3,600	3,645	3,645	0		4,863	4,863	0	
Total Council Staff Support Costs	21,258	22,113	22,113	0		29,483	29,483	0	
Total Operating Expenditure	106,484	85,804	108,081	22,277		155,434	155,434	0	
Operating Revenue									
Twizel Works & Services Rates	77,641	53,595	73,145	19,550	✓	91,252	91,252		
Other Income									
Transit-Street Lights & Clean	0	184	648	464	X	866	866	0	
NZTA Operational Subsidy	17,651	20,474	23,416	2,941	X	48,822	48,822	0	
Petroleum Tax	11,192	11,551	10,872	679	✓	14,494	14,494	0	
Total Other Income	28,843	32,209	34,936	2,726	X	64,182	64,182	0	
Total Operating Revenue	106,484	85,804	108,081	22,277		155,434	155,434	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year	Actual	Budget	Variance		Forecast	Budget	Variance	
	YTD Actual			Variance	Note			Variance	Note
OPENING BALANCE	82,969	63,487	63,487			63,487	63,487		
Capital Expenditure									
Subsidised Capital									
Signs	0	0	0	0		0	0	0	
Reseals	0	0	0	0		0	0	0	
Traffic Svcs Renwl - Signs EMP	0	11,476	1,548	9,928	X 1	2,064	2,064	0	
Sealed Road Resurfacing	126,061	88,961	97,756	8,795	✓	97,756	97,756	0	
Total Subsidised Capital	126,061	100,438	99,304	1,134	X	99,820	99,820	0	
Unsubsidised Capital									
Footpaths - Surfacing	0	0	0	0		50,248	50,248	0	
Vested Assets	0	0	0	0		86,927	86,927	0	
Total Unsubsidised	0	0	0	0		137,175	137,175	0	
Total Capital Expenditure	126,061	100,438	99,304	1,134		236,995	236,995	0	
Capital Revenue									
Twizel Works & Services Rates	54,206	46,201	45,680	521	X	96,165	96,165	0	
Vested Assets	0	0	0	0		86,927	86,927	0	
NZTA Subsidy	71,855	54,236	53,624	612	✓	53,903	53,903	0	
	126,061	100,438	99,304	1,134		236,995	236,995	0	
	82,969	63,487	63,487			63,487	63,487		

**Variance Analysis**

- Unbudgeted carry forward from 2009/2010 year

**ROADING - RURAL**  
**FINANCIAL REPORT FOR MARCH 2011**

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 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	55,435	33,189	65,925	32,736	✓	87,896	87,896	0	
Struct Mtce - Cattle Stops	15,860	6,401	17,028	10,627	✓	22,704	22,704	0	
St Lighting - Electricity	299	373	612	239	✓	821	821	0	
St Lighting - Elec - Transit	726	932	1,638	706	✓	2,186	2,186	0	
St Lighting - Mtce	1,139	712	2,322	1,610	✓	3,096	3,096	0	
St Lighting - Mtce - Transit	2,420	1,513	4,644	3,131	✓	6,192	6,192	0	
Sealed Pavement Mtce	110,805	117,724	74,601	43,123	X	99,470	99,470	0	
Unsealed Pavement Mtce	229,567	288,911	385,479	96,568	✓	513,966	513,966	0	
Drainage Mtce - Other	63,105	32,859	76,617	43,758	✓	102,160	102,160	0	
Enviro Mtce - Snow & Ice Contr	19,261	17,307	0	17,307	X	0	0	0	
Enviro Mtce - Vegetation Contr	47,000	54,060	26,253	27,807	X	35,000	35,000	0	
Enviro Mtce - Other	27,575	43,006	20,052	22,954	X	26,736	26,736	0	
Traffic Svcs Mtce - Signs EMPs	30,829	27,568	26,253	1,315	X	35,000	35,000	0	
Emergency reinstatement	14,150	0	0	0		0	0	0	
Network and Asset Management	0	0	7,740	7,740	✓	10,320	10,320	0	
Total Subsidised Rooding	623,797	624,721	709,164	84,443	✓	945,547	945,547	0	
Internal Charges									
Professional Rooding Business Unit	68,436	81,216	81,216	0		108,291	108,291	0	
Charges - Asset Management	47,304	46,341	46,341	0		61,794	61,794	0	
Charges - Admin District	16,416	16,650	16,650	0		22,198	22,198	0	
Total Internal Charges	132,156	144,207	144,207	0		192,283	192,283	0	
Total Operating Expenditure	755,953	768,928	853,371	84,443		1,137,830	1,137,830	0	
Operating Revenue									
Rural Works & Services Rates	719,024	285,283	363,040	77,757	✓	473,802	473,802	0	
Other Income									
Transit-Street Lights & Clean	0	2,332	6,282	3,950	X	8,378	8,378	0	
Other Income	(82)	13,585	29,151	15,566	X	38,870	38,870	0	
NZTA Operating Subsidy	(6,462)	425,409	423,254	2,155	✓	574,588	574,588	0	
Petroleum Tax	20,447	21,104	18,846	2,258	✓	25,124	25,124	0	
Other Income	0	492	0	492	✓	0	0	0	
Capital Reserve Interest	23,026	20,724	12,798	7,926	✓	17,068	17,068	0	
Other Income	36,929	483,645	490,331	6,685	X	664,028	664,028	0	
Total Operating Revenue	755,953	768,928	853,371	84,443		1,137,830	1,137,830	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Full Year to 30 June 2011 Variance			Note
OPENING BALANCE	846,946	667,349	667,349			667,349	667,349		
Capital Expenditure									
Subsidised									
Unsealed Road Metalling	258,181	158,182	189,840	31,658	✓	279,840	279,840	0	
Pavement rehabilitation	0	44,601	142,353	97,752	✓	189,800	189,800	0	
Struc Com Repl - Bridges Cstop	2,772	3,529	14,448	10,919	✓	14,448	14,448	0	
Bridge - Lake Alex	0	13,905	0	13,905	X	0	0	0	
Drainage - Culverts	0	13,263	32,553	19,290	✓	43,400	43,400	0	
Drainage Renewals - Culverts	26,757	0	0	0		0	0	0	
Traffic Svcs Renwl - Signs EMPs	56,612	27,422	0	27,422	X	0	0	0	
Associated improvements	0	0	3,096	3,096	✓	4,128	4,128	0	
Minor Improvements	77,192	13,939	122,000	108,061	✓	183,000	183,000	0	
Reseals	337,438	222,865	183,624	39,241	X	183,624	183,624	0	
Total Subsidised	758,953	518,250	730,430	212,180	✓	954,924	954,924	0	
Unsubsidised									
Total Unsubsidised	0	0	0	0		0	0	0	
Total Capital Expenditure	758,953	518,250	730,430	212,180		954,924	954,924	0	
Capital Revenue									
Rural Works & Services Rates	326,350	238,395	335,998	97,603	✓	439,265	439,265	0	
Upgrade Contributions	27,576	0	0	0		0	0	0	
Lake Alexandrina Reserve	0	6,396	0	6,396	X	0	0	0	
NZTA Subsidies	432,603	279,855	394,432	114,577	X	515,659	515,659	0	
Total Capital Revenue	786,529	524,646	730,430	205,784		954,924	954,924	0	
CLOSING BALANCE	874,522	673,745	667,349			667,349	667,349		

**Variance Analysis**

- Unbudgeted carry forward from 2009/2010 year

**ROADING - PROFESSIONAL SERVICES BUSINESS UNIT**  
**FINANCIAL REPORT FOR MARCH 2011**

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Full Year to 30 June 2011		
						Variance	Note
<b>OPENING BALANCE</b>	<b>(108,688)</b>	<b>(48,834)</b>	<b>(48,834)</b>		<b>(48,834)</b>	<b>(48,834)</b>	
<b>Operating Expenditure</b>							
086 EXPENDITURE	0	0	0	0 ✓	0	0	0 ✓
086 PERSONNEL	0	0	0	0 ✓	0	0	0 ✓
086 Wages - Other Staff	0	0	0	0 ✓	0	0	0 ✓
086 Salaries	63,022	60,988	73,989	13,001 ✓	98,648	98,648	0 ✓
086 Fringe benefit tax	692	1,089	2,313	1,224 ✓	3,084	3,084	0 ✓
086 Holiday Pay	533	4,210	99	4,111 X	133	133	0 ✓
086 Statutory Holidays	1,611	1,622	0	1,622 X	0	0	0 ✓
086 Sick Leave	0	1,080	0	1,080 X	0	0	0 ✓
086 Special Leave	0	0	0	0 ✓	0	0	0 ✓
086 Accident Compensation Levy	78	419	603	184 ✓	809	809	0 ✓
086 Staff Training	1,795	0	2,700	2,700 ✓	3,598	3,598	0 ✓
086 Kiwisaver ER deduction	1,009	1,067	1,062	5 X	1,421	1,421	0 ✓
Labour	68,742	70,475	80,766	10,291 ✓	107,693	107,693	0
Consultancy							
RAMM	2,604	17,497	22,500	5,003 ✓	30,000	30,000	0
Legal	0	0	0	0	0	0	0
Other Consultancy Services	13,320	5,750	13,500	7,750 ✓	18,000	18,000	0
Total Consultancy	15,923	23,247	36,000	12,753 ✓	48,000	48,000	0
Administration							
Advertising	930	1,551	621	930 X	829	829	0
Tools & Equipment	92	596	414	182 X	550	550	0
Insurance	1,096	1,869	828	1,041 X	1,100	1,100	0
Other Expenses	0	0	0	0	0	0	0
Publications & Legislation	0	0	261	261 ✓	343	343	0
Subscriptions	0	0	702	702 ✓	932	932	0
Tolls & Rentals	217	202	387	185 ✓	519	519	0
Total Administration	2,334	4,218	3,213	1,005 X	4,273	4,273	0
Capital Reserve Interest							
Interest on Capital Reserve	0	0	792	792 ✓	1,057	1,057	0
Total Capital Reserve Interest	0	0	792	792 ✓	1,057	1,057	0
General Maintenance							
Vehicle Expenses	9,723	20,582	8,667	11,915 X	11,553	11,553	0
General Maintenance	9,723	20,582	8,667	11,915 X	11,553	11,553	0
Council Support Costs							
Charges - Admin District	20,169	20,664	20,664	0	27,546	27,546	0
Charges - Council Bldg Fairlie	2,520	2,538	2,538	0	3,380	3,380	0
Charges - CEO Department	6,867	6,795	6,795	0	9,065	9,065	0
Charges - Info Tech Support	7,146	7,659	7,659	0	10,206	10,206	0
Council Staff Support Costs	36,702	37,656	37,656	0	50,197	50,197	0
<b>Total Operating Expenditure</b>	<b>133,425</b>	<b>156,177</b>	<b>167,094</b>	<b>10,917</b>	<b>222,773</b>	<b>222,773</b>	<b>0</b>
<b>Operating Revenue</b>							
Transfund New Zealand	76,991	104,533	77,787	26,746 ✓	103,712	103,712	0
Other Income	300	100	1,557	1,457 X	2,072	2,072	0
Total Other Income	77,291	104,633	79,344	25,289 ✓	105,784	105,784	0
Council Staff Support Income							
Income - Fairlie Subs Roothing	1,782	2,115	2,115	0	2,822	2,822	0
Income - Tekapo Subs Roothing	1,512	1,800	1,800	0	2,398	2,398	0
Income - Twizel Subs Roothing	4,212	4,995	4,995	0	6,662	6,662	0
Income - Rural Subs Roothing	53,622	63,639	63,639	0	84,850	84,850	0
Income - Fairlie Unsub Roothing	1,278	1,521	1,521	0	2,027	2,027	0
Income - Tekapo Unsub Roothing	3,645	4,329	4,329	0	5,768	5,768	0
Income - Twizel Unsub Roothing	1,413	1,683	1,683	0	2,239	2,239	0
Income - Rural Unsub Roothing	14,814	17,577	17,577	0	23,441	23,441	0
Transfer to Capital Reserve	(947)	(909)	(909)	0	(1,215)	(1,215)	0
Total Council Staff Support Income	81,331	96,750	96,750	0	128,992	128,992	0
<b>Total Operating Revenue</b>	<b>158,622</b>	<b>201,383</b>	<b>176,094</b>	<b>25,289</b>	<b>234,776</b>	<b>234,776</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(83,491)</b>	<b>(3,628)</b>	<b>(39,834)</b>		<b>(36,831)</b>	<b>(36,831)</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Full Year to 30 June 2011		
						Variance	Note
<b>OPENING BALANCE</b>	<b>1,973</b>	<b>6,195</b>	<b>6,195</b>		<b>6,195</b>	<b>6,195</b>	
<b>Capital Expenditure</b>							
Plant & Equipment	4,496	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>4,496</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Revenue</b>							
Council Staff Support Income	947	909	909	0	1,215	1,215	0
<b>Total Capital Revenue</b>	<b>947</b>	<b>909</b>	<b>909</b>	<b>0</b>	<b>1,215</b>	<b>1,215</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(1,577)</b>	<b>7,104</b>	<b>7,104</b>		<b>7,410</b>	<b>7,410</b>	

**Variance Analysis**

**SOLID WASTE ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Actual	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>21,619</b>	<b>(38,869)</b>	<b>(38,869)</b>		<b>(38,869)</b>	<b>(38,869)</b>	
<b>Operating Expenditure</b>							
Labour	178,745	165,012	185,967	20,955 ✓	247,952	247,952	0
Members Costs	0	0	0	0	0	0	0
Consultancy	3,118	8,800	1,071	7,729 X	4,124	4,124	0
Administration	7,982	6,867	10,296	3,429 ✓	13,711	13,711	0
Capital Reserve Interest Paid	25,279	15,976	22,608	6,632 ✓	30,164	30,164	0
General Maintenance	363,580	356,865	410,293	53,428 ✓ 1	533,833	533,833	0
Council Staff Support Costs	286,200	99,936	99,936	0	133,230	133,230	0
<b>Total Operating Expenditure</b>	<b>864,904</b>	<b>653,456</b>	<b>730,171</b>	<b>76,715</b>	<b>963,014</b>	<b>963,014</b>	<b>0</b>
<b>Operating Revenue</b>							
Albury Refuse Rates	9,702	9,747	9,747	0	12,992	12,992	0
General Rates	315,860	306,914	353,698	46,784 ✓	468,128	468,128	0
Fairlie Refuse Rates	19,260	19,035	19,035	0	25,384	25,384	0
Tekapo Refuse Rates	14,130	11,593	11,601	8 ✓	15,469	15,469	0
Twizel Refuse Rates	31,401	29,763	29,772	9 ✓	39,698	39,698	0
Rural Works & Services Rates	396	414	414	0	550	550	0
Total Rates	390,749	377,466	424,267	46,801 ✓	562,221	562,221	0
Other Income	240,977	250,150	168,222	81,928 ✓	224,282	224,282	0
Council Staff Support Income	254,322	67,491	66,825	666 ✓	89,093	89,093	0
<b>Total Operating Revenue</b>	<b>886,049</b>	<b>695,107</b>	<b>659,314</b>	<b>35,793</b>	<b>875,596</b>	<b>875,596</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>42,764</b>	<b>2,783</b>	<b>(109,726)</b>		<b>(126,287)</b>	<b>(126,287)</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Actual	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>(681,151)</b>	<b>(624,804)</b>	<b>(624,804)</b>		<b>(624,804)</b>	<b>(624,804)</b>	
<b>Capital Expenditure</b>							
Resource Recovery Parks	0	0	0	0	0	0	0
Organic Waste	0	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Revenue</b>							
Total Rates (Funded Depn)	47,493	36,369	37,035	666 ✓	53,000	53,000	0
Council Staff Support Income	27	27	693	666 X	924	924	0
<b>Total Capital Revenue</b>	<b>47,520</b>	<b>36,396</b>	<b>37,728</b>	<b>1,332</b>	<b>53,924</b>	<b>53,924</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(633,631)</b>	<b>(588,408)</b>	<b>(587,076)</b>		<b>(570,880)</b>	<b>(570,880)</b>	

**Variance Analysis**

1. Lower than anticipated consent monitoring costs for Closed Landfills (\$4,825) as well as overall lower YTD maintenance costs at the RRP's (\$11,824) coupled with lower than anticipated township refuse collection costs (\$7,026) and lower than anticipated costs of processing organics (\$36,350) as well as lower than anticipated costs of recycling (\$34,190) off set by increased costs of cartage for Residual waste (\$44,801) has led to this positive variance.

