

MACKENZIE DISTRICT COUNCIL

MINUTES OF AN EXTRAORDINARY MEETING OF THE MACKENZIE DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 3 APRIL 2012 AT 9.30 AM

PRESENT:

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

IN ATTENDANCE:

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

I OPENING:

The Mayor welcomed everyone to the meeting.

II APOLOGIES:

There were no apologies.

III DECLARATIONS OF INTEREST:

There were no Declarations of Interest.

The Mayor noted that a letter from Brian Dwyer expressing some concern about the proposed District-Wide Rates and Charges, had been circulated to the Councillors.

IV COMMUNITY BOARDS' BUDGETS:

Fairlie Community Board

Resolved that the Council adopts the Fairlie Community Board's budgets for the Long Term Plan 2012 – 2022, which were amended to provide for a further \$8,000 to be included in the budget for maintenance of the Co-operating Parish carpark and driveway, to realise the following income for Fairlie Works and Services Rates:

- Year 1 \$312,093
- Year 2 \$300,430
- Year 3 \$324,557..

Annette Money /Claire Barlow

Cr Page abstained from voting on the motion.

Twizel Community Board

Resolved that the Council adopts the Twizel Community Board’s budgets for the Long Term Plan 2012 – 2022 which were amended to provide for :

- Improvements to the reserve area between Glen Lyon Road and Tekapo Drive to be funded from the Stormwater Reserve;
- the budget for Township Projects to be reduced to \$25,000;
- an extra \$40,000 to be rated in Year 1 in advance for Year 2 Township Projects; and
- the \$15,000 budgeted for projects in the Ruataniwha Reserve to be funded by the Land Subdivision Reserve.

to realise the following income for Twizel Works and Services Rates:

- Year 1 \$383,000
- Year 2 \$482,000
- Year 3 \$659, 696

Annette Money /Claire Barlow

Cr Bishop voted against the motion.

Tekapo Community Board

Resolved that the Council adopts the Tekapo Community Board’s budgets for the Long Term Plan 2012 – 2022 which were amended to provide for the Capital Reserve to be increased to \$85,000 in Year 1, \$135,000 in Year 2, and \$150,000 in Year 3, to realise the following income for Tekapo Works and Services Rates:

- Year 1 \$317,916
- Year 2 \$379,993
- Year 3 \$391,187

Peter Maxwell/Annette Money

VI REVISED POLICIES FOR THE LONG TERM PLAN:

This report from the Chief Executive Officer sought approval of several revised policies for the Long Term Plan.

The report was accompanied by the Significance Policy, Statement of key Issues, Community Outcomes, Statement of Performance Measures and Financial Strategy.

Resolved that the report be received.

Evan Williams/Annette Money

Resolved that the Lake Pukaki Visitor Centre be removed from the list of strategic assets

Graeme Page/Annette Money

SIGNIFICANCE POLICY

Resolved that the Council approves the following revised Significance Policy Including Strategic Assets:

THE PURPOSE OF THE SIGNIFICANCE POLICY

To guide Council in its decision-making on matters of varying importance to the community and to indicate to the community what degree of consultation it might expect on these matters.

Policy

The Local Government Act 2002 covers decision-making by Councils in some detail. The degree to which these requirements need to meet is a judgement of elected members. They need to decide:

- The extent they must identify and assess different options;
- The degree they must quantify the costs and benefits of each option;
- The extent and detail of the information required in order to make a decision; and
- How fully they should record their compliance with these requirements.

Significant decisions as defined in the policy will demand a higher standard of compliance with these requirements.

The significance of an issue will also determine whether Council needs to undertake a special round of consultation with its community and the amount of information that should be provided to the community on the issue.

COUNCIL'S APPROACH

Role of the Long-Term Plan and Annual Plan

Council will generally deal with issues of significance in its Long-Term plan or its Annual plan. These will be highlighted and consulted upon as part of those processes.

Thresholds for Significance

- *Monetary* – Any decision not highlighted in either the Long-Term Plan or the Annual Plan and with a cost greater than \$400,000 will be regarded as significant and be subject to its own consultation process.
- *Strategic Assets* – Any decision to sell, abandon or dispose of any of Councils' strategic assets will be regarded as significant.
- *Impact on Long-Term Plan or Annual Plan* – Any decision that will, directly or indirectly, severely affect the ability of Council to carry out the activities in its Long-Term Plan or Annual Plan will be regarded as significant.

Criteria

The following criteria will assist Council to determine whether it is about to make a significant decision.

- Will all or a substantial part of the community be affected in a not inconsequential way?
- Will the decision have substantial impact on the person or persons affected?
- Will the decision have a substantial impact on Council's resources?
- Is the decision inconsistent with those already provided for in the Annual Plan or Long-Term Plan?
- Has the decision the potential to generate considerable public controversy?

Procedures

- The Chief Executive Officer will report to Council whenever the thresholds of significance listed in this policy are likely to be exceeded.
- Any such report will:
 - Identify how the decision sought fits Councils' policy on significance,
 - Evaluate it against the criteria contained in this policy and
 - Recommend how it should be treated.

Where the decision is deemed to be significant, the report to Council will recommend how the specific requirements of the Local Government Act 2002 can be met.