**BUILDING CONTROL ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	97,368	100,411	104,274	3,863	✓	139,024	139,024	0	
Members Costs				0				0	
Consultancy	8,753	0	9,018	9,018	✓	12,031	12,031	0	
Administration	27,876	37,692	29,605	8,087	X 3	32,132	32,132	0	
Capital Reserve Interest Paid	(13)	7	0	7	X	0	0	0	
General Maintenance	9,368	20,486	12,420	8,066	X 1	16,557	16,557	0	
Council Staff Support Costs	61,497	62,019	62,019	0		82,701	82,701	0	
<b>Total Operating Expenditure</b>	<b>204,849</b>	<b>220,615</b>	<b>217,336</b>	<b>3,279</b>		<b>282,445</b>	<b>282,445</b>	<b>0</b>	
Operating Revenue									
Total Rates	3,278	47,786	82,210	34,424	✓	102,286	102,286	0	
Other Income	199,321	170,580	132,876	37,704	✓ 2	177,159	177,159	0	
Council Staff Support Income	2,250	2,250	2,250	0		3,000	3,000	0	
<b>Total Operating Revenue</b>	<b>204,849</b>	<b>220,615</b>	<b>217,336</b>	<b>3,279</b>		<b>282,445</b>	<b>282,445</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	2,295	607	607			607	607		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
General Rates	0	0	0	0		0	0	0	
Total Capital Revenue	0	0	0	0		0	0	0	
<b>CLOSING BALANCE</b>	<b>2,295</b>	<b>607</b>	<b>607</b>			<b>607</b>	<b>607</b>		

**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 MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Labour	121,999	141,831	139,437	2,394 X	185,914	185,914	0
Members Costs				0			0
Consultancy	20,721	199,810	147,438	52,372 X 1	151,576	151,576	0
Administration	19,648	6,522	10,926	4,404 ✓	14,563	14,563	0
Capital Reserve Interest Paid	5,145	7,427	2,322	5,105 X 2	3,098	3,098	0
General Maintenance	6,935	11,965	12,420	455 ✓	16,557	16,557	0
Council Staff Support Costs	87,453	89,442	89,442	0	119,263	119,263	0
<b>Total Operating Expenditure</b>	<b>261,900</b>	<b>456,996</b>	<b>401,985</b>	<b>55,011</b>	<b>490,971</b>	<b>490,971</b>	<b>0</b>
Operating Revenue							
General Rates	171,733	363,649	321,759	41,890 X 1	384,008	384,008	0
Other Income	60,909	69,903	58,473	11,430 ✓	77,963	77,963	0
Real Estate Account Funding	7,504	1,692	0	1,692 ✓	0	0	0
Council Staff Support Income	21,753	21,753	21,753	0	29,000	29,000	0
<b>Total Operating Revenue</b>	<b>261,900</b>	<b>456,996</b>	<b>401,985</b>	<b>55,011</b>	<b>490,971</b>	<b>490,971</b>	<b>0</b>
CLOSING BALANCE	0	0	0		0	0	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	(51,671)	(235,944)	(235,944)		(235,944)	(235,944)	
Capital Expenditure							
Computers	0	0	0	0 ✓	0	0	0 ✓
Plan Change 15	0	8,207	0	8,207 X	65,000	65,000	0 ✓
Plan Change 13	58,417	144,531	67,500	77,031 X	90,000	90,000	0
<b>Total Capital Expenditure</b>	<b>58,417</b>	<b>152,738</b>	<b>67,500</b>	<b>85,238</b>	<b>155,000</b>	<b>155,000</b>	<b>0</b>
Capital Revenue							
General Rates	4,689	99	17,730	17,631 ✓	23,636	23,636	0
Transfer Funding from General Res	0	0	0	0 X	0	0	0 X
Subdivision Res Contn Received	16,720	28,168	15,003	13,165 ✓	20,000	20,000	0
Subdivision Res Contn Transferred	(16,720)	(28,168)	(15,003)	13,165 X	(20,000)	(20,000)	0
<b>Total Capital Revenue</b>	<b>4,689</b>	<b>99</b>	<b>17,730</b>	<b>17,631</b>	<b>23,636</b>	<b>23,636</b>	<b>0</b>
CLOSING BALANCE	(105,399)	(388,583)	(285,714)		(367,308)	(367,308)	

**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 \$41,443. This now has a rates impact rather than a funded depreciation impact. The budget for both projects was recorded in the Capital Reserve Account and has now been transferred to the operating account.
2. Due to previous levels of Capitalised Plan Change 13 costs (\$235,944)

**REGULATORY SERVICES ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	9,376	5,659	14,868	9,209	✓ 1	19,831	19,831	0	
Administration	19,882	19,785	19,466	319	X	24,288	24,288	0	
Capital Reserve Interest Paid	3,392	1,822	1,422	400	X	1,890	1,890	0	
General Maintenance	89,677	88,518	95,865	7,347	✓	144,778	144,778	0	
Council Staff Support Costs	14,121	14,328	14,328	0		19,100	19,100	0	
<b>Total Operating Expenditure</b>	<b>136,447</b>	<b>130,111</b>	<b>145,949</b>	<b>15,838</b>		<b>209,887</b>	<b>209,887</b>	<b>0</b>	
Operating Revenue									
Total Rates	101,947	127,877	144,644	16,767	✓	139,347	139,347	0	
Other Income	33,963	1,778	567	1,211	✓	69,556	69,556	0	
Capital Reserve Interest Received	538	456	738	282	X	984	984	0	
<b>Total Operating Revenue</b>	<b>136,447</b>	<b>130,111</b>	<b>145,949</b>	<b>15,838</b>		<b>209,887</b>	<b>209,887</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
OPENING BALANCE	(48,781)	(46,338)	(46,338)			(46,338)	(46,338)		
Capital Expenditure									
Animal Control	0	3,062	828	2,234	X	7,100	7,100	0	
Rural Fire Control	7,600	5,600	4,662	938	X	6,216	6,216	0	
<b>Total Capital Expenditure</b>	<b>7,600</b>	<b>8,662</b>	<b>5,490</b>	<b>3,172</b>		<b>13,316</b>	<b>13,316</b>	<b>0</b>	
Capital Revenue									
Total Rates	28,071	24,165	24,165	0		32,211	32,211	0	
<b>Total Capital Revenue</b>	<b>28,071</b>	<b>24,165</b>	<b>24,165</b>	<b>0</b>		<b>32,211</b>	<b>32,211</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(28,310)</b>	<b>(30,835)</b>	<b>(27,663)</b>			<b>(27,443)</b>	<b>(27,443)</b>		

**Variance Analysis**

1. Replacement Civil Defence Officer has been made.

**COMMUNITY SERVICES ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 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	19,205	19,356	151 ✓	24,828	24,828	0 ✓
Grants	90,189	62,813	77,406	14,593 ✓ 1	108,012	108,012	0 ✓
Capital Reserve Interest Paid	3,008	0	0	0	0	0	0
General Maintenance	132,452	146,062	145,674	388 X	177,816	177,816	0
Council Staff Support Costs	36,720	37,044	37,044	0	49,408	49,408	0
Total Operating Expenditure	285,576	265,124	279,480	14,356	360,064	360,064	0
Operating Revenue							
Total Rates	207,649	193,878	174,980	18,898 X	226,528	226,528	0
Building Maintenance Reserve	9,538	25,285	21,754	3,531 ✓	22,500	22,500	0
Other Income	63,328	44,477	79,839	35,362 X 2	107,159	107,159	0
Capital Reserve Interest Received	5,061	1,484	2,907	1,423 X	3,877	3,877	0
Total Operating Revenue	285,576	265,124	279,480	14,356	360,064	360,064	0
CLOSING BALANCE	0	0	0		0	0	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	(409,516)	73,308	73,308		73,308	73,308	
Capital Expenditure							
Pensioner Housing	595	0	0	0	0	0	0
Total Capital Expenditure	595	0	0	0	0	0	0
Capital Revenue							
Total Rates	15,570	16,227	16,227	0	21,642	21,642	0
Total Capital Revenue	0	16,227	16,227	0	21,642	21,642	0
CLOSING BALANCE	(410,111)	89,535	89,535		94,950	94,950	

**Variance Analysis**

1. Grants not yet drawn down in line with budget timing.
2. Includes the reversal of last years invoice to Meridian for the Pukaki toilet.

**RECREATIONAL FACILITIES ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	2,053	1,654	1,654		1,654	1,654	
Operating Expenditure							
Labour	60,229	60,722	64,073	3,351 ✓	66,698	66,698	0
Consultancy	9,396	485	0	485 X	0	0	0
Administration	156,264	170,632	149,753	20,879 X 1	174,912	174,912	0
Capital Reserve Interest Paid	44,256	31,142	28,530	2,612 X	38,035	38,035	0
General Maintenance	618,604	672,237	674,917	2,680 ✓ 2	916,056	916,056	0
Council Staff Support Costs	141,975	141,849	141,849	0	189,140	189,140	0
Total Operating Expenditure	1,030,725	1,077,067	1,059,122	17,945	1,384,841	1,384,841	0
Operating Revenue							
Total Rates	828,826	959,280	921,349	37,932 X	1,103,845	1,103,845	0
Other Income	203,474	106,267	111,560	5,293 X	220,354	220,354	0
Building Maintenance Reserve	(6,846)	9,249	10,673	1,424 X	40,474	40,474	0
Capital Reserve Interest Received	3,218	617	13,887	13,270 X	18,514	18,514	0
Total Operating Revenue	1,028,671	1,075,413	1,057,468	17,945	1,383,187	1,383,187	0
CLOSING BALANCE	0	0	0		0	0	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	(1,033,201)	(792,245)	(792,245)		(792,245)	(792,245)	
Capital Expenditure							
Parks, Reserves & Township Maint	44,729	36,672	30,000	6,672 X	30,000	30,000	0
Community Halls	43,194	7,390	4,000	3,390 X	4,000	4,000	0
Total Capital Expenditure	87,923	44,062	34,000	10,062	34,000	34,000	0
Capital Revenue							
Total Rates	9,981	4,140	4,140	0	5,519	5,519	0
Capital Reserve Interest Received	1,668	1,143	1,458	315 X	1,939	1,939	0
Funding from Land Subdivision Res	0	25,000	100,000	75,000 X	100,000	100,000	0
Total Capital Revenue	11,649	30,283	105,598	75,315	107,458	107,458	0
CLOSING BALANCE	(1,109,475)	(806,024)	(720,647)		(718,787)	(718,787)	

**Variance Analysis**

- Includes additional costs provided by Twizel Community Board to fund Twizel Visitors centre.
- Cleaning costs for Twizel Events centre are tracking up due to additional cleaning requirements due to the Events Centre toilets being used as a public toilet facility. Also included in this cost is an additional FCB approved unbudgeted replacement of the dosing unit at the Strathconan Pool (\$4,500)

**COMMERCIAL ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>1,500,766</b>	<b>614,969</b>	<b>614,969</b>		<b>614,969</b>	<b>614,969</b>	
<b>Operating Expenditure</b>							
Members Costs	19,950	13,475	23,247	9,772 ✓	31,000	31,000	0
Consultancy	73,298	46,954	65,637	18,683 ✓ 1	87,520	87,520	0
Administration	90,247	52,662	83,894	31,232 ✓	108,587	108,587	0
Capital Reserve Interest Paid	102,120	91,801	129,312	37,511 ✓	172,414	172,414	0
General Maintenance	212,294	221,301	209,415	11,886 X 2	275,167	275,167	0
Council Staff Support Costs	92,448	93,699	93,699	0	124,927	124,927	0
<b>Total Operating Expenditure</b>	<b>590,357</b>	<b>519,892</b>	<b>605,204</b>	<b>85,312</b>	<b>799,615</b>	<b>799,615</b>	<b>0</b>
<b>Operating Revenue</b>							
General Rates	145,998	57,617	141,957	84,340 ✓	189,280	189,280	0 ✓
Fairlie Works & Services Rates	(28,557)	(1,197)	(1,350)	153 X	(1,799)	(1,799)	0 ✓
Tekapo Works & Services Rates	(74,259)	(3,123)	(3,204)	81 X	(4,267)	(4,267)	0 ✓
Twizel Works & Services Rates	(79,974)	(3,366)	(4,284)	918 X	(5,716)	(5,716)	0 ✓
Rural Works & Services Rates	(388,395)	(16,317)	(15,165)	1,152 ✓	(20,218)	(20,218)	0 ✓
Total Rates	(425,187)	33,614	117,954	84,340 ✓	157,280	157,280	0
Capital Reserve Interest Received	168,415	97,478	202,968	105,490 X	270,632	270,632	0
Other Income	1,692,596	439,492	248,589	190,903 ✓	1,256,442	1,256,442	0
<b>Total Operating Revenue</b>	<b>1,435,824</b>	<b>570,584</b>	<b>569,511</b>	<b>1,073</b>	<b>1,684,354</b>	<b>1,684,354</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>2,346,233</b>	<b>665,661</b>	<b>579,276</b>		<b>1,499,708</b>	<b>1,499,708</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>344,691</b>	<b>823,148</b>	<b>823,148</b>		<b>823,148</b>	<b>823,148</b>	
<b>Capital Expenditure</b>							
Pukaki Airfield	307,647	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>307,647</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Revenue</b>							
Capital Reserve Interest Received	(10,516)	8,400	11,250	2,850 X	15,000	15,000	0 X
<b>Total Capital Revenue</b>	<b>(10,516)</b>	<b>8,400</b>	<b>11,250</b>	<b>2,850</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>26,527</b>	<b>831,548</b>	<b>834,398</b>		<b>838,148</b>	<b>838,148</b>	

**Variance Analysis**

1. Lower than anticipated legal expenses YTD 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 \$32,000 mainly due to the costs associated with the logging operations undertaken at the beginning of the financial year

**CORPORATE SERVICES ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Labour	609,805	716,763	707,040	9,723 X	942,731	942,731	0
Consultancy	107,802	110,918	69,822	41,096 X 1	93,101	93,101	0
Administration	199,757	169,529	189,693	20,164 ✓	252,935	252,935	0
Capital Reserve Interest Paid	6,741	0	3,078	3,078 ✓	4,096	4,096	0
General Maintenance	122,684	161,256	142,614	18,642 X 2	190,133	190,133	0
Council Staff Support Costs	246,033	250,623	250,623	0	334,176	334,176	0
<b>Total Operating Expenditure</b>	<b>1,292,821</b>	<b>1,409,089</b>	<b>1,362,870</b>	<b>46,219</b>	<b>1,817,172</b>	<b>1,817,172</b>	<b>0</b>
Operating Revenue							
Rates				0			0
Other Income	67,952	68,503	69,444	941 X	92,584	92,584	0
Capital Reserve Interest Received	2,014	0	0	0	0	0	0
Council Staff Support Income	1,306,614	1,310,310	1,310,310	0	1,747,106	1,747,106	0
<b>Total Operating Revenue</b>	<b>1,380,289</b>	<b>1,385,889</b>	<b>1,393,398</b>	<b>7,509</b>	<b>1,857,890</b>	<b>1,857,890</b>	<b>0</b>
<b>SURPLUS/(DEFICIT)</b>	<b>87,468</b>	<b>(23,200)</b>	<b>30,528</b>		<b>40,718</b>	<b>40,718</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	(53,561)	(46,046)	(46,046)		(46,046)	(46,046)	
Capital Expenditure							
Administration	0	11,533	16,875	5,342 ✓	22,500	22,500	0
Information Technology Department	36,880	11,271	5,256	6,015 X	7,000	7,000	0 ✓
<b>Total Capital Expenditure</b>	<b>36,880</b>	<b>22,804</b>	<b>22,131</b>	<b>673</b>	<b>29,500</b>	<b>29,500</b>	<b>0</b>
Capital Revenue							
Council Staff Support Income	42,045	44,631	44,631	0	59,510	59,510	0
<b>Total Capital Revenue</b>	<b>42,045</b>	<b>44,631</b>	<b>44,631</b>	<b>0</b>	<b>59,510</b>	<b>59,510</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(48,396)</b>	<b>(24,219)</b>	<b>(23,546)</b>		<b>(16,036)</b>	<b>(16,036)</b>	