The Annual Report for each year will list any significant decisions taken outside the Long-Term or Annual Planning processes.

The policy will apply with appropriate adjustments to decisions made under delegation to Council Committees and Community Boards.

It does not apply to decisions made by staff acting under delegated authority as they will be merely implementing policy not creating it.

STRATEGIC ASSETS

The Mackenzie District Council considers the following assets to be strategic in terms of the Local Government Act 2002:

- The entire urban and rural roading network of the Mackenzie District.
- The urban water supplies of Burkes Pass, Fairlie, Lake Tekapo and Twizel.
- The piped rural water supplies of Albury, Allandale, Spur Road, Downlands (Albury to Cave section) and Kimbell.
- The stock water race systems at Ashwick/Opuha, Punaroa/Eversley and School Road.
- The wastewater reticulation and treatment systems at Burkes Pass, Fairlie, Lake Tekapo and Twizel.
- The stormwater reticulation systems at Fairlie, Lake Tekapo and Twizel.
- The forestry assets of the Council.
- The Council cemeteries at Lake Tekapo, Albury, Burkes Pass, Fairlie and Twizel.
- All Council's parks, recreation reserves, sports fields and facilities held under the Reserves Act 1977 or otherwise.
- Council swimming pools at Fairlie and Twizel.
- Resource Recovery Parks at Fairlie, Tekapo and Twizel.
- Council's stock of tenanted pensioner housing.
- Medical Centres at Fairlie and Twizel.

- The Twizel Events Centre and the community halls at Albury, Lake Tekapo and Sherwood Downs.
- The Mackenzie Community Centre at Fairlie.
- The Council administration buildings in Fairlie and Twizel.
- Council's shareholding in Alpine Energy Limited.

Real Estate Portfolio

Council's other real estate holdings form part of an investment portfolio. The Council has identified the following areas of land for disposal:

Location	Legal Description	Area	Zoning
Market Place, Twizel	Part of Lots 1, 3, 5 & 6 DP 52390 and Part of Lot 1437 DP 48820	4,500m ² (approx)	Village Centre
Wairepo Road, Twizel	Part of Lot 2 DP 58995	2,500m ² (approx)	Tourist
North West Arch, Twizel	Part of Lots 1-3 & 8 DP 52249	29.49 ha	Rural
Ohau Road, Twizel	Lot 1438 DP 49673	4,284m ²	Residential 1
Mackenzie Drive, Twizel	Part of Lot 4108 DP 51199	3,000m ²	Tourist
Lakeside Drive, Lake Tekapo	Part RS 38660 Tekapo Township Block XIII Tekapo SD, Part RS 40370, 40371 Section 2 SO 20261 Tekapo Tship Block XIII Tekapo SD	6.50 ha (approx)	Residential 2
State Highway 8, Lake Tekapo	Sec 1-9 Res 5167 Block VIII Tekapo Township Block XIII Tekapo SD, Part of Sec 1 SO 20261 Tekapo Township Block XIII Tekapo SD	1.60 ha (approx)	Village Centre 2
Allandale Road, Fairlie	Lot 2 DP 76652, Lot 7 DP 80101, Lot 4 DP 80101	9.25 ha	Industrial
Allandale Road, Fairlie	Lots 1 & 2 DP 48617 Block VII Tengawai SD	1,581 m ²	Rural
Godley Peaks Road, Lake Tekapo (Peninsula Land)	Pt Res 2922 Lot 1 DP 82803 Block IX 7 X Tekapo SD, Lot 1 DP 82805	143.98 ha	Rural
Lilybank Road, Lake Tekapo (Ram	Lot 1 DP 82806 Block X Tekapo SD	29.23 ha	Rural

Paddock)				
Powerhouse Road, Lake Tekapo	Sec 1 SO 9984 Block XIII Tekapo SD	43.10 ha		Rural
Lakeside Drive, Lake Tekapo (Camping Ground Land)	Part of RS 40294 Secs 1 & 2 SD 20259 Tekapo Township Block XIII Tekapo SD	12 ha (approx)		Residential 2
Tekapo Town Frontage	Part of Section 1 SO 20261 Tekapo Township Block XIII Tekapo SD	1.60 ha (approx)		Village Centre 1
Argyle St Fairlie (Old Morgue Site)	Lots 43/4 DP 193			
Talbot Street Fairlie	RS 32701, RS 30852			
Mt Nessing Road, Albury	Pts RS 15923-4 17518 Blks II			
5575 State Highway 8, Pukaki Ward	Lots 3, 200-203, 200-301 DP 386968	1.95 ha		
5576 State Highway 8, Pukaki Ward	Lot 4 DP 386968	0.17 ha		
5577 State Highway 8, Pukaki Ward	Lot 7 DP 386968	0.13 ha		
5578 State Highway 8, Pukaki Ward	Lot 10 DP 386968	0.19 ha		
5579 State Highway 8, Pukaki Ward	Lot 12 DP 386968	0.12 ha		
5580 State Highway 8, Pukaki Ward	Lot 13 DP 386968	0.12 ha		
5581 State Highway 8, Pukaki Ward	Lot 14, DP 386968	0.12 ha		
5582 State Highway 8, Pukaki Ward	Lot 19 DP 386968	0.18 ha		
5583 State Highway 8, Pukaki Ward	Lot 33 DP 386968	0.14 ha		
5584 State Highway 8, Pukaki Ward	Lot 35 DP 386968	0.12 ha		
5585 State Highway 8, Pukaki Ward	Lot 40 DP 386968	0.13 ha		
5586 State Highway 8, Pukaki Ward	Lot 41 DP 417098	0.14 ha		
5587 State Highway 8, Pukaki Ward	Lot 42 DP 417098	0.14 ha		
5588 State Highway 8, Pukaki Ward	Lot 43 DP 417098	0.16 ha		
5589 State Highway 8, Pukaki Ward	Lot 44 DP 417098	0.18 ha		
5590 State Highway	Lot 45 DP 417098	0.16 ha		