**Variance Analysis**

1. Tax advice relating to the voluntary disclosure for Mackenzie Holdings Ltd amounting to \$8,037. Also additional cost of \$4,003 was incurred to provide District and ward boundary maps in relation to the representation review boundary changes. Also includes additional legal fees associated with the Eversley Sewerage Rate (\$6,000) High Country Health (\$2,000) and the Meridian Split (\$4,000)
2. Relates mainly to increase in the charge out rate of Motor Vehicles

**VEHICLE ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Contractors	5,623	6,109	11,553	5,444 ✓	15,405	15,405	0 ✓
Insurance	2,010	2,718	2,994	276 ✓	2,994	2,994	0 ✓
Interest	266	3,557	7,280	3,723 ✓	7,280	7,280	0 ✓
Licences	2,240	4,317	1,940	2,377 X	1,940	1,940	0 ✓
Fuel	22,392	33,920	20,550	13,370 X	27,401	27,401	0 ✓
Total Operating Expenditure	32,531	50,621	44,317	6,304	55,020	55,020	0
Operating Revenue							
Operating Expense Recoveries	33,432	80,257	64,170	16,087 X 1	57,100	57,100	0 ✓
Total Operating Revenue	33,432	80,257	64,170	16,087	57,100	57,100	0
Over/(Under) Recovery	901	29,636	19,853		2,080	2,080	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
OPENING BALANCE	0	(129,879)	(129,879)		(129,879)	(129,879)	
Capital Expenditure							
Total Capital Expenditure	0	0	0	0	0	0	0
Capital Revenue							
Recoveries Funded Depn	495	22,441	21,208	1,233 X	28,278	28,278	0 ✓
Total Capital Revenue	495	22,441	21,208	1,233	28,278	28,278	0
CLOSING BALANCE	495	(107,438)	(108,671)		(101,601)	(101,601)	

**Variance Analysis**

1. 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 MARCH 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>1,379,568</b>	<b>494,801</b>	<b>494,800</b>		<b>494,800</b>	<b>494,800</b>	
<b>Operating Expenditure</b>							
Labour	1,180,800	1,308,699	1,334,936	26,237 ✓	1,764,195	1,764,195	0
Members Costs	158,320	172,080	178,200	6,120 ✓	237,599	237,599	0
Consultancy	241,526	397,273	383,998	13,275 X	461,446	461,446	0
Administration	695,298	594,706	634,807	40,101 ✓	810,420	810,420	0
General Maintenance	1,876,785	2,012,840	2,042,659	29,819 ✓	2,721,508	2,721,508	0
Capital Reserve Interest Paid	271,089	196,624	257,103	60,479 ✓	339,793	339,793	0
Plant Under Recovery	0	0	0	0	0	0	0
Roading	814,258	783,047	920,133	137,086 ✓	1,264,784	1,264,784	0
Council Support Costs	1,665,161	1,500,406	1,500,345	61 X	2,000,451	2,000,451	0
<b>Total Operating Expenditure</b>	<b>6,903,237</b>	<b>6,965,676</b>	<b>7,252,181</b>	<b>286,505</b>	<b>9,600,196</b>	<b>9,600,196</b>	<b>0</b>
<b>Operating Revenue</b>							
Total Rates	3,266,860	3,557,242	3,877,859	320,617 ✓	4,837,951	4,837,951	0
Building Maintenance Reserve	6,401	41,611	46,071	4,460 X	81,174	81,174	0
Plant Over Recoveries	901	29,636	19,853	9,783 ✓	2,080	2,080	0
Net Capital Reserve Interest Received	(83,644)	(90,249)	(31,077)	59,172 X	(38,432)	(38,432)	0
Other Income	2,743,267	1,872,192	1,535,599	336,593 ✓	3,230,659	3,230,659	0
Other Reserve Funding	7,504	1,692	0	1,692 ✓	0	0	0
Council Staff Support Income	1,666,270	1,498,554	1,497,888		1,997,191	1,997,191	0
<b>Total Operating Revenue</b>	<b>7,607,559</b>	<b>6,910,677</b>	<b>6,946,192</b>	<b>35,515</b>	<b>10,110,622</b>	<b>10,110,622</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>2,083,891</b>	<b>439,802</b>	<b>188,811</b>		<b>1,005,227</b>	<b>1,005,227</b>	

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance Note	Forecast	Full Year to 30 June 2011 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>1,379,568</b>	<b>494,801</b>	<b>494,800</b>		<b>494,800</b>	<b>494,800</b>	
<b>Operating Expenditure (By Activity)</b>							
Governance	538,560	557,914	542,088	15,826 X	722,755	722,755	0
Water	357,549	343,813	404,210	60,397 ✓	539,899	539,899	0
Sewer	193,218	186,253	189,547	3,294 ✓	243,466	243,466	0
Stormwater	25,840	26,584	40,269	13,685 ✓	49,542	49,542	0
Roading	1,120,389	1,125,638	1,273,950	148,312 ✓	1,736,525	1,736,525	0
Solid Waste	864,904	653,456	730,171	76,715 ✓	963,014	963,014	0
Building Control	204,849	220,615	217,336	3,279 X	282,445	282,445	0
Resource Management	261,900	456,996	401,985	55,011 X	490,971	490,971	0
Regulatory Services	136,447	130,111	145,949	15,838 ✓	209,887	209,887	0
Community Services	285,576	265,124	279,480	14,356 ✓	360,064	360,064	0
Recreational Facilities	1,030,725	1,077,067	1,059,122	17,945 X	1,384,841	1,384,841	0
Commercial Activities	590,357	519,892	605,204	85,312 ✓	799,615	799,615	0
Corporate Services	1,292,821	1,409,089	1,362,870	46,219 X	1,817,172	1,817,172	0
Plant	0	0	0	0	0	0	0
<b>Total Operating Expenditure</b>	<b>6,903,135</b>	<b>6,972,552</b>	<b>7,252,181</b>	<b>279,629</b>	<b>9,600,196</b>	<b>9,600,196</b>	<b>0</b>
<b>Operating Revenue</b>							
Total Rates	3,266,860	3,557,242	3,877,859	320,617 ✓	4,837,951	4,837,951	0
Building Maintenance Reserve	6,401	41,611	46,071	4,460 X	81,174	81,174	0
Net Capital Reserve Interest Received	(83,644)	(90,249)	(31,077)	59,172 X	(38,432)	(38,432)	0
Other Income	2,743,267	1,872,192	1,535,599	336,593 ✓	3,230,659	3,230,659	0
Other Reserve Funding	7,504	1,692	0	1,692 ✓	0	0	0
Plant Recoveries	901	29,636	19,853	9,783 ✓	2,080	2,080	0
Council Staff Support Income	1,666,270	1,498,554	1,497,888	666 ✓	1,997,191	1,997,191	0
<b>Total Operating Revenue</b>	<b>7,607,559</b>	<b>6,910,677</b>	<b>6,946,192</b>	<b>35,515 X</b>	<b>10,110,622</b>	<b>10,110,622</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>2,083,993</b>	<b>432,925</b>	<b>188,812</b>		<b>1,005,227</b>	<b>1,005,227</b>	



**OVERALL CAPITAL ACTIVITY**  
**FINANCIAL REPORT FOR MARCH 2011**

✓

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	March 2011 Variance	Note	Forecast	Full Year to 30 June 2011 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(2,190,366)</b>	<b>245,176</b>	<b>245,176</b>			<b>245,176</b>	<b>245,175</b>		
<b>Capital Expenditure</b>									
Water	51,327	84,042	93,739	9,697	✓	793,636	793,636	0	
Sewerage	113,989	195,395	315,000	119,605	✓	315,000	315,000	0	
Stormwater	0	0	0	0		20,000	20,000	0	
Roading	973,574	647,463	910,613	263,150	✓	1,225,736	1,225,736	0	
Solid Waste	0	0	0	0		0	0	0	
Resource Management	58,417	152,738	67,500	85,238	X	155,000	155,000	0	
Regulatory Services	7,600	8,662	5,490	3,172	X	13,316	13,316	0	
Community Services	595	0	0	0		0	0	0	
Recreational Facilities	87,923	44,062	34,000	10,062	X	34,000	34,000	0	
Commercial Activities	307,647	0	0	0		0	0	0	
Corporate Services	36,880	22,804	22,131	673	X	29,500	29,500	0	
Vested Assets from Developers	0	0	0			299,770	299,770		
<b>Total Capital Expenditure</b>	<b>1,637,952</b>	<b>1,155,166</b>	<b>1,448,473</b>	<b>293,307</b>		<b>2,885,958</b>	<b>2,885,958</b>	<b>0</b>	
<b>Capital Revenue</b>									
Total Rates (Funded Depn)	949,425	811,233	936,373	125,140	✓	1,310,998	1,310,998	0	
Indirect Funded Depreciation	43,019	45,567	46,233	666	✓	61,649	61,649	0	
Land Subdivision Reserve	0	25,000	100,000	75,000	X	100,000	100,000	0	
Water	38,833	28,612	15,000	13,612	✓	62,378	62,378	0	
Sewerage	79,620	29,031	22,751	6,280	✓	145,693	145,693	0	
Stormwater	1,196	1,445	0	1,445	✓	0	0	0	
Roading	1,023,275	663,822	925,445	261,623	X	1,245,525	1,245,525	0	
Community Services	(15,570)	0	0	0		0	0	0	
Recreational Facilities	0	0	0	0		0	0	0	
Commercial Activities	0	0	0	0		0	0	0	
Vested Assets from Developers	0	0	2,772			299,770	299,770		
<b>Total Capital Revenue</b>	<b>2,119,798</b>	<b>1,604,711</b>	<b>2,048,574</b>	<b>443,863</b>		<b>3,229,659</b>	<b>3,229,659</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(1,708,519)</b>	<b>694,720</b>	<b>845,277</b>			<b>588,876</b>	<b>588,876</b>		

**Variance Analysis**

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** BANCORP QUARTERLY REPORT – MARCH 2011

**MEETING DATE:** 24 MAY 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 31 March 2011.

## **PARTICULAR POINTS TO NOTE:**

### **Comparison with the Benchmark**

The Council's portfolio increased in value by 2.55%, whereas the benchmark portfolio increased in value by 2.44% over the quarter, therefore the Council's Portfolio outperformed compared to the benchmark. There are two main reasons why Council's portfolio outperformed the benchmark index summarized as follows.

Firstly the Council portfolio had a longer duration (2.20 years) than the benchmark portfolio (2.00 years) and in a period of falling yields a longer duration portfolio will normally outperform a shorter duration portfolio.

The second reason relates to the concentration of maturities in the 2012 and 2013 time periods where it is able to obtain more leverage than the benchmark portfolio could from the fall in rates due to the earthquake. Council had 46% of its portfolio in these two periods whereas the benchmark had only 22%.

### **Movements in the Portfolio**

The portfolio stands at \$6 Million. There was no change in the portfolio for the quarter.

At the end of March the weighted average running yield of Council's bond portfolio was 7.13%.

### **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 2.20 years is well within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.00 years.
- Assets category percentages are as follows:
  - Corporates 29.17%
  - Registered Banks 54.16%
  - Local Authorities 16.67%

### **Financial Market Movements**

The Official Cash Rate was reduced by 0.5% as a result of the Christchurch earthquake in February 2011.

# QUARTERLY PORTFOLIO REPORT

*PREPARED FOR*



*For the 3 months ending 31 March 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 31 MARCH 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 31 March 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 2.55%.

MDC Portfolio value 31 December 2010	\$ 6,284,200
MDC Portfolio value 31 March 2011	\$ 6,342,301
Add coupon payments	<u>\$ 102,264</u>
<b>Total</b>	<b><u>\$ 6,444,527</u></b>
Change in Effective Cash Value	+ 2.55%

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 2.44%.

Benchmark Portfolio Value 31 December 2010	\$ 9,430,799
Benchmark Portfolio Value 31 March 2011	\$ 9,516,021
Add Coupon Payments	<u>\$ 145,150</u>
<b>Total</b>	<b><u>\$ 9,661,171</u></b>
Percentage Change in Effective Cash Value	+ 2.44%

## **PORTFOLIO ACTIVITY**

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

- MDC's portfolio outperformed the benchmark index, increasing in value by 2.55% compared to the benchmark portfolio's increase of 2.44%.
- The running yield of the portfolio as at 31 March was 7.13%.
- The nominal value of the portfolio remained at \$6.0 million. However there was an amount of \$0.5 million to reinvest but we had not identified any suitable investments by the end of the quarter.

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
31 December 2010	3.00%	3.18%	3.39%	3.80%	4.18%	4.73%	5.53%
31 March 2011	2.50%	2.64%	2.75%	3.29%	3.80%	4.46%	5.28%
Change	-0.50%	-0.54%	-0.64%	-0.51%	-0.38%	-0.27%	-0.25%

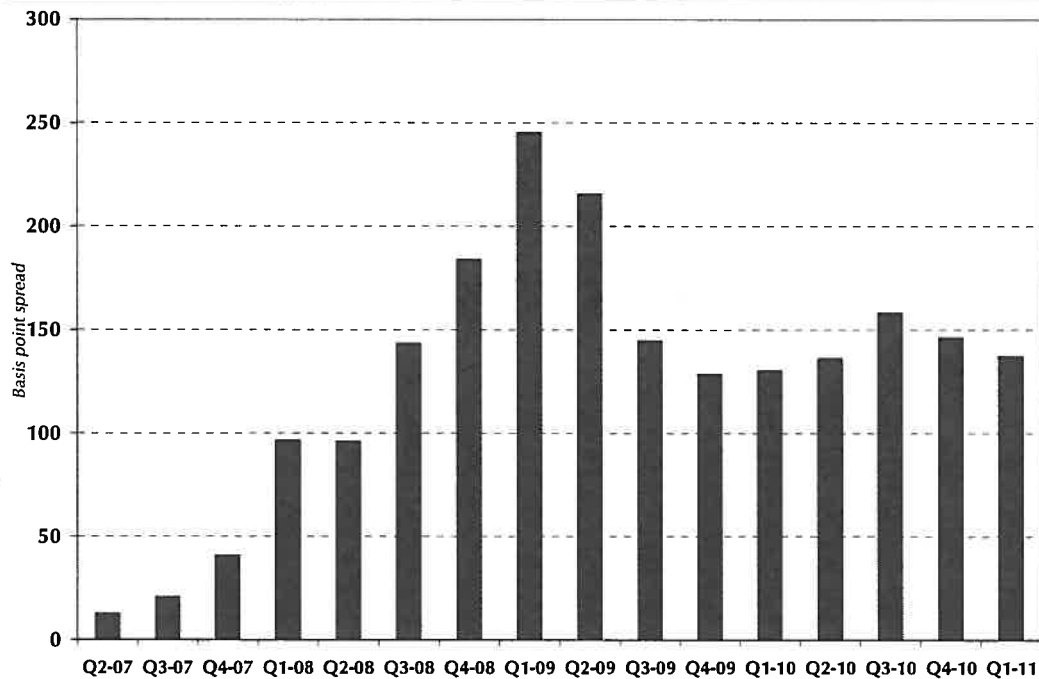
During the March 2011 quarter the main focal point for the interest rate markets in New Zealand was on the tragic events that occurred in Christchurch on 22 February. In response, the Reserve Bank of New Zealand ("RBNZ") cut the Official Cash Rate ("OCR") by 50 basis points to 2.50%. This naturally led to falls in yields across the curve especially in money market and short term swap rates. Medium and longer term rates also fell but by the end of the quarter had reversed some of the losses as higher US bond yields and concerns about inflation induced a sell off in this part of the yield curve. The 5 year swap rate touched a low of 4.23% and the 10 year rate 5.04% in mid March, but by the end of the month were trading at 4.46% and 5.28% respectively. The spread between the 2 and the 10 year swap rate climbed from an 'intra quarter' low of 139 basis points to finish the quarter at 199 basis points.

Against this backdrop MDC's portfolio was able to outperform the benchmark portfolio, this being due to two main reasons. Firstly, MDC's portfolio had a longer duration (2.20 years) than the benchmark portfolio (2.00 years) and in a period of falling yields a portfolio with a longer duration will normally outperform a portfolio with a shorter duration. Secondly MDC had a greater concentration of maturities in the 2012 and 2013 time buckets where it was able to obtain more leverage than the benchmark portfolio did from the fall in rates that occurred after the earthquake. MDC had 46% of its portfolio in these two time buckets whereas the benchmark only had 22% of its maturities there.

As mentioned in the summary there was an additional \$0.5 million to invest but we were not able to identify any suitable investments which met the criteria of acceptable yield, appropriate duration and ability to fit in with the existing portfolio. Accordingly MDC placed \$0.5 million on short term deposit until an appropriate investment was identified. Given the 'high' retail short term deposit rates which MDC was able to access, it has not been disadvantaged by this strategy.

During the March 2011 quarter credit spreads fell slightly due to investor demand combined with a lack of supply from the non-sovereign sector. Since the third quarter of 2009 credit spreads have been very stable as is evidenced by the chart on the following page which depicts the average spread for all NZD denominated bonds (with the exception of the supra-nationals) rated between 'A-' and 'AAA'.

### Spread to swap - Average spread on 'A-' to 'AAA' rated bonds



#### NEW ZEALAND FINANCIAL MARKET OVERVIEW

The first quarter of 2011 started out with a very mild semblance of optimism that the New Zealand economy would improve and that as a result the OCR would have to be increased, with market predictions centered around the first hike occurring mid year. In the text accompanying the OCR Review in late January the RBNZ stated that *"the outlook for the New Zealand economy remains consistent with the projections underlying the December Monetary Policy Statement"*, but that it did see an improvement on the horizon, observing that *"forward indicators of activity have firmed somewhat."*

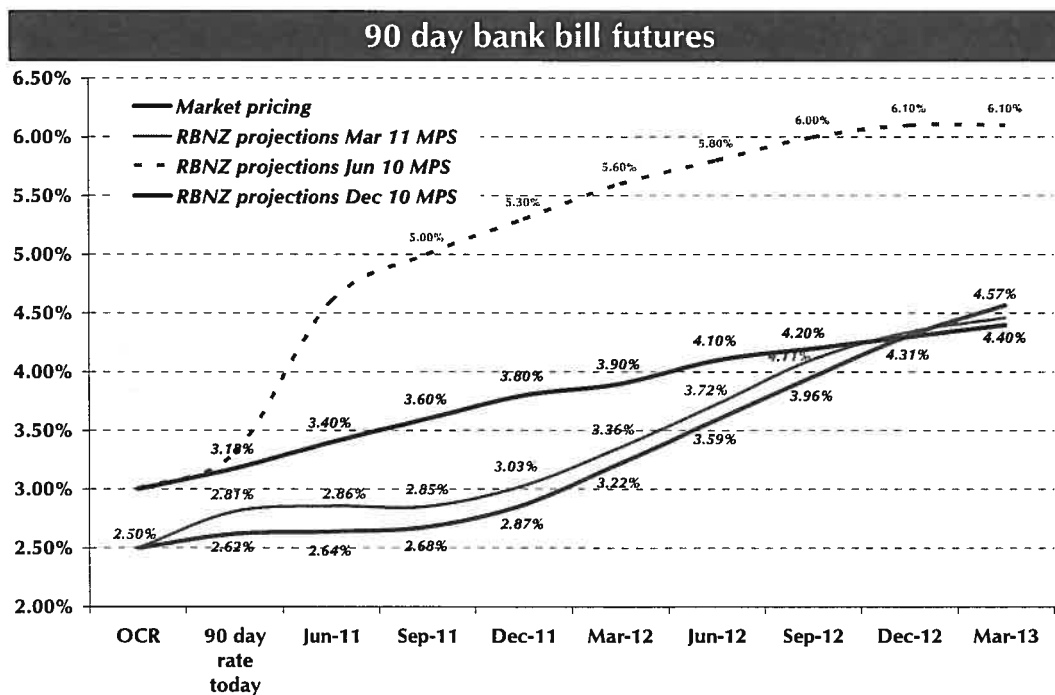
The devastating earthquake in Christchurch changed everything with the outlook turning immediately to one of outright pessimism. However, policymakers were quick to respond with the RBNZ cutting the OCR by 0.50%, back to the 2.50% level seen at the depths of the GFC. The government too recognised the fragility of consumer sentiment and the domestic economy that is not directly connected to commodity exports (effectively milk) with latest indications being that it would target increased borrowings to rebuild Christchurch rather than plunge the economy into recession by the knee-jerk reaction of increasing taxes. Also recent economic data shows the sluggish nature of the economy which both the RBNZ and the government will be concerned about, with GDP increasing by a mere 0.2% in the fourth quarter and for the same period unemployment rising to 6.8%.

The most recent business confidence survey in New Zealand, which was done after the Christchurch and Japan earthquakes showed that the economic outlook for the next 12 months turned pessimistic for the first time since the GFC, with the report highlighting that the fall in sentiment was not localised to the Canterbury region. On the positive side, firms' own expectations remained optimistic with a net 15% expecting better times for their business over the year ahead.

## NEW ZEALAND OUTLOOK

The RBNZ made it clear that in cutting the OCR it acted pre-emptively as an insurance measure and to boost confidence, and that it will likely raise the OCR in 2012 more aggressively than previously forecast. That being said it is unlikely to move until it clearly sees an improvement in the economy and starts to see secondary round inflation effects such as higher wages. Economic activity will take precedence for the RBNZ, rather than short term price pressures.

The chart below shows the futures market expectations for the path of the 90 day bill rate and the RBNZ predictions from the June, December and March MPSs. Both the market and the RBNZ are now on the same page, having both dropped expectations for interest rate rises until the start of next year.





## LOCAL AUTHORITY SECTOR

Bond issuance margins for local authority debt contracted during the quarter, this being a result of unsatisfied investor demand and some positioning by institutions in a pre-emptive move ahead of the Local Government Funding Agency ("LGFA"). The volume of issuance remains well below the appetite for local authority debt that exists at an institutional level and while this situation continues margins may well continue to contract. Details of local authority bond issuance during March are listed below:

- Dunedin City Treasury (rated 'AA') issued 5 year bonds at a margin of 107 basis points over swap.
- Auckland City Council (rated 'AA') issued 2½ year bonds at a margin of 76 basis points over swap and 6 year bonds at a margin of 107 basis points over swap.
- An undisclosed unrated local authority issued 5 year bonds at 130 basis points over swap.

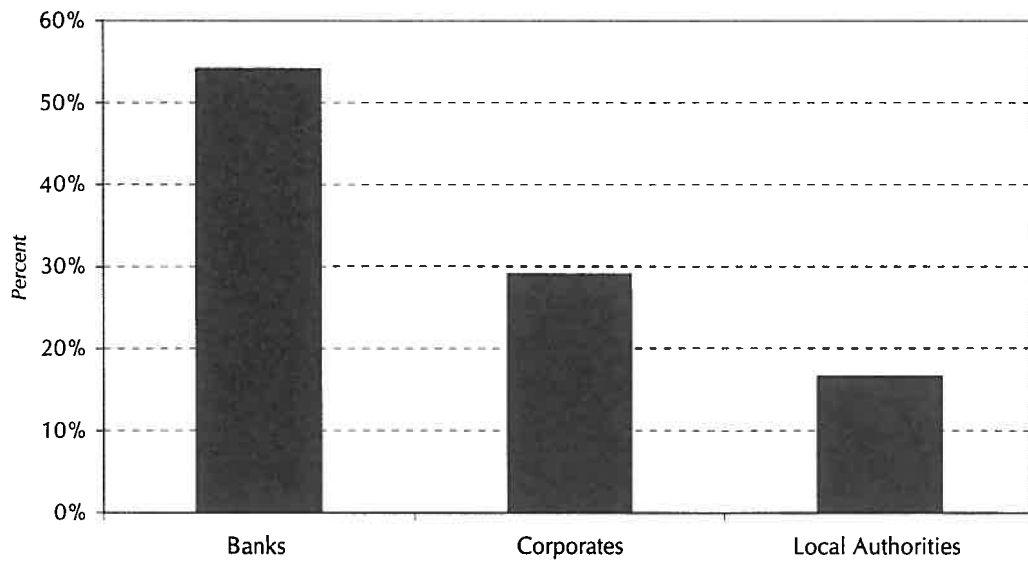
Margins for bank sourced local authority debt have also declined with banks being particularly aggressive in the 1, 2 and 3 year space, as they attempt to regain some market share which they lost to the capital markets. There would also appear to be some pre-LGFA positioning as well from this sector, fearing the effect that the funding vehicle may have if and when it is established.

## POLICY ADHERENCE

- As at 31 March, 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 2.20 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.00 years.
- The asset category percentages comply with the Treasury Policy. These are listed and are depicted in the graph below.

-	Registered Banks	54.16%
-	Corporates	29.17%
-	Local Authorities	16.67%

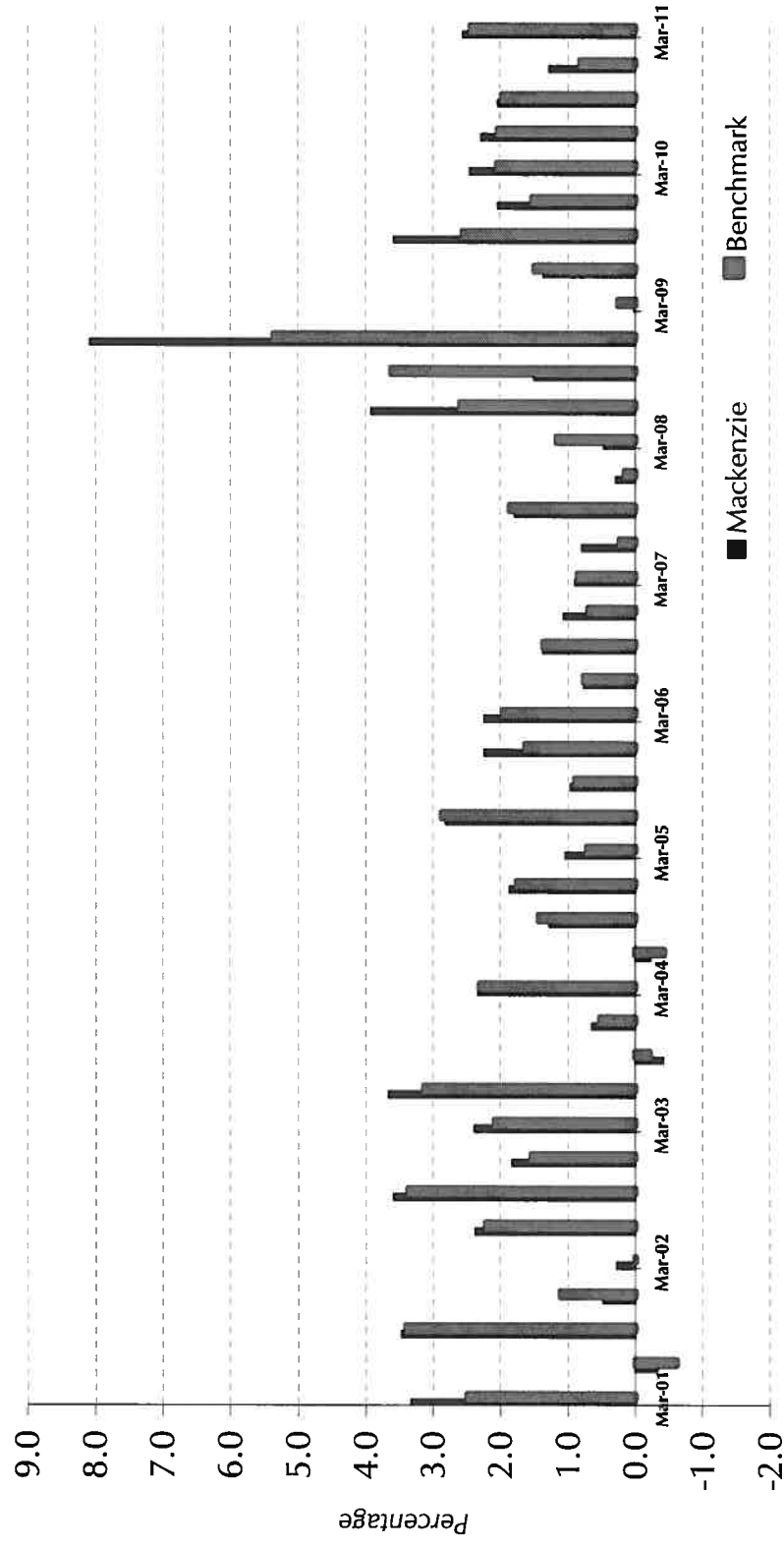
## Mackenzie Asset Category Percentages



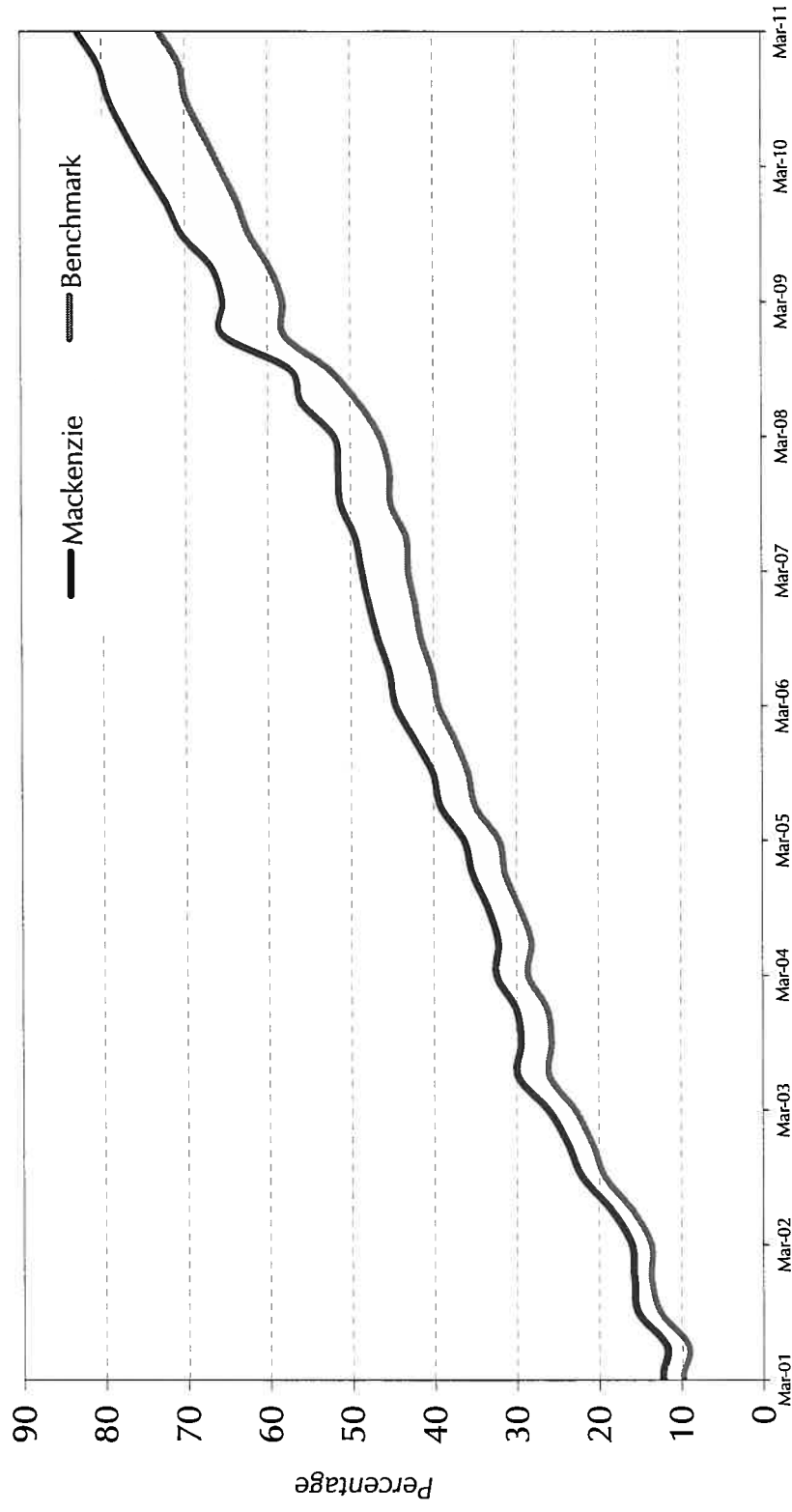
Benchmark	Security	Issue Date	Maturity Date	Coupon	31-Dec-10 Nominal \$	Yield	Value \$	31-Mar-11 Nominal \$	Coupons 01/01/ to 31/03	Yield	Value \$	Effective cash 31/03/2011 \$
	3 month Bank Bill	31-Mar-11	30-Jun-11		1,000,000	3.17	992,244	1,000,000		2.64	993,461	993,461
	AIAL	15-Nov-07	29-Jul-11	6.83	1,000,000	4.84	1,039,938	1,000,000	36,700	3.63	1,021,891	1,058,591
	Toyota Finance	15-Aug-06	5-Aug-11	7.34	1,000,000	3.95	1,049,299	1,000,000	41,150	3.18	1,025,288	1,061,988
	ANZNational (sub)	16-Nov-07	23-Jul-12	8.23	1,000,000	5.96	1,069,335	1,000,000	35,200	5.26	1,052,370	1,093,520
	Westpac	16-Sep-02	28-Nov-13	7.04	1,000,000	5.42	1,049,408	1,000,000		4.72	1,081,198	1,116,398
	Auck CC	20-Apr-04	24-Mar-14	6.42	1,000,000	5.50	1,044,156	1,000,000	32,100	4.68	1,049,101	1,081,201
	Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	5.71	1,047,461	1,000,000		4.87	1,086,206	1,086,206
	BNZ	21-Apr-04	27-May-15	8.67	1,000,000	6.17	1,103,220	1,000,000		5.73	1,136,971	1,136,971
	Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	6.11	1,035,738	1,000,000		5.71	1,069,536	1,069,536
					<u>\$9,000,000</u>		<u>\$9,430,799</u>	<u>\$9,000,000</u>	<u>\$145,150</u>		<u>\$9,516,021</u>	<u>\$9,697,871</u>
Value as at 31/12/2011												
							\$9,430,799			31/03/2011		9,516,021
										Coupons		145,150
										Net Purchases/Sales		0
												9,661,171
										Effective change in cash		\$230,373
										% change		2.44%
										Duration-years		2.00