8, Pukaki Ward		
5591 State Highway	Lot 45 DP 417098	0.16 ha
8, Pukaki Ward		
5592 State Highway	Lot 47 DP 417098	0.16 ha
8, Pukaki Ward		
5593 State Highway	Lot 48 DP 417098	0.16 ha
8, Pukaki Ward		
5594 State Highway	Lot 50 DP 417098	0.16 ha
8, Pukaki Ward		
5595 State Highway	Lot 50 DP 417098	0.16 ha
8, Pukaki Ward		
5596 State Highway	Lot 52 DP 417098	0.16 ha
8, Pukaki Ward		
5597 State Highway	Lot 53 DP 417098	0.20 ha
8, Pukaki Ward		

On top of these areas of land, other pieces of land are held by Council that are surplus to requirements. These properties may be disposed of when the Council deems it appropriate.

Graham Smith/Annette Money

NB: This policy replaced an early Council policy on significance. It is to be adopted as part of the Long Term Plan in 2012.

STATEMENT OF KEY ISSUES

Resolved that the following Statement of Key Issues for inclusion in the Draft Long Term Plan be adopted:

Sustainability and Viability of the Mackenzie District

Despite being a District with the third smallest population in the country, the people of the Mackenzie have demonstrated a very strong desire to retain their own identity and autonomy.

For that to happen, Mackenzie must build its economic base, protect and enhance its environment and facilitate growth that fits well with our vision for the future of the District.

There is a need for the Council to work more co-operatively with its neighbours to share resources and expertise in carrying out its functions. Essential community and social infrastructure like good schools, medical services and support agencies must also be maintained and developed if the District is to thrive.

Making it Affordable – Rating & Funding Issues

In grappling with the affordability of major infrastructural works, the Council has determined that we must pool our resources to survive. In a somewhat radical move, all of Council's major infrastructure spending will now be funded across the whole District – Roding, Urban Water, Sewerage, Stormwater and Solid Waste will all be funded in this way. General Rates will fund all administrative and regulatory functions. Individual communities will still be responsible for recreational, cultural and community facilities within their local areas.

Looking out in the decades beyond this plan, Council was convinced its new strategy was the correct one, as major capital replacements would be beyond the means of even our largest community if borne alone.

Our Major Infrastructural Challenge

Upgrading urban water supplies to meet new legislative requirements is the prime capital requirement contained in the long-term plan. Further treatment above basic disinfection is required for protection against the protozoa, giardia and cryptosporidium but it comes at a significant price (\$3.7m or \$1,300 per rateable property).

Other key components of the improvement plan include upgrading or replacing the water service for Twizel and completing the replacement of aging pipework in Fairlie. The state of the original pipework in the Twizel township is a future concern.

Facilitating Development in Harmony with the Environment

The recent Environment Court decision that the Mackenzie Basin is an outstanding natural landscape adds to the external scrutiny the District faces as it proposes to review its key planning document, its District Plan.

Finding the appropriate balance between facilitating development and the productive use of the land and preserving the outstanding environment will be a demanding task.

Community Services & Facilities

The quality and accessibility of community facilities and services in the District will be key to ensuring our townships and District continue to thrive. We are fortunate in having a strong sense of community self-help which continues to provide a wider range of services and facilities than would be otherwise possible to be funded purely from rating or tax revenue.

Roading

The Council is committed to an improved standard of roading maintenance at a time when rural roading does not enjoy the national priority it once did and where subsidies for extension of seal are almost impossible to obtain. It has decided that there will be a real efficiency gain by managing a District-wide roading programme where expenditure is based on need, rather than having the work split into four separately funded areas.

Marketing Ourselves

Marketing, economic development and tourism are important factors in developing District like ours. Effectively done, it can foster growth and enhance or sustainability. In this Plan, the Council is seeking new directions and a different structure for the body charged with the activity. Close co-operation with our neighbours will be actively pursued to help achieve this.

Annette Money/Graham Smith

The meeting was adjourned at 10.30 for morning tea and reconvened at 10.50 am.

COMMUNITY OUTCOMES

Resolved that the following Community Outcomes for inclusion in the Draft Long Term Plan, be adopted:

An Attractive and Highly Valued Natural Environment

The outstanding natural features of the District need to be preserved, enhanced, accessible and promoted.

Anyone who has lived in the Mackenzie or who has visited understands that this is our greatest asset. This was reflected in our 2011 community survey whereby respondents listed this as being one of the most important things that they valued about living in this District.

This outcome promotes economic, environmental and cultural wellbeing.

Council's role in supporting this outcome is as regulator through its District Plan. That document provides a detailed framework for managing the natural and physical resources of the District. It also provides and funds local reserves and acts as an advocate for environmental issues.

A Thriving Economy

We need to have a well-balanced economy, providing employment and investment opportunities for all ages, and sustaining a full range of support services. Our prosperity is based on farming, hydroelectric power generation and tourism.

This outcome promotes social, economic and cultural wellbeing.

Council's role in economic development is to provide a regulatory environment that facilitates growth. It relies on its subsidiary, the Mackenzie Tourism and Development Trust foster economic and business development and to market the District and its attractions to both overseas visitors and New Zealanders.

A Democracy That Upholds the Rights of the Individual

We need a Council which represents its community and which champions the right of the individual.

The Mackenzie with an estimated population of 4,050, is represented by 19 elected representatives who continue a long tradition of championing a vigorous local democracy.

This outcome promotes social wellbeing.

Council's role is to represent its local community, make decisions on its behalf and advocate on behalf of the District or groups within it when required.

Council wants to communicate better with its residents and ratepayers and wants more opportunities for them to provide feedback and participate in Council affairs.

A Fit and Healthy Community

We need a variety of sporting, recreational, cultural, spiritual, health, welfare and education resources available to help sustain and enrich our lives.

This outcome promotes our social, economic and cultural wellbeing.

Council is one of the major providers of recreational and community facilities, and it works alongside local clubs and volunteers to help promote a fit and healthy community. It also supports the provision of medical and other social services and will act as an advocate where required on behalf of the community.

Safe, Effective and Sustainable Infrastructure

This has always been a key role of local Councils and Mackenzie is no exception. Providing roads, water supplies, sewage treatment, stormwater disposal, refuse collection and recycling is very much the Council's "bread and butter".

This promotes economic, environmental and cultural wellbeing.

Council is the prime provider and funder of these essential services.

A Supportive and Contributing Community

The supportive nature of the Mackenzie Community is one of its unique advantages, which is recognised and valued by those who live here.

This outcome seeks to foster this and to encourage people to continue to use their skills for the benefit of the wider community.

This promotes social and cultural wellbeing.

Council plays mainly a supporting role in this area, advocating on behalf of community groups when required and facilitating local initiatives.

Graham Smith/Annette Money

Cr Bishop left the meeting at 10.55 pm

PERFORMANCE MEASURES

The Council considered draft Performance Measures for inclusion in the Long Term Plan.

The following amendments were made to the material as presented.

Water

Inclusion of reinstatement time of nine hours outside of working hours.

Roading

Increase in target for footpath satisfaction to 70% with an improving trend.

The debate was interrupted for visitors from the Pukaki Airport Committee.

Cr Bishop re-joined the meeting at at 11.25 am.

VIII VISITORS – PUKAKI AIRPORT COMMITTEE:

The Mayor welcomed Pukaki Airport Committee Chairman Derek Kirke and Committee members Rick Ramsay and Cr John Bishop.

Chairman's Report:

The Chairman spoke to his report dated 3 March 2012 which had been circulated to the Council.

Draft Statement of Intent:

This report from the Manager – Finance and Administration was accompanied by the draft Statement of Intent for the Pukaki Airport Board for the three years ending 30 June 2015.

The Chairman acknowledged that depreciation of the hangar should be shown in the Financial Performance figures.

Messrs Kirke and Ramsay left the meeting at 12.05 pm

Resolved:

1. That the report be received.
2. That the following **Statement of Intent for the Pukaki Airport Board** for the three years ending 30 June 2015 be adopted:

1. **INTRODUCTION:**

The Pukaki Airport Board is a committee of the Mackenzie District Council, set up to manage Pukaki Airport assets and achieve the goals as set out in this document.

The Statement of Intent sets out the overall intentions and objects for the Company and Board for the trading year 1 July 2012 to 30 June 2013 and the succeeding two years.

2. **MISSION:**

The Pukaki Airport Board and will seek to maximise the commercial value and returns from the Pukaki Airport and implement the Councils aviation strategy.

3. **GOVERNANCE:**

The Directors/Board (Committee) members are responsible for the overall governance of the organisation. They are responsible to the owner, the Mackenzie District Council, for the performance of the Board.

The organisations will operate within the legal framework governing all companies and local body organisations. They will work within the legal framework of the Local Government Act 2002, Act 1986, Resource Management, Airport Authorities Act 1966, and Civil Aviation Act 1992. They will also operate taking account of other aviation and real estate specific legislation, regulations, and codes of practice.

4. **NATURE AND SCOPE OF ACTIVITIES:**

- 4.1 The objective of the Pukaki Airport Board will be the efficient operation of aviation activity at Pukaki Airport in line with Council's Aviation Strategy.

At first this was achieved by the subdivision of land and sale of real estate, while preserving the Airport's integrity now and in the future, as the region's public airfield.

Revenue has been steadily enhanced from rental income and increased Airport activity, but some of our operators have been savagely hit by the down turn in the tourist spend.

The major long term business of the Pukaki Airport Board will be the efficient and profitable management and operation of aviation activity at Pukaki Airport.