Mackenzie District Council											
Security	Issue Date	Maturity Date	Coupon	31-Dec-10 Nominal \$	Yield	Value \$	31-Mar-11 Nominal \$	Coupons 01/01/ to 31/03	Yield	Value \$	Effective Cash 31/03/2011 \$
WESTPAC	18-Apr-08	18-Apr-11	8.87	500,000	3.82	516,345	500,000		2.87	521,440	521,440
FONTERRA	30-May-05	21-Apr-11	6.64	500,000	3.84	510,643	500,000		2.92	515,737	515,737
TELSTRA	24-Nov-04	24-Nov-11	6.99	500,000	4.20	515,709	500,000		3.36	523,790	523,790
ANZ NATIONAL sub	2-Mar-07	2-Mar-12	7.60	250,000	5.85	261,141	250,000	9,500	5.02	257,218	266,718
ANZ NATIONAL sub	23-Jul-07	23-Jul-12	8.23	500,000	5.96	267,334	250,000	10,287	5.26	263,092	273,379
MORGAN STANLEY	6-Sep-05	6-Sep-12	6.86	500,000	6.03	517,468	500,000	17,150	5.03	514,797	531,947
ANZ NATIONAL	18-Apr-08	18-Apr-13	9.66	500,000	8.17	525,021	500,000		7.75	539,502	539,502
BNZ	27-May-08	27-May-13	8.56	500,000	5.15	542,103	500,000		4.46	556,335	556,335
ASB	16-Jul-08	16-Jul-13	8.52	500,000	5.25	557,885	500,000	21,300	4.53	551,686	568,473
MERRILL LYNCH	4-Sep-05	4-Sep-13	7.16	250,000	6.45	260,099	250,000	8,950	5.65	259,747	268,697
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	4.08	232,700	250,000	2,514	4.02	234,876	237,390
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	6.09	515,222	500,000	16,225	5.28	519,546	535,771
BNZ	27-May-08	27-May-15	8.67	500,000	6.17	551,610	500,000		5.73	568,485	568,485
MANUKAU CC	27-Sep-10	27-Sep-17	6.52	250,000	6.43	255,460	250,000	8,150	5.93	258,025	266,175
MANUKAU CC	27-Sep-10	27-Sep-17	6.52	250,000	6.43	255,460	250,000	8,150	5.93	258,025	266,175
				\$5,500,000		\$6,284,200	\$6,000,000	\$102,226		\$6,342,301	\$6,440,013
Value 31/12/2010											
						\$6,284,200					
							Value 31/03/2011				6,342,301
							Coupons				102,226
							Net purchases/sales/maturities				6,444,527
							Effective change in cash				\$160,326
							% change				2.55%
							Duration-Years				2.20

## Mackenzie vs Benchmark - Quarterly



## Mackenzie vs Benchmark - Cumulative



# **TEKAPO PROPERTY GROUP**

## **TERMS OF REFERENCE**

### **1. Purpose**

The purpose of the work described in these Terms of Reference is to develop lakefront land commonly known as VC1 and VC2 land that allows Tekapo township to grow and develop.

### **2. Scope**

To achieve the purpose of this Terms of Reference, the Tekapo Property Group shall action or undertake the following:

- a) Develop appropriate plans, concepts and prepare the appropriate design and planning work necessary for a high quality development of the VC1 and VC2 land.
- b) Undertake the necessary consultation with interested parties of the VC1 and VC2 land and endeavour to achieve the aims of all parties by conciliation and negotiation. This consultation will include situations where the decision required to be made by the Tekapo Property Group may not provide a financial return but will demonstrate a strong corporate citizen ethic.
- c) Seek appropriate legal and professional advice.
- d) Ensure all statutory requirements are met as well as ensuring all ethical and moral issues that arise are dealt with in a professional and transparent manner.
- e) The Tekapo Property Group will establish the pricing for the sale of land.

### **3. Delegations**

The Tekapo Property Group is a subcommittee of Council's Finance Committee.

The Tekapo Property Group have the following delegations:

- a) The authority to commit the Council to defined contract items to the value of \$10,000 (Ten Thousand Dollars + GST) without the need to consult with Council.
- b) The Council must approve all contracts over that value.
- c) Negotiate to the stage where agreement can be signed. Council retains final signing rights of any contracts for sale.
- d) All opportunities relating to the leasing of land or improvements with tenants of the VC1 and VC2 will be approved by the Council.

### **4. Reporting**

The Tekapo Property Group is required to report to the Council on a quarterly basis but more frequently where delegation authorities are required to be exceeded.

## **5. Project Team Member Remuneration**

All members of the Project Team will be eligible for mileage claims as paid to Council elected members.

## **6. Tekapo Property Group**

The membership of the Group shall be appointed by Council in the first instance. The Group can co-opt members.

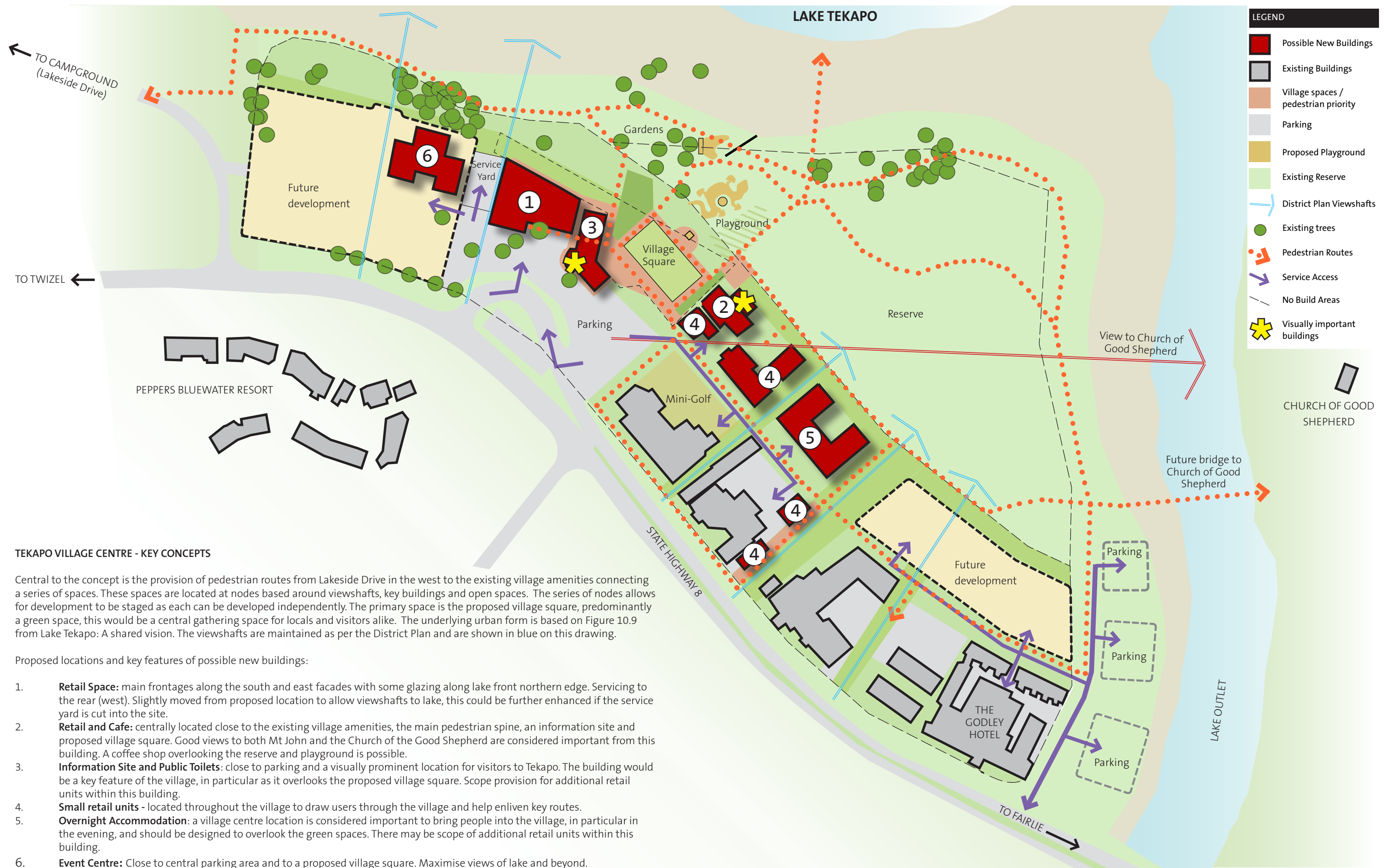
## **7. Finances of the Project Team**

By the 28<sup>th</sup> February in any year the Tekapo Property Group will outline its projected expenditure and revenues for the coming 12 month budget period ending 30 June for the Council. Funding will be allocated as per the budget process and will be ratified by the Council adoption of the budget.

## **8. Tekapo Property Group**

- a) The Tekapo Property Group should hold such meetings at such times at places as it shall from time to time appoint. The rules regulated in the proceedings of the Project Team should be those set out in NZS 9202: 2003, "Model Standing Orders for Meetings of Territorial Authorities, Regional Councils and Community Boards" as adopted by the Council.
- b) Councillors are entitled to attend all meetings. Councillors do not have speaking or voting rights at meetings. The Chairman may allow Councillors to speak by invitation.
- c) Tekapo Property Group agendas will normally be issued as public excluded due to the commercially sensitive information contained within them.





# MACKENZIE DISTRICT COUNCIL

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** UNBUDGETED EXPENDITURE PRELIMINARY SUBDIVISION  
EXERCISE TEKAPO

**MEETING DATE:** 24 MAY 2011

**REF:** LAN 3/3

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED BY:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

For Council to decide whether to approve unbudgeted expenditure of up to \$32,718.16 plus GST and disbursements to undertake a proposed preliminary subdivision exercise for Tekapo land.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That Council approve unbudgeted expenditure of up to \$32,718.16 plus GST and disbursements to undertake a proposed preliminary subdivision exercise for Tekapo land.



**PAUL MORRIS**  
**MANAGER – FINANCE & ADMINISTRATION**

**GLEN INNES**  
**CHIEF EXECUTIVE OFFICER**

## **ATTACHMENTS:**

Appendix 1: Boffa Miskell for proposal Tekapo subdivision fee letter.

## **BACKGROUND:**

Council has a significant land holding in Tekapo that it wishes to develop or make available for development. This is the area of land commonly referred to as VC1 and VC2 land. VC1 land encompasses the area on the lakeside of the existing Tekapo township while the VC2 land incorporates the area currently occupied by the Squash Courts, the YHA and the old tenanted sites.

An informal group has been established to push forward development ideas for Tekapo. This group, the Tekapo Property Group, has developed a staged approach to move development forward for Council.

The proposed steps forward are detailed as follows:

<b>Step</b>	<b>Action Taken to Date</b>
Agree to support Boffa Miskell concept	The Council agreed to fund an initial fee to engage Boffa Miskell to undertake a high level concept design. This has been completed.
Communication with key existing and potential stakeholders	The Council continues to discuss options with purchases/tenants as to the best way forward that fits a sustained development at Tekapo.
Undertake preliminary services infrastructure, scoping, design and budget.	
Complete high level project feasibility.	
Advance discussions with existing and potential stakeholders.	
Ascertain appetite for new tenants/developers via press release.	
Revisit/update project feasibility.	
Consider investment and funding options.	
Proposals to Council for consideration and decision.	

The property group has completed the first two stages. To undertake the next stage in the process an estimated \$25,018 to \$32,718.16 plus GST plus disbursements is required. This has not been budgeted in either the 2011 year or the budget for 2012.

Appendix 1 provides the detail of the work proposed to be undertaken.

## **SIGNIFICANCE OF THE DECISION REQUIRED:**

The decision is considered to be a routine decision.

## **CONCLUSION:**

To continue the progress made to date regarding developing Council's land at Tekapo, Council should approve the unbudgeted expenditure for Boffa Miskell's proposal for Tekapo subdivision fee.

Unit E  
15 Sir Gil Simpson Drive  
Burnside  
Christchurch  
New Zealand

PO Box 110  
Christchurch 8140  
New Zealand

Tel: 64 3 366 8891  
Fax: 64 3 365 7539  
www.boffamiskell.co.nz

14 April 2011

Cr Peter Maxwell  
Mackenzie District Council  
C/o RD Hughes Developments Ltd  
P.O. Box 848  
CHRISTCHURCH 8140

Boffa Miskell



Dear Peter

**RE: TEKAPO – subdivision fee letter**

Following your request for preliminary subdivision exercise including scoping of services and infrastructure, we have been in contact with Jason Bolitho of Milward Finlay Lobb (MFL) in Timaru to jointly undertake this project. In the table below I have outlined the estimated stages, timescale and fee for the project. Our total fee estimate to undertake this work is in the range of \$25,018.16 to \$32,718.16 plus GST and disbursements.