The Board will seek growth through the development of Pukaki Airport as a public airfield, as a base for airport related activities such as tourist flights, aircraft storage and aircraft maintenance and through the leasing or sale of land for the benefit of the Airport and the aviation industry in the Mackenzie.

- 4.2 Consistent with its objectives the Board has invested in capital equipment and infrastructure that further enhances its role to efficiently manage, grow, and develop, the commercial assets of the Council at Pukaki Airport.
- 4.3 While recognising the goals set out in the Council's aviation strategy to provide a public airport facility, the Board will seek to maximise returns to the Airport and work within the guidelines of the Terms of Reference outlined by Council.

5. FINANCIAL PERFORMANCE PROJECTIONS:

Revised Financial Forecast Projections 4th March 2012

	2012/2013	2013/2014	2014/2015
Opening Balance	+\$131,000	+\$116,600	+\$102,200
<u>Revenue Statement</u>			
<i>Revenue:</i>			
Hanger Rental	\$8000	\$8000	\$8000
Helicopter L., BP, Met Service Rents	\$8000	\$8000	\$8000
Landing fees Helicopter Line	\$4,000	\$4,000	\$4000
Landing fees Aviation Adventures	\$2000	\$2000	\$2000
Landing Fees Air Safaris	\$2000	\$2000	\$2000
Other Landing Fees	\$2000	\$2000	\$2000
Top soil & metal	\$5000	\$5000	\$5000
Interest	\$2,000	\$2,000	\$2000
Total Land Sales and Revenue	\$33,000	\$33,000	\$33,000
<i>Less Expenses:</i>			
Running Expenses	\$35,000	\$35,000	\$35,000
Rates	\$10,000	\$10,000	\$10,000
Water fees	\$1200	\$1200	\$1200
Repairs and Maintenance	\$1200	\$1200	\$1200
Total Expenses	-\$47,400	-\$47,400	-\$47,400
<i>Net Surplus/(Deficit)</i>	-\$14,400	-\$14,400	-\$14,400
<u>Airport Reserve Balances</u>	+\$116,600	+\$102,200	+\$87,800
<i>Closing Balance</i>	+\$116,600	+\$102,200	+\$87,800

6. OPERATING PERFORMANCE PROJECTIONS:

Assumptions made in producing the financial forecast table.

1. The table assumes that there is no revenue growth during this period
2. No further land sales are forecast during the financial years considered.
3. The table assumes that the one outstanding contract is not honoured and completed during this period.

The targets set out in the forecast are based on a conservative approach to the economic conditions existing as at March 2012.

Specific Projections and assumptions used;

- a) No further sales are made.
- b) No further development work will be undertaken during this period.
- c) The Board have no residual financial obligations to other parties including Mackenzie District Council except for normal land owner annual charges.
- d) Aviation activity at the Airport will not increase, and Air New Zealand does not return to flights into Mt Cook and use Pukaki as the alternative in bad weather. If in fact this does occur aviation revenue will be greatly enhanced.

The Board undertook preliminary work on noise boundaries and decided to leave these on file to be activated at some time in the future. Based on current airport noise protection zones gleaned from public documents we expect only one nearby landowner would be affected by noise zones. It will be important for the airport to review this issue regularly, and make decisions relative to future subdivision activity near the airport.

- e) The airport has lease contracts with The Helicopter Line, Metservice NZ, BP, Aviation Adventures, and two private aircraft owners.
- f) The airport has available for sale a further \$2,000,000 of Lots to sell as economic conditions improve. In spite of our advertising efforts and working through a number of enquiries there have been no further sales during the last 12 months. We believe it would not be prudent to put further land sales into our forecasts.
- g) Fuel. The new installation is a very good asset for the airport.
- h) The construction of a hanger, built on one of the unsold Lots, was completed in the time anticipated and within budget. This also will be an excellent facility for the airport. All space within the facility is now let.

7. DIVIDEND DISTRIBUTION POLICY:

The Board has completed investment in capital infrastructure required for the subdivision and the running of the airport. The Board expects to make annual deficits until more sales are made, and does not expect to pay dividends to Council until such time as substantial annual surpluses occur. This will be dependent on increased revenue, and more land sales. It is important to note that the Board and Council recognise that capital may be required for development and future operations of the airport.

8. REPORTING SCHEDULE:

- 8.1 The Board shall deliver to the Council within 60 days of the end of December each year a report on the state of the Board's operations which shall include:
- Report from the Chairman
 - Financial report showing the year to date position against budget and the year-end forecast against budget.
 - Financial commentary explaining variances
- 8.2 Annually, prior to the end of February each year, the Board shall deliver to the Council:
- A draft Statement of Intent
- 8.3 Prior to the 30th of June each year the Board shall deliver the completed Statement of Intent.
- 8.4 Annually, within 60 days of the end of June each year, the Board shall deliver to the Council:
- Report from the Chairman
 - Statement of achievements relative to the goals and objectives of the Aviation Strategy
 - Financial report showing the year to date position against budget.
 - Financial commentary explaining variances
- 8.5 The Board recognises that it is obliged under the Local Government Act 2002 to make its completed Statement of Intent available to the public.

9. AVIATION STRATEGY:

In conjunction with the Council, the Board shall be responsible to facilitate a review of the Aviation Strategy every three years to coincide with the review of the Council's long-term council community plan.

10. THE BOARD:

The Board will exercise due diligence and care in carrying out its role. Board members must act in good faith and in what the member believes to be in the best interest of the Board, the Airport, and the Council.

10.1 Appointment

The number of Board members shall be no more than five. The Mackenzie District Council will appoint all members, and appointments will be reviewed as outlined in the Terms of Reference document. The Council will appoint one sitting Councillor to the Board.

10.2 Quorum

The quorum shall be three members, and a simple majority shall make decisions. Board meetings will be conducted in accordance with Mackenzie District Council standing orders.

10.3 Meeting Frequency

The Board shall generally meet 4 times each year, either by meeting. in person or by conference call meeting.

10.4 Resignation

A Board member will cease to hold office immediately the Mackenzie District Council's Chief Executive Officer receives a written resignation.

10.5 Remuneration

The remuneration for participation of the appointed Councillor to the Board shall be as part of her or his total remuneration received as Councillor. Remuneration for other Board members will be determined at the time of appointment.

10.6 Retirement

Board members appointed by the Council will retire from office every three years at the Council's election date. Council may decide to appoint Directors for further terms.

10.7 Disqualification

A Board member will automatically be disqualified from holding office if he or she:

- dies
- is adjudged bankrupt
- would be prohibited to act as a director of a company under the Companies Act 1993
- is removed by the Council.

10.8 Chairperson

Board members may elect one of their number as chairperson of the Board.

10.9 Personal Interest

A Board member must, forthwith after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Board, disclose their interest to the Board, quantifying the nature and monetary value of the interest. The members shall then remove themselves from the meeting and not take part in discussion or voting. Such interest must also be

registered with the Chief Executive Officer of the Mackenzie District Council, and be recorded in the Board's minutes.

10.10 Indemnities and Insurance

The Council shall maintain and keep current such public liability insurance cover that will cover the Board as part of Council's committee structure.

10.11 Delegated Authority

The Council's Delegation Manual (effective) provides full-delegated authority to the Pukaki Airport Board.

Any changes to the planned operational programmes outlined in this Statement of Intent that will result in a financial impact of greater than \$25,000 when compared with budgeted outcomes will be reported to the Mackenzie District Council prior to implementation for their consideration. This will ensure that the Council can have regard to the financial and cash flow implications on the balance of its operations.

11 RISKS

11.1 Real Estate

Assumptions are made based on the Board's knowledge of the current world and New Zealand economic situation, and our own experiences at Pukaki Airport. Enquiries continue but sales are very difficult.

The Pukaki Airport subdivision is no longer a cash risk to Council as the Board no longer has debt owing to Council and has cash reserves for future real estate selling, Airport governance, and asset maintenance.

12 PUKAKI AIRPORT CAPITAL RESERVES

The Board acknowledges and agrees with the Council policy that after the Board has transferred funds to the value of the Council's cost of purchase for the Airport, all surplus funds are to be held in a secure Pukaki Airport Capital Reserve Account. Funds held in this account will attract interest at a rate in line with Council internal funding policy, and funds from this account will be protected and used only for pursuing outcomes documented in the Council's Airport Strategy as outlined in the Council Terms of Reference produced for the Pukaki Airport Board.

13 ASSET VALUES AND RATEABLE VALUE

The Board expect the ultimate rateable value of the Airport, including the privately owned lots, to be approximately \$7,500,000, - this figure is based on current values.

Graeme Page /Graham Smith

VI REVISED POLICIES FOR THE LONG TERM PLAN (Continued):

Community Township Facilities:

Increase in target for kerbside collection to include an upward trend from 75%.

Solid Waste

Rewording of target relating to solid waste diversion.

Resolved that the following Performance Measures for inclusion in the Long Term Plan be adopted:

Corporate and Governance

Levels of Service	Measure of Service	Target
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	Council and its committees generally meet every six weeks. Meetings comply with the Local Government (Official Information and Meetings) Act 1987.	At least nine meetings of Council held during the year, and 20 meetings of Council committees. No identified breaches of the Local Government (Official Information and Meetings) Act 1987.
Effective consultation held on Long Term Plan, Annual Plan and other significant issues.	A summary of the Long Term Plan, Annual Plan and Annual Report is sent to all ratepayers within statutory time frames.	There are no breaches of statutory time frames for distribution of summary documents or consultation.
The three Community Boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community Boards meet regularly and provide recommendations on local issues to Council.	Each Community Board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval.