Stage	Responsibility & timeframe	Tasks	Fee Range	
Stage One	MFL (complete within two weeks of instruction)	Survey fieldwork and production of topographical / contour plan	\$3,520.00	\$3,520.00
Stage Two	BM (two weeks on receipt of contour plan)	Prepare concept plan in CAD based on the contour plan	\$3,998.16	\$3,998.16
Stage Three	MFL (four weeks from receipt of CAD plan)	Search the existing service record. Concept Design for the extension of the following services: <ul style="list-style-type: none"> <li>• potable water</li> <li>• foul sewer</li> <li>• storm water</li> <li>• power and telecom (concept and liaison with utility providers)</li> <li>• roading and pavement levels and integration with existing</li> <li>• earthworks and retaining structures if required</li> </ul>	\$11,000.00	\$15,400.00
Stage Four	MFL	Preliminary Construction Cost estimates for budgeting	\$5,500.00	\$8,800.00
Project Management	BM	Project management, co-ordination and BM review	\$2,150.00	\$2,150.00
<b>Total plus GST and disbursements</b>			<b>\$25,018.16</b>	<b>\$32,718.16</b>

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[www.boffamiskell.co.nz](http://www.boffamiskell.co.nz)

**Notes:**

- MFL has allowed for only minimal consultation with Mackenzie District Council and Environment Canterbury staff to the end of the conceptual design stage.
- MFL anticipate that there will be at least three possible design solutions for the foul sewer network, each of which will require investigation for suitability and value for money.
- The preliminary construction costs would be developed during the project timeframe above and would be finalised once the subdivision plan is agreed with Council.
- A detailed landscape plan is not included within the subdivision plan.
- We would estimate disbursements to be approximately 9% of the fee above.



We look forward to progressing this project with you. If you require any additional information on the above please do not hesitate to contact me.

Yours sincerely  
**BOFFA MISKELL LTD**



**Jeanette Fitzsimons**  
**Urban Designer**

cc: Steven Gubb, RD Hughes Development Ltd



# Alps2Ocean Cycle Trail – Governance Structure

19 APR 2011

## SUBMISSION FORM

I support/~~oppose~~ the intention of the Mackenzie District Council to establish a company, with Waitaki District Council to operate the Alps2Ocean Cycle trail.

I support/~~oppose~~ the Mackenzie District Council establishing a joint committee with Waitaki District Council to monitor the construction of the Alps2Ocean Cycle Trail and to look after the Councils' interest in the joint venture company on an ongoing basis, subject to the following being resolved, see (a) + (b) below.

My reasons for supporting/~~opposing~~ these proposals are as follows:

\* The CCO structure makes logical sense. Both Councils can own and operate the Cycle Trail as if it were an extension of their Parks + Reserves.

\* It provides limited liability to ratepayers if things do not go to plan.  
However: (a) – Joint committee must have elected members representing key stakeholders in the area as well as the respective Tourism Agencies. It cannot be fully controlled by Council Staff / Councillors.

(b) – Discussion needs to be held on how the CCO will operate; in particular:  
I do/~~do not~~ wish to be heard in support of my submission at the Council meeting in Fairlie on 17<sup>th</sup> May 2011. how revenue will be earned to meet the operational requirements of the cycle trail.

Name: Andrew Hocken

Address: Po Box 17202; Greenlane 1546. Auckland.

Phone/Email: 09-5792202. 021-822969. andrew.hocken@ihug.co.nz

Please address your submission to:

The Chief Executive Officer  
Mackenzie District Council


P O Box 52

FAIRLIE

Or email to [submission@mackenzie.govt.nz](mailto:submission@mackenzie.govt.nz)

Closing date Monday 2 May 2011.

Summary.  
The government has given both Districts a tremendous opportunity to increase visitor numbers to the area. The \$2-75m must be spent wisely with the Cycle Trail business managed and operated to a very high standard. The Committee must have representatives from the tourism industry and local business people!

Signed.   
15/4/11.

# MACKENZIE DISTRICT COUNCIL

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** AMENDMENT TO DELEGATIONS MANUAL

**MEETING DATE:** 24 MAY 2011

**REF:** PAD 10/4

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

For Council to decide whether to delegate certain powers to staff.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That Council delegates authority to the Chief Executive Officer to undertake on Council's behalf the powers and functions described below

### **Local Government (Rating) Act 2002**

Section 35(b)	Authority to remove names from the Rating Information Database (RID).
Section 41	Authority to issue amended rates assessments.
Section 42(3)	Authority to fix interest rates to be charged on additional rates.
Section 48	Authority to issue rates invoices with rates assessments.
Section 50	Authority to issue invoices based on previous years rates.

### **Rating Valuations Act 1998**

Section 14 and Section 16	Authority to determine whether a new valuation will be provided upon request from an owner or ratepayer.
Section 34(4)	Authority to determine to alter a valuation or decline to alter a valuation.

and further allows the Chief Executive Officer power to delegate these powers and functions to the Manager, Finance and Administration.

3. That in the interests of efficiency the Manager, Finance and Administration is authorized to sub-delegate to the Revenue Officer the following powers and functions.



**Local Government (Rating) Act 2002**

Section 35(b)	Authority to remove names from the Rating Information Database (RID).
Section 41	Authority to issue amended rates assessments.
Section 48	Authority to issue rates invoices with the rates assessments.

**Rating Valuation Act 1998**

Section 14 and Section 16	Authority to determine whether a new valuation will be provided upon request from an owner or ratepayer.
Section 34(4)	Authority to determine whether to alter a valuation or to decline to alter a valuation.

**PAUL MORRIS****MANAGER – FINANCE & ADMINISTRATION****GLEN INNES****CHIEF EXECUTIVE OFFICER**

## **ATTACHMENTS:**

None.

## **BACKGROUND:**

The Revenue Officer has undertaken a review of relevant sections relating to Council's delegations under the Local Government (Rating) Act 2002 and Rating Valuation Act 1998. There are however some gaps that need to be filled. It is therefore recommended that the Delegations Manual be amended to incorporate the following.

Council delegates authority to the Chief Executive Officer to undertake on Council's behalf the powers and functions described below

### **Local Government (Rating) Act 2002**

Section 35(b)	Authority to remove names from the Rating Information Database (RID).
Section 41	Authority to issue amended rates assessments.
Section 42(3)	Authority to fix interest rates to be charged on additional rates.
Section 48	Authority to issue rates invoices with rates assessments.
Section 50	Authority to issue invoices based on previous years rates.

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Section 34(4)	Authority to determine to alter a valuation or decline to alter a valuation.

and further allows the Chief Executive Officer power to delegate these powers and functions to the Manager, Finance and Administration.

## **Further Delegations:**

In the interests of efficiency the Manager, Finance and Administration is authorized to sub-delegate to the Revenue Officer the following powers and functions.

### **Local Government (Rating) Act 2002**

Section 35(b)	Authority to remove names from the Rating Information Database (RID).
Section 41	Authority to issue amended rates assessments.
Section 48	Authority to issue rates invoices with the rates assessments.

### **Rating Valuation Act 1998**

Section 14 and Section 16	Authority to determine whether a new valuation will be provided upon request from an owner or ratepayer.
Section 34(4)	Authority to determine whether to alter a valuation or to decline to

	alter a valuation.
--	--------------------

**SIGNIFICANCE OF DECISION REQUIRED:**

The decision required is considered to be routine.

**CONCLUSION:**

It is recommended that the above delegations be approved and the Delegation Manual be adjusted accordingly.

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** ALPINE ENERGY LIMITED – DRAFT STATEMENT OF CORPORATE INTENT 2011-2014

**MEETING DATE:** 24 MAY 2011

**REF:** FIN 9/3/3

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED BY:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

As part of the Targets and Objectives placed on Council in the Commercial Activities in the LTCCP, the Council is required to review the Statement of Corporate Intent for Alpine Energy Limited on an annual basis.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That the draft Statement of Corporate Intent for the year ended 30 June 2011 and two subsequent years be adopted.



**PAUL MORRIS**  
**MANAGER – FINANCE & ADMINISTRATION**

**GLEN INNES**  
**CHIEF EXECUTIVE OFFICER**

## **ATTACHMENTS:**

Appendix 1: Draft Statement of Corporate Intent for Alpine Energy Limited.

## **BACKGROUND:**

The draft Statement of Corporate Intent (SCI) for Alpine Energy Limited (AEL) has been provided to the shareholders. The SCI will be formally adopted and issued by AEL, subject to shareholder comments before 30 June 2011. The last day for comments on the draft SCI is 31 May 2011. It appears that this year there will be no meeting to approve the SCI.

The SCI for the 2011/14 period is consistent with those presented in previous years. AEL has, over the past few years, experienced large growth in demand and as such its current network configuration requires a significant capital injection. This cannot be phased and is a step change. AEL will need to borrow to achieve this goal.

The ordinary dividend will remain at 18.3 cents per share or 90% of consolidated tax paid profit (excluding customer capital contributions), whichever is greater. This is consistent with last year's SCI. This level is predicted to remain consistent out to 2014 and is consistent with last year's SCI.

## **CONCLUSION:**

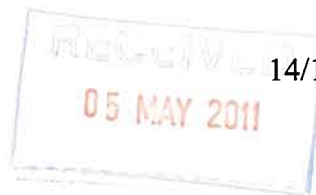
I recommend that the Council approves the Statement of Corporate Intent as presented.



# ALPINE ENERGY

DELIVERING ENERGY TO YOU

Alpine Energy Limited  
Meadows Road, Washdyke  
P.O. Box 530, Timaru, New Zealand  
Telephone (03) 687-4300  
Facsimile (03) 684-8261  
email: mailbox@alpineenergy.co.nz



RJH

14/1, 66/1, 65/1

5 May 2011

## Shareholders

The General Manager, Timaru District Holdings Limited, P O Box 522, Timaru

The Chief Executive, Waimate District Council, P O Box 122, Waimate

The Chief Executive, Mackenzie District Council, P O Box 52, Fairlie

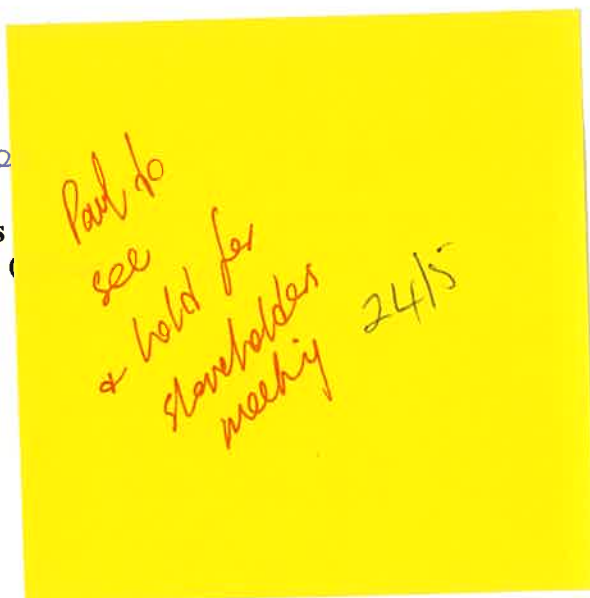
Mr T Simpson, Secretary, LineTrust South Canterbury, P O Box 540, Timaru

## Draft Statement of Corporate Intent 2011-14

Please find attached the Draft Statement of Corporate Intent 2011-14.

Yours faithfully

PP **Andrew Tombs**  
Chief Executive





**ALPINE ENERGY LTD**

**STATEMENT OF  
CORPORATE INTENT**

**2011/14**

March 2011

## **ALPINE ENERGY LIMITED**

### **2011 STATEMENT OF CORPORATE INTENT**

Alpine Energy Limited (the "Company") is an energy company (as that term is defined in the Energy Companies Act 1992). The Company's growth opportunities have been developed according to the Electricity Industry Reform Act 1998. This statement of corporate intent sets out the overall intentions and objectives for the Company for the trading period of 1 April 2011 to 31 March 2012 and the two succeeding financial years.

#### **(a) The Objectives of the Company**

##### **■ Mission**

To ensure continuing commercial success by:

- Providing safe, efficient, reliable and cost-effective energy delivery that promotes efficient and sustainable energy use.
- Encouraging the use of and utilising natural resources to support the production and consumption of electricity.
- Providing asset management services.

##### **■ Business Plan Goals**

###### **- Shareholders**

To pursue business policies which will maximise the value of the company in the medium and long term.

###### **- Customers**

To provide customers with the safe, efficient, economic and reliable delivery of energy and services.

###### **- Efficient Use Of Resources**

To promote energy efficiency and effective utilisation of resources under our management.

###### **- Human Resources**

To be regarded as a fair and reasonable employer in our region and a company for whom staff are proud to work.

###### **- Public and Social Responsibility**

To be a law abiding and responsible company.



**(b) Nature and Scope of Activities to be Undertaken**

The Company's business will primarily be that of quality energy delivery, water resource utilisation, and infrastructure asset ownership and management.

The Company, through a subsidiary company, NetCon Limited, is also involved in contracting activities which support and develop the Business.

Consistent with its objectives the Company will pursue activities designed to ensure the efficient utilisation of its capital assets and human resources.

Opportunities for investment in activities consistent with its Mission, will be investigated by the Company.

The Company will consult with its shareholders on any proposed investment in activities other than the safe, efficient, reliable and cost effective delivery of energy.

**(c) Proprietorship Ratio**

The ratio of shareholders' funds to total assets will be maintained at not less than 50 percent.

Total assets will comprise all the recorded tangible assets of the Company at their value as defined in the Company's statement of accounting policies.

Consolidated shareholders' funds of the Company will comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves.

**(d) Accounting Policies**

The Company's accounting policies will comply with the legal requirements of the Companies Act 1993 and be consistent with generally accepted accounting principles. Financial statements will conform to the Financial Reporting Standards as required by the Financial Reporting Act 1993.

The Company's electricity distribution network has been maintained to a sustainable standard while being depreciated in the financial accounts.

Details of the current accounting policies and their application are contained in Appendix A.

(e) **Financial Performance Targets**

The Company has developed financial performance targets to be used to instigate productivity improvements in each of the main business units and these will comprise specific measurable standards monitored for each unit. The following performance measures have been established for the Group:

	2011/12	2012/13	2013/14
(i) The ratio of net profit after tax to shareholders funds:	7.5%	7.5%	7.5%
Note: A ratio in the range of 7% to 8% is acceptable.			
(ii) Net Tangible Assets per Share:	\$2.60	\$2.70	\$2.75
(iii) Earnings per Share:	24.4 cents	23.7 cents	23.9 cents
(iv) Ordinary Dividend per Share:	18.3 cents	18.3 cents	18.3 cents

**Financial Projections**

	\$M	\$M	\$M
Revenue	45.0	46.7	48.5
Operating Expenses	31.6	33.6	35.4
Operating Surplus before Tax	13.4	13.1	13.1
Income Tax	3.4	3.3	3.3
<b>Net Operating Surplus after Tax</b>	<b>10.0</b>	<b>9.8</b>	<b>9.8</b>
<b>Shareholders' Funds</b>	<b>111.3</b>	<b>113.4</b>	<b>115.6</b>
Current Assets	4.9	5.5	5.9
Non-current Assets	150.6	161.4	171.3
Total Assets	155.5	166.9	177.2
Current Liabilities	9.8	10.6	11.2
Non-current Liabilities	34.4	42.9	50.4
Total Liabilities	44.2	53.5	61.6
<b>Net Assets</b>	<b>111.3</b>	<b>113.4</b>	<b>115.6</b>
<b>Customer Capital Contributions</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>
<b>Capital Expenditure</b>	<b>21.2</b>	<b>16.3</b>	<b>15.7</b>

**(f) Operating Performance Targets**

The Company has developed annual operating performance targets to show how its quality of service to customers and consumers is focussed. Apart from the consequences of extreme weather events, Alpine Energy seeks to be in the top quartile of New Zealand line companies and its annual operating targets below are based on this criteria.

- (i) Electricity Line Losses < 6% per year
- (ii) Average Interruption Duration (SAIDI) < 180 minutes of interruption p.a.
- (iii) Average Interruption Frequency (SAIFI) < 1.5 interruptions per customer

**(g) Dividend Distribution Policy**

The Company will, subject to a solvency certificate being signed by Directors, distribute to its Shareholders either the target dividend shown under Section (e) (iv), or not less than 90% of Group Profits from Operations, excluding customer capital contributions, whichever is the greater.

The Board of Directors of the Company will include within its report on the operations of the Company (prepared after the end of each financial year) a statement recommending the maximum amount of dividend (if any) payable by the Company in respect of its equity securities.

Quarterly interim dividends will be paid out on 30 September, 31 December, 31 March and the final dividend on 31 July subject to completion of the Annual General Meeting.