Water

Levels of Service	Measure of Service	Target
Water supplies are available and reliable	Time for reinstatement of service for on-demand supplies from notification to contractor: <ul style="list-style-type: none"> - During working hours - 6 hours. - Outside working hours - 9 hours. For restricted supplies: <ul style="list-style-type: none"> - 24 hours. 	90% 90% 90%
Water is safe to drink	No detectible E Coli in water leaving water treatment plants	100%

	<p>or in the distribution network as identified during scheduled monitoring.</p> <p>Response to any E Coli identified in drinking water leaving the treatment plant (transgression):</p> <ol style="list-style-type: none"> 1. Take remedial action 2. Issue “Boil Water” notice if transgression is likely to exceed 24 hours to rectify. 	<p>100%</p> <p>100%</p>
<p>Water quality is maintained or improved</p>	<p>Time to respond to water demands including low pressure and flow from notification to contractor:</p> <ul style="list-style-type: none"> - During working hours- 6 hours - Outside working hours – 9 hours. <p>% of ratepayers satisfied with the water supply service.</p> <p>Upgrading the treatment of the following water supplies to comply with the health requirements of the Drinking Water Standards for New Zealand 2008 in accordance with the Health (Drinking Water) Amendment Act 2007 to provide for growth and ensure continuity of supply</p> <p>Target Upgrade Tekapo water supply by June 2013</p> <p>Target Upgrade Twizel water supply by June 2016</p> <p>Target Upgrade Fairlie water supply 1 by June 2017</p>	<p>100%</p> <p>80%</p> <p>Upgrade complete.</p> <p>Upgrade complete.</p> <p>Upgrade complete.</p>

Sewerage

Levels of Service	Measure of Service	Target
Sewerage is managed without risk to public health.	Number of sewage overflows from pump stations. Number of annual blockages per 10km of sewer. % of ratepayers satisfied with the sewage treatment and disposal service.	Nil Less than six 85%
Sewage is able to be disposed of without significant disruption.	% of temporary or permanent repairs completed within 6 hours (during working hours) or 12 hours (outside working hours). Normal disruption should not exceed 8 hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	100% 100%
Safe discharge of wastewater	% of notices of non-compliance, issued by Environment Canterbury, for Council's discharge consents actioned within 20 working days.	100%

Stormwater

Levels of Service	Measure of Service	Target
Council provides a reliable stormwater system which prevents houses from flooding	Number of reported house flooding incidents in a 1 in 5 year event	Nil
Council will respond promptly to reports of flooding and customer requests	% of localised flooding events responded to within 1 hour of notification. % of blockages causing minor disruption responded to within 6 hours of notification during working hours or 12 hours outside working hours.	100% 100%

Roading

Levels of Service	Measure of Service	Target
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	Smoothness of urban and rural sealed roads as compared with rest of New Zealand. The average roughness of urban roads as measured by NAASRA counts. The average roughness of rural roads as measured by NAASRA counts. % of road users are satisfied with the roading network.	Smoothness higher than national average. Average <100 counts with less than 10% exceeding 150 counts. Average <80 counts with less than 10% exceeding 110 counts. 85%
Council provides a safe and efficient roading network.	Minor improvements to the network identified that will benefit the road user and	Two projects completed each year.

	<p>programmed for completion.</p> <p>Number of fatal accidents due solely to road factors.</p>	Nil.
Ready access is provided around the District except in extreme weather conditions.	The roading network is trafficable and contracted emergency response times are met – on site within 1.5 hours to begin reinstatement.	100%.
Footpaths are maintained in good condition and are fit for purpose	<p>% of footpaths defects made safe within 48 hours</p> <p>% of users satisfied with the condition of Council footpaths</p>	<p>95%</p> <p>70% with an improving trend</p>

Planning & Regulatory

Level of Service	Measure of Service	Target
<p>To maintain an up to date District Plan that enables a vibrant community while sustainably managing the District's resources.</p>	<p>To review the provisions of the District Plan within 10 years of those parts of the Plan becoming operative.</p> <p>80% or greater of those surveyed are satisfied the Council is adequately managing resource management issues in the District.</p>	<p>To have initiated a review of the District Plan and publicly notified proposed changes by 30 April 2014.</p> <p>80% positive feedback to a customer survey.</p>
<p>To provide a technically sound but customer focused service when processing resource consents while achieving our obligations under the Resource Management Act.</p>	<p>Non-notified and notified resource consents are processed within the statutory timeframe of 20 and 70 working days respectively.</p> <p>80% or greater of those applying for resource consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>
<p>To provide a customer focussed building control service that is efficient and cost effective while achieving our obligations under the Building Act 2004.</p>	<p>Building consents are processed within the statutory timeframe of 20 working days.</p> <p>Land Information Memoranda (LIMs) and Property Information Memoranda (PIMs) are processed within the statutory timeframes of 10 and 20 working days respectively.</p> <p>80% or greater of those applying for building consents are satisfied with the quality of the service they receive.</p>	<p>100% compliance</p> <p>100% compliance</p> <p>80% positive feedback to a customer survey.</p>

<p>To provide a safe environment for dogs and the public to co-exist.</p>	<p>Maintain a record of all dogs in the District by ensuring that they are registered.</p> <p>Respond to all complaints relating to dogs with 12 hours.</p> <p>80% or greater of those surveyed believe the Council is adequately managing dog control issues in the District.</p>	<p>100% registration for all recorded dogs.</p> <p>100%</p> <p>80% positive feedback to a customer survey.</p>
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Level of Service	Measure of Service	Target
For the Council and the community to be prepared to respond to a civil defence emergency.	<p>Council staff and volunteers are familiar with their roles and are adequately trained.</p> <p>80% or greater of the community surveyed has faith in the Council's preparedness and individual community members understand how they should prepare themselves and their family for the events of a civil defence emergency.</p>	<p>Training is attended as required, and the Council will participate in one training exercise per year.</p> <p>80% favourable response from a customer survey.</p>
To manage a fire risk and to be able to provide a ready and capable response to rural fires.	<p>For the Council to remain as an active member of an enlarged rural fire district with other partner councils and agencies.</p> <p>The Council has a capable and well equipped rural fire response teams across the Mackenzie District.</p>	<p>Attend all South Canterbury Rural Fire meetings.</p> <p>All volunteer rural fire teams are trained to industry standards.</p> <p>A capital replacement programme for tankers and other equipment is implemented.</p>