**(h) Information to be Provided to Shareholders**

The Company will provide information which complies with the requirements of the Companies Act 1993, the Energy Companies Act 1992, and the Financial Reporting Act 1993. The following information will be available.

Half yearly reports will be delivered to the Company's shareholders within 2 months after the end of each reporting period. These reports will comprise:

- (i) a report from the directors covering the operations for the half year period, including significant activities of the Company in regard to its associate company investments; and
- (ii) financial statements, including a statement of financial position and a statement of profit and loss.

Annual reports will be delivered to the Company's shareholders within three months of the end of each financial year and will comprise:

- (i) a report from the directors covering the operations for the year, including significant activities of the Company in regard to its associate company investments;
- (ii) audited consolidated financial statements for the financial year in respect of the Company and its subsidiaries (if any);
- (iii) auditors' report on the financial statements and the performance targets (together with other measures by which performance of the Company has been judged in relation to the Company's objectives).

The Company's audited consolidated financial statements will comprise the following:

- \* Income Statement
- \* Balance Sheet
- \* Statement of cash flows
- \* Statement of changes in equity
- \* Details of all transactions entered into during the financial year by the Company or any of its subsidiaries and certain other bodies
- \* Such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries (if any), the resources available to it or them and the financial results of the operations.

Information for disclosure for the separated line and energy businesses prepared for the purposes of the Electricity (Information Disclosure) Regulations 1994 will be delivered to the Company's shareholders within three weeks of the information being published in the New Zealand Gazette.

Draft statements of corporate intent will be delivered to the Company's shareholders within one month of the end of each financial year.

Shareholders may request further information or reports from the Directors, and the Company shall supply this information to all Shareholders in such manner as shall from time to time be agreed between the Company and Shareholders.

(i) **Procedures for Acquisition of Interests in Other Companies or Organisations**

As a general policy, any proposed investment by the Company in other companies or organisations will be required to meet the weighted average cost of capital (WACC) of the investments being considered, which shall reflect the market cost of debt and the market cost of equity.

All investment proposals will be considered by the Company's Board of Directors and in respect of any acquisition which has a value greater than 5% of the value of the total assets of the Company, as disclosed in the statement of financial position published in the preceding annual report of the Company, recommendations will be made for shareholders approval.

**(j) Transaction Details**

The following information is disclosed in terms of Section 39(2)(i) of the Energy Companies Act 1992:-

- Contractual arrangements with the District Councils include:-
  - \* Development, installation and maintenance of community lighting facilities.
  - \* Road and Footpath Sealing:- re-sealing of cable trenches and restoration of footpaths etc after underground cabling and new subdivisions.
  - \* Negotiation of a contribution towards the overhead line to underground conversion programme.

All transactions between the Company and its Shareholder District Councils will be conducted on a commercial basis. Charges between the parties made for services provided as part of the normal trading activities of the Company, are incorporated into the operating costs and revenues of the Company.

**(k) Further Matters**

The Company intends to investigate, consider and if appropriate, acquire interests in electricity lines related activities to the extent that such opportunities become available to the Company.

The maintenance and development of the total reticulation system of the Company will be a prime responsibility for the Company and shall be charged for on a fair and reasonable basis while acknowledging that some cross subsidisation among customers may occur.

-----❖-----



## APPENDIX A

### STATEMENT OF ACCOUNTING POLICIES

Financial statements will be prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They will comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

#### **(a) Basis of preparation**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies will be consistently applied to all the periods presented, unless otherwise stated.

##### *Entities reporting*

The financial statements for the "Parent" are for Alpine Energy Limited as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising Alpine Energy Limited, and its subsidiaries and associates.

The Company and Group are designated as profit oriented entities for financial reporting purposes.

##### *Statutory base*

Alpine Energy Limited is a company registered under the Companies Act 1993.

The financial statements are prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

##### *Functional and presentation currency*

The Company's and Group's financial statements are presented in New Zealand dollars, which is the Company's and Group's functional and presentation currency.

##### *Historical cost convention*

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

#### **(b) Critical accounting estimates and judgements in applying the entity's accounting policies**

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

Estimates and underlying judgments are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

#### **(c) Principles of consolidation**

##### *(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alpine Energy Limited and the results of all subsidiaries for the year. Alpine Energy Limited and its subsidiaries together are referred to in financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries will be changed where necessary to ensure consistency with the policies adopted by the Group.

*(ii) Associates*

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates will be changed where necessary to ensure consistency with the policies adopted by the Group.

Associates are accounted for at cost in the Parent financial statements.

**(d) Revenue recognition**

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

*(i) Sales of goods*

Sales of goods are recognised when a Group entity has delivered a product to the customer. Retail sales are usually in cash or by bank transfer. The recorded revenue is the gross amount of sale.

*(ii) Sales of services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*(iii) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*(iv) Construction contracting*

Contract revenue and expenses related to individual construction contracts are recognised on completion of each contract.

*(v) Rental income*

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

*(vi) Dividend income*

Dividend income is recognised when the right to receive payment is established.

*(vii) Grants*

Assets constructed for which a government grant is received are recorded net of the grant. Grants received are recognised in the Income Statement when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

**(e) Capital and operating expenditure**

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure is that expenditure incurred in maintaining and operating the property, plant and equipment and investment properties of Alpine Energy Limited.

**(f) Taxation**

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable on the taxable profit from the current year, plus any adjustments to income tax payable in respect of the prior year. Current tax is calculated using rates that have been enacted or substantially enacted by balance date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference



is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**(g) Goods and Services Tax (GST)**

The Income Statement is prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

**(h) Leases**

*(i) The Group is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

*(ii) The Group is the lessor*

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**(i) Impairment of non financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortization and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(j) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(k) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

#### **(l) Investments and other financial assets**

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

##### *(i) Financial assets at fair value through profit and loss*

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

##### *(ii) Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

##### *(iii) Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

##### *(iv) Available for sale financial assets*

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset of a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

#### **(m) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### **(n) Inventories**

Inventories are stated at the lower of average cost and net realisable value.

**(o) Contract work in progress**

Contract work in progress is stated at cost less amounts invoiced to customers. Cost includes all expenses directly related to specific contracts.

**(p) Investment properties**

The initial cost of investment properties is the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Investment properties are revalued annually, using the fair value approach, by an independent registered valuer who has a working knowledge of the location and category of the investment property. Fair value gains and losses are recognised in the Income Statement.

**(q) Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using diminishing value income tax rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

- Buildings 1% - 2.5%
- Plant and Equipment 7.5% - 50%
- Motor vehicles 15% - 26%
- Reticulation system 1.4% - 10%

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**(r) Non-current assets held for sale**

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the income statement.

**(s) Intangible assets**

*Software costs*

Software costs have a finite useful life. Software costs are capitalised and written off over the useful economic life of 2 to 5 years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.



Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

#### *Easements*

Assets sited on easements will normally be renewed at the end of their economic life in the same location that they are currently housed. On this basis the easement itself has an infinite life. Easements are recorded at cost and are tested annually for any sign of impairment.

#### **(t) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(u) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **(v) Share Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **(w) Provisions**

Provisions for legal claims, service warranties and rental obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### **(x) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for nonaccumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

#### **(y) Dividends**

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to the Company shareholders is recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

**(z) New standards and interpretations not yet adopted**

The Company only adopts new accounting standards once they have been issued and are effective.

DRAFT

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE  
**SUBJECT:** CIVIC ASSURANCE STATEMENT OF INTENT 2011  
**MEETING DATE:** 24 MAY 2011  
**REF:** FIN 1/4/3  
**FROM:** MANAGER – FINANCE AND ADMINISTRATION  
**ENDORSED:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

To provide Council with Civic Assurance Statement of Intent for the year ended 31 December 2011 and the two subsequent years.

## **STAFF RECOMMENDATIONS:**

1. That the report is received, and the information noted.

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

## **ATTACHMENTS:**

Appendix 1: Civic Assurance 2011 Statement of Intent.

## **BACKGROUND:**

Civic Assurance provide insurance and superannuation services to the local government sector.

Currently Civic Assurance provide cover for Council in the following areas.

<b>INSURANCE TYPE</b>	<b>WHAT DOES IT COVER?</b>
<b>Fidelity Guarantee</b>	<i>“Indemnifies the Insured for loss of money or other property through any fraudulent or dishonest act or acts committed by Employees and Elected Representatives acting alone or in collusion with others.”</i>
<b>Civil Defence</b>	<i>“Indemnifies the Insured for emergency civil defence costs arising out of or in connection to a civil defence event.”</i>
<b>Motor Vehicles</b>	<i>“Indemnifies the insured for accidental loss or damage to all vehicles, mobile plant and equipment, vehicular equipment and similar assets owned, used, hired, leased or under the care, custody and control of the Insured.”</i>

Council’s other policies are held with other insurance companies.

Council’s default superannuation scheme is held with Civic.

The Canterbury earthquake has put financial pressure on all insurers. For example, as at 5<sup>th</sup> April 2011 AM Best Co had downgraded the financial strength rating of New Zealand fire and general insurer AMI Insurance Ltd from A+ to A- due to losses from the Canterbury earthquake. LAPP has been downgraded for the second time to B from an A rating. LAPP is not able to provide any more cover for reticulation and flood protection assets until at least 30 June 2011 or suitable reinsurance cover and/or government support is in place. With LAPP, two lead reinsurers have declined to offer further immediate cover. Civic has been put on an A Under Review rating watch.

Thursday, 21 April 2011

The Twizel Community Board wishes to proceed with next years work programme prior to the commencement of the 2011/12 financial year.

Specifically, the felling of the trees on the State Highway 8 frontage and creating landscaped mounds ready for spring planting

From the Community Board Point of view it is desirable to start the work in May as opposed to after July, for the following reasons

- Winter ground conditions are likely to prevent further work on this site until August
- By having the major earthworks completed by the start of winter this will allow planting in early spring to make the most of the better growing conditions early on in the season.
- An early start will mean less water requirement better growth and better establishment period
- We have a current market for the logs which will off set the costs of this work.
- Whitestone Roading are prepared to carry the cost of this work into the 2011/12 financial year.

The Twizel Community has been advised of this work through the Twizel Update on the 6<sup>th</sup> of April and it is included in the Draft Annual Plan Summary which will be sent out today.

The Twizel Community Board Chairman also plans further consultation through the Twizel update and consulting with specific residents.

The Twizel Community Board Seeks Council approval to proceed with this work.

Chairman Peter Bell .....

Phil Rive .....

Elaine Curin .....

Kieran Walsh .....

John Bishop .....



Weekly Issue No. 293, 22 July 2010

*Twizel - A Great Place To Be....*

## Welcome to issue #293

### Twizel Green Space Strategy - Main Road

The Community Board as part of the Green Space Strategy is about to remove two lots of pines from the Main Road frontage near the north entrance.

The trees to be removed are Pinus Ponderosa. All other mature trees will stay apart from one or two untidy trees that will come out at the same time. Stage 2 from the DOC office to the south entrance is likely to be done next year.

The trees will be pushed over with a large digger, stumps cut off and removed. The ground will be restored back to tidy condition, and trees replanted in a grove similar to the group of pines that is to be removed. Trickle irrigation system to be installed.

The trees to be planted are likely to be deciduous trees for their autumn colours.

This approach is taken from the Twizel Planning document 'Twizel the Future Starts Today'.

This latest plan of action differs from the approach outlined in the Green Strategy. The Strategy talks about getting a professional landscape plan done as we were originally proposing a more complicated plan of new plantings to be well established before any mature trees were removed.

Unfortunately, with the speed in which the Fungi disease has caused major die back in the Pinus Ponderosa, we have changed our plan. They have quickly become extremely ugly- not a good look for our Town frontage. So we are now working to the simple plan outlined above. The final goal is still the same- to replace the pine trees.

The present landscape design of groves of 25 odd trees spread out works well. The open spaces between the groves provide viewing windows into the Town and there are enough trees to make the walkway interesting.

The Community Board no longer feel that we now need to have an expensive professional landscape plan done. The area has extensive automatic irrigation so keeping the planting in the same place is a good idea.

For plant species we are happy to use our community Facilities Manager, Garth Nixon who has years of experience in amenity horticulture in and around parks gardens and trees.

I am happy to answer any questions.

**Peter Bell , phone: 4350562**

**On behalf of the Community Board**

All personal advertisements to be paid at time of placement. Rates: Classified Ads from \$2.00 (see office for details). Business Ads from \$5.00. Please email in word, jpg or publisher file: [tpda@twizel.com](mailto:tpda@twizel.com)  
Editor: Kevin Moore Ph 4350 066 Fax 435 0086. TPDA Office Hours: Mon - Fri 10 am to 1pm.

**Please send ads and articles in before Monday 1 pm**

## DATES TO REMEMBER

Every Monday	Beginners Tai Chi, Resource Centre 1.30pm
Every Monday	Yoga, Community Centre, 6pm
Every Monday	Advanced Tai Chi, Resource Centre 10am
Every Tuesday	Twizel Toy Library, 10 - 12pm.
Every Tuesday	Plunket mothers coffee group 10.30am
2nd Tue of month	Women's Institute 7.30pm 435 0855
Every Thursday	Op Shop open 1pm - 4pm
Every Thursday	Climbing Wall 7pm - 9pm
Every Thursday	Patchwork Group 10am - 3pm Church Hall
Every Thursday	Advanced Tai Chi, Events Centre 10am
3rd Wed of month	Green Fingers Garden Club meeting, 435 0616
Last Tues of month	TPDA meeting, 7.30pm at office
Last Thurs of month	Book Discussion Group, 7.30pm. 435 0366

**Twizel Kindergarten Quiz Night 12 August**  
**Twizel Annual Winter Ball 14 August**



## Twizel Medical Centre High Country Health

### Surgery Hours:

Mon-Fri 9am-1pm and 2pm-5pm

**Closed every day between  
1pm and 2pm**

**Ph. 03 4350 777. Urgent A/H 0274 382 777  
Emergencies 111**

## Counselling at Twizel Medical Centre

Free service with referral from GP or  
Practice Nurse, or phone 021 746898.

# **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** MACKENZIE DISTRICT COUNCIL

**SUBJECT:** ALPS2OCEAN JOINT COMMITTEE - TERMS OF REFERENCE

**MEETING DATE:** 19 APRIL 2011

**REF:** LAN 7/9

**FROM:** CHIEF EXECUTIVE OFFICER

## **PURPOSE OF REPORT:**

To approve the terms of reference for the Alps2Ocean Joint Committee.

## **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. The Terms of Reference for the Joint Committee (Appendix A) be adopted.

**GLEN INNES**  
**CHIEF EXECUTIVE OFFICER**

## **ATTACHMENTS:**

### Appendix A: Alps2Ocean Joint Committee – Terms of Reference

## **BACKGROUND:**

Waitaki and Mackenzie District Council, along with our tourism agencies Waitaki Development Board and Mackenzie Tourism and Development Trust (the Governance Group) are working together with Department of Conservation (DOC), Land Information New Zealand (LINZ), Waimate District Council, Environment Canterbury (ECAN), Otago Regional Council (ORC), Land Transport New Zealand (LTNZ) and Meridian Energy Ltd and Ministry of Economic Development to build the Alps2Ocean Cycle Trail.

A group (referred to as the Alps2Ocean Governance Group) has been operating very successfully over the last 18 months. This group supported by the chief executives has successfully demonstrated a trail from Mt Cook to Oamaru is feasible and will provide significant economic benefit to the districts. This group successfully obtained a grant of \$2.75m from the Ministry of Economic Development. Members of the Governance Group are:

Mike Nielson (Chair)	Ohau Lodge
Michael Ross	WDC CEO
Glen Innes	MDC CEO
Rob Young	DOC
Denis Calleson	Hermitage Hotel
Phil Brownie	MTDT
Annabel Berry	WDB
Thunes Cloete	WDC

The contract with the Ministry is a joint venture between Mackenzie and Waitaki District Councils and the Mackenzie Tourism and Development Trust.

The role of the Mackenzie Tourism and Development Trust is to provide management and accountability services on behalf of the councils to the Ministry. It is not an equity partner in the joint venture.

It is also being proposed that a company jointly owned by Waitaki and Mackenzie District Councils be established. This is subject to a special consultative procedure in each district.

### **Purpose of Entity**

The Governance Group has stated that the key to the long term success and longevity of the Cycle Trail is in the governance structure created at the Trail's inception. The Trail must be free to access; with large parts on public land (administered by DOC, ECAN, LINZ Meridian, LTNZ or the local authorities).

The governance structure must be robust and effective as it will be responsible for governance and management during both the future development and operations of the Trail. The key characteristics that the governance structure must have in this regard are:

- It must be credible, accountable and representative of the community, yet maintain a degree of independence from commercial stakeholders;

- It must operate in a business like, professional manner to be credible to international and local tourism operators and to drive innovative business opportunities which create income to support the maintenance and development of the Trail;
- It must be free from political bias, triennial uncertainty and excessive conservatism.
- A structure which ensures that any income is reinvested in the Trail asset – the governance entity itself having a “not for profit” purpose;
- The structure must be enduring and capable of managing changes in membership over time;
- It must have the ability to gain legal access to crown land and enter into binding contractual arrangements;
- It must have the ability to network and maximise wider business opportunities;
- It must have the ability to attract investment and manage income streams.
- It will limit personal liability to decision makers who act prudently, within the entity’s purpose and not for personal gain.

It must provide a sound framework for governance requiring all decisions to be made in accordance with a documented set of rules (deed, constitution or Statement of Intent).

This report addresses the terms of reference for the joint committee of Mackenzie and Waitaki Districts.

In particular the following Joint Committees roles are:

- Monitor construction of the joint venture project
- Acting on behalf of the shareholders
- Providing opportunity for stakeholder participation

### ***Monitor Construction of the Joint Venture Project***

The Governance Group have done an outstanding job in developing the Trail concept and in obtaining funding to build the track. Key contracts have been let and it is planned to have another stage open in October 2011.

The funding agreement for the \$2.75m grant with the Ministry of Economic Development is between Waitaki and Mackenzie District Councils, with Mackenzie Tourism and Development Trust acting as agent, administering the funds.

As the councils are responsible to the Crown for this grant, it is appropriate that a formal structure be established to manage and monitor this aspect of the project.

### ***Acting on behalf of the Shareholders***

A key aspect of the structure is that the councils delegate their responsibilities to act on behalf of the shareholder for a number of matters.

This recommended to avoid duplication of effort by each council and to provide one set of rules by which decision making can be clear and consistent. An essential element in the councils creating the proposed CCO Company is to ensure council’s financial risks are appropriately managed free from political vagaries.

It is proposed the committee have delegated authority to:

- Recommend to constitution of a CCO company
- Recommend the appointment Directors (in accordance with an adopted directors appointment policy)
- Review and recommend Statements of Intent.
- To oversee and monitor the interest of the Councils
- To discuss other matters relating to the shareholding

This structure is similar to a structure put in place by Nelson City and Tasman District.

### ***Stakeholder Participation***

The Alps2Ocean Cycle Trail crosses the properties of DOC, ECAN, LINZ, Meridian, LTNZ, MDC, WDC, Waimate DC and up to 30 land owners. These groups have strong stakeholder interest in the Trail. They will also have a direct business relationship with the proposed company (the beneficiary of land access agreements).

In addition to these stakeholders, the communities along the way will have a strong interest in the track operation as neighbours, business owners and tourism operators.

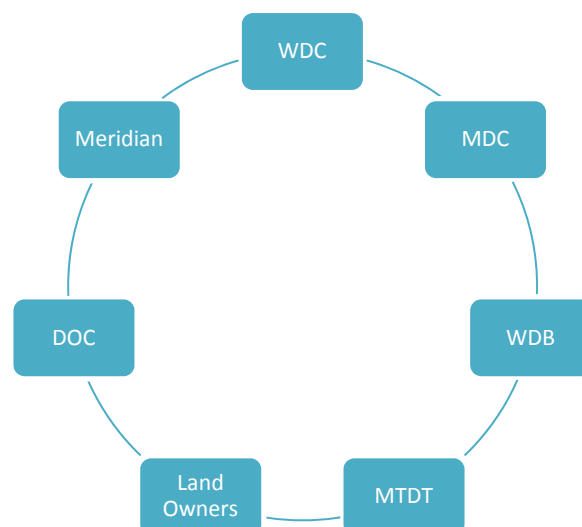
The joint committee or trust is an ideal mechanism to manage these expectations. All community stakeholders benefit from the appointment of an elected representative. Additionally it is proposed that key stakeholders, DOC, Meridian be offered the opportunity to appoint a representative.

The tourism and development sector can be represented by an appointee from each of the Mackenzie Tourism and Development Trust and the Waitaki Development Board.

An appointee selected from a meeting of private land owners is also suggested.

### **Proposed Committee**

Regardless of whether a trust or committee structure is selected it is recommended the following committee be made.



It is expected the committee would be supported by senior officers of each Council and the two tourism and development organisations.

## **POLICY STATUS:**

The recommendations in this report are consistent with previous Council resolution on the Alps2Ocean Governance Structure.

## **SIGNIFICANCE OF DECISION REQUESTED:**

The decision to adopt the term of reference for a joint committee is not significant.

## **ISSUES AND OPTIONS:**

The following options are the most likely scenarios that apply to the establishment of an entity to operate, maintain and develop the Alps2Ocean Cycle Trail.

### **Option 1 – Joint Committee**

That the councils could establish a joint committee, under LGA2002 sch7 clause (30).

A joint committee is considered a useful body to manage the councils' joint interests in a CCO. Nelson City and Tasman District Councils have established such a committee to review statements of intent, recommend directors/trustees. This structure also provides a vehicle to manage the current joint venture between the councils. A joint committee provides good opportunities for stakeholder involvement.

The establishment of the joint committee is simpler than a CCO, and is considerably simpler and more cost efficient to operate.

It **is recommended** that the Mackenzie and Waitaki Councils form a joint committee to establish, monitor and communicate with the proposed CCO and manage the existing joint venture.

### **Option 2 – CCO Trust**

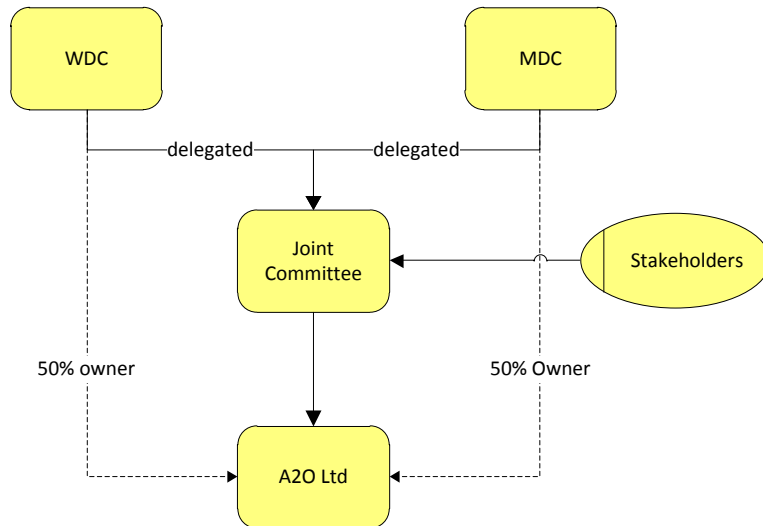
The establishment of a trust by way of trust deed is a common structure. It is also a common structure among Cycle Trails. The Mackenzie Tourism and Development Trust, Wakatipu Trails Trust and Waikato River Trails Trust are examples.

The terms of the trust deed and the appointment of representatives to the trust can be very similar to a joint committee. There may be some benefits in a trust as it is seen as independent of the councils. The disadvantages are however that as a CCO it will have substantial governance costs, when compared with a joint committee. These include separate accounts, audit fees, requirement to produce a Statements of Intent and report performance. The councils may resolve, under s7 LGA 2002, to exempt the trust due to the nature and scope of the activities of the trust.

This structure is **not recommended** as it does not provide significant additional benefits over a joint committee for the additional compliance costs a CCO creates.

### **Preferred Option**

Option 1 is the preferred option. The following chart shows the proposed organisation structure and the relationships.



### **CONSIDERATIONS:**

#### **Legal Considerations:**

##### **Local Government Act 2002 (LGA)**

The relevant provisions of the LGA are:

- Joint Committees Sch7 cl 30 and 31.

Most provisions for joint committees are the same as committees of Council except that Joint Committees continue to exist beyond the date a new Council comes into office. This means that appointees will remain in place until appointments are renewed post-election.

The majority of members need not be elected representatives, however at least 1 member of the committee must be. In the case of the joint committee there must be one member from each Council. (2 elected members in total). An employee may not be a member of a committee.

The committee must have 3 members in total. This proposal well exceeds this limit.

*Waitaki District Council*

Waitaki District Council is considering an identical report, on 29 March2011.

#### **Financial Considerations:**

There will be some cost to operating the joint committee.

These costs will include meeting fees (for non elected members), travel expenses, secretarial fees and meeting sundry expenses (hire and catering). These costs should be able to be absorbed within Councils' existing governance budgets.

It is proposed the joint committee have a delegation to spend up to \$5,000 (\$2,500 each council) annually on governance advice. This advice may include director recruitment costs, director remuneration data, or advice on SCI content.

It is proposed the Mackenzie Tourism and Development Trust provide administrative support to the committee. They will invoice costs to the councils on a 50:50 share.

### **Other Considerations:**

#### **Community Views**

In the view of the Governance Group, the positive response to this consultation is an important aspect of the cycle trail proposal and its feasibility in that it signifies public acknowledgment that the proposal has the potential to result in significant benefits to the region. Community support of this kind is also an important part of the stated vision and objectives of the National Cycleway Project, in particular, the objective of engaging communities.

The proposed governance structure provides an on-going mechanism for community views to be heard.

#### **Publicity & Communication Considerations**

No specific communication is required, This proposal is consistent with the statement of proposal which is being consulted on.

This is considered to be a largely administrative, non controversial matter; as such this provides sufficient communication on the matter.

#### **Cultural Considerations**

Te Runaka O Arowhenua will be provided with a copy of the statement of proposal to consider their opportunity to be involved with the Alps2Ocean Cycle Trail. Parts of the Trail visit sites of importance.

#### **Social Considerations**

The joint committee, acting as shareholder will be responsible for ensuring these well beings are given proper regard. This is particularly important in its role of monitoring performance, review the SCI and connecting with the community and other stakeholders.

### **CONCLUSION:**

The establishment of a joint committee to act as shareholder and manage stakeholder expectations is a critical success factor in getting the tourism and economic benefits this project aspires to. These potential benefits are large in some of our smaller communities where opportunities are limited.

The recommended structure is most likely to realise these at the least cost to Council while providing the best opportunity for success of the Trail.





## **Appendix A:**

### **Alps2Ocean Joint Committee Terms of Reference**

#### **Purpose and Function**

The purpose and function of the Alps2Ocean Joint Committee is to:

- Monitor construction of the joint venture project
- Acting on behalf of the shareholders
- Providing opportunity for stakeholder participation

#### **Objectives and Delegations**

##### ***Monitor construction of the joint venture project***

1. To ensure the Alps2Ocean Cycle Trail is constructed from Aoraki Mount Cook to Oamaru.
2. To approve, monitor and account for the grant of \$2.75m from the Ministry of Economic Development for the construction of the Trail.
3. To represent the councils, with the Ministry in all matters regarding the grant funding agreement.
4. To seek additional funding to develop the Trail.
5. To negotiate and obtain appropriate access agreements for the entire length of the Trail
6. To establish the operating structure, resources and activities for the Trail, including protecting intellectual property and establishing business opportunities.
7. To determine the fair allocation between the Councils of costs in accordance with the joint venture agreement.

##### ***Acting on behalf of the shareholders***

8. To constitute a company to operate the Trail.
9. To recommend the transfer of all appropriate assets of the joint venture to the Company.
10. To monitor the activities and performance of the company on behalf of the shareholders, including receiving statutory reports on behalf of the shareholders.
11. To ensure statements of intent are prepared and approved by the committee in principle, prior to recommendation to the councils.
12. To establish criteria for appointing Directors to the company for approval of the councils.
13. To select Directors in accordance with the approved appointment policy for recommendation to the councils.
14. To discuss matters that relate to each Council's joint shareholding.
15. To determine the fair allocation between the Councils of costs in accordance with the shareholders agreement.

##### ***Providing opportunity for stakeholder participation***

16. To monitor the relationship between the company and stakeholders.
17. To advocate for the importance of the Trail as part of the National Cycleway and as a tourism opportunity for the Mackenzie and Waitaki districts.

## **Financial Delegation**

1. To spend up to \$5,000 per financial year to obtain advice on matters of governance of the Company.
2. To spend meeting fees and administration costs of operating meetings.
3. To spend the National Cycle Fund Grant, in accordance with the grant application and funding agreement.
4. To spend any grants received by the Joint Committee.

All expenses to be invoiced 50/50 to each Council.

## **Membership**

The Alps2Ocean Joint Committee membership will comprise of one member appointed from each of the following groups:

- Waitaki District Council
- Mackenzie District Council
- Mackenzie Tourism and Development Trust
- Waitaki Development Board Ltd
- Department of Conservation
- Meridian Energy Ltd
- Land Owners

## **Appointment Process**

The Territorial Authorities, Waitaki Development Board, Mackenzie Tourism and Development Trust, Meridian and Department of Conservation will nominate their representatives. These members will then call a meeting of land owners, who have provided access of their land for the Trail and are otherwise not represented. At this meeting nominations will be called for and a vote will be taken of the land owners to elect their representative.

## **Standing Orders**

The standing orders of Waitaki District Council, as adopted after each triennial election and amended from time to time, shall be the standing orders for this Committee, except as changed by this terms of reference.

The Joint Committee is subject to the Local Government Official Information and Meetings Act 1987.

## **Quorum**

In accordance with LGA2002 Sch7 cl 30(9)(b), the quorum shall be four (4), this being the majority of members (including vacancies).

## **Meeting Frequency**

The Joint Committee may meet as required, but must meet at least twice per year to receive a 6 monthly report, annual report and statement of intent from the company.

## **Officers**

The Chair of Committee shall be appointed by the committee. The committee shall reconsider the appointment of the chair in February of each year.

## **Term**

In accordance with LGA2002 Sch7 cl 30(7) the councils have resolved that the Joint Committee is a permanent Joint Committee and cannot be discharged unless the councils agree to the Joint Committee being discharged.

Members are appointed for a term of five years and can be reappointed for a second term of five years at the discretion of the relevant nominated bodies, except that the Council representatives must be elected representatives. In the event that an elected representative is not re-elected they will immediately cease to be a member of the Joint Committee and the Council should make a new appointment.

In the event of one or both elected members ceasing to be a member and new members having not been appointed, the quorum remains unchanged.

## **Operating Philosophy**

The Joint Committee will at all times operate in accordance with the following:

1. Be culturally sensitive observing tikanga Maori.
2. Give consideration to and balance the interests of all communities in the districts in debate and decision making.
3. Members will work in a collaborative and co-operative manner using their best endeavours to reach solutions that balance the interests of all sector of the community.
4. Promote a philosophy that the Alps2Ocean Cycle Trail is a key economic driver for the districts smaller communities.
5. The Committee will seek consensus in its decision making where at all possible. Where despite the best endeavours of members unanimous agreement is not able to be reached a decision may be taken if in the view of the significant majority it represents the best interest of all sectors of the community.
6. In the event that neither unanimous agreement is able to be reached nor a significant majority view formed, the Committee must in the first instance seek assistance from the Chief Executives of the Councils to further Committee discussions and deliberations.
7. Where the Committee is unable to reach consensus despite having sought assistance and exhausted all avenues, they must recommend that the Councils disband them and appoint a new Committee.

## **Administration**

1. The Committee is administered by the Mackenzie Tourism and Development Trust.
2. Remuneration for non elected representative members will be paid in the form of meeting fees at the following levels:
  - Half day meetings           \$100
  - Full day meetings           \$200
  - Travel                       \$0.70/km