Community & Township Facilities

Levels of Service	Measure of Service	Target
Township Services and Facilities are provided and maintained to an acceptable level	<p>Maintain or improve average customer user satisfaction rating.</p> <p>Residents regularly use at least two community facilities.</p>	<p>84% or above</p> <p>100%</p>
A reliable weekly kerbside recycling and rubbish collection service is provided.	<p>% of waste bins collected within 48 hours of a genuine missed collection being reported.</p> <p>% of users satisfied with the waste collection and recycling service</p>	<p>100%</p> <p>75% with an upward trend</p>
The majority of Mackenzie's solid waste is recycled or reused rather than being disposed of in landfills.	<p>The percentage of solid waste from the District Resource Recovery Parks diverted from landfills. (2011 64% diversion)</p>	<p>70% diverted with an expectation of 80% by 2019.</p>

Commercial Activities

Levels of Service	Measure of Service	Target
<p>Investments The Community expects the investments of the Council to be managed wisely.</p>	<p>Council's cash investment portfolio independently reviewed each quarter.</p> <p>Reviews of other investments undertaken.</p>	<p>Investments out-perform benchmark portfolio.</p> <p>Council reviews the Annual Report and Statement of Intent for its investments in Alpine Energy Ltd annually.</p>
<p>Mackenzie Forestry Board The Board is required to operate and administer the Council's forestry estate as a successful business.</p>	<p>Council approves the Statement of Intent for the Forestry Board annually.</p>	<p>Approval obtained prior to 30 June each year.</p>
<p>Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.</p>	<p>All lease agreements are reviewed on a regular basis.</p>	<p>Council will ensure that the terms of each commercial lease agreement are adhered to.</p>
<p>Pukaki Airport Board Operation of the Pukaki Airfield as a public facility.</p>	<p>The Board will report to Council on a regular basis on its activities and progress towards meeting its goals.</p>	<p>The Board achieves the goals set in its Statement of Intent.</p>
<p>Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.</p>	<p>Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.</p>	<p>Council will progress the disposal of the areas of land identified for sale.</p> <p>Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements.</p>
<p>The service levels are internally agreed between the Corporate Services and the area of the organisation that it provides service to. The key organisation</p>	<p>All plans and reports completed in accordance with the Local Government Act 2002.</p>	<p>Completion of Annual Reports by 31 October each year.</p> <p>Adoption of Long Term</p>

wide function is compliance with the Local Government Act 2002.		Plan by 30 June every three years. Adoption of Annual Plans by 30 June in the intervening years.
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Graham Smith/Annette Money

The meeting was adjourned at 12.30 pm for lunch and reconvened at 1.06 pm

FINANCIAL STRATEGY

The Manager – Finance and Administration took elected members through the detail of the strategy.

Cr Williams left the meeting at 1.12 pm and returned at 1.15 pm.

Resolved that the following Financial Strategy be adopted for inclusion in the draft Long Term Plan:

We are required to specify the factors expected to have a significant impact on Council for the period covered by this plan.

We have outlined below the factors we consider to be significant:

- a) Implementation of the Drinking Water Standards
- b) Levels of internal debt currently held by Council and plans to repay that debt over a 10-25 year period.
- c) Reduction in Central Government roading subsidy contribution.
- d) Effects of the Christchurch earthquake.

We are also required to cover the following:

- a) Expected changes in population and changes in the use of land within the District and the impact on operating and capital costs of providing those changes.
- b) The expected capital expenditure on network infrastructure required to maintain existing levels of service currently provided by Council and
- c) Other significant factors affecting our ability to maintain existing levels of service and to meet additional demands for service.

We must as part of this strategy

- a) Place a quantified limit on rates, rate increases and borrowing and
- b) Assess our ability to provide and maintain existing levels of service and to meet additional demands for service within those limits and
- c) Detail on policy on the giving of securities and
- d) Specify our objectives for holding and managing financial investments and equity securities.

Each of these are discussed in more detail below.

FACTORS EXPECTED TO HAVE A SIGNIFICANT IMPACT

Implementation of the Drinking Water Standards

The Health (Drinking Water) Amendment Act 2007 requires water suppliers to take all practical steps to comply with the (previously voluntary) NZ Drinking Water Standards. To comply with the Act, Council must have in place a Public Health Risk Management plan which is approved by the Ministry of Health for each water supply. Dates for compliance with the Act are staggered depending on the size of the community.

For Fairlie, Tekapo and Twizel the compliance date is 1 July 2014. For Burkes Pass, Allandale and Albury, the compliance date is 1 July 2016. (The Albury Water Supply is managed by the Albury Rural Water Supply Society Inc under an agreement with Council, and expenditure on this scheme is not included in the LTP). There are a number of areas where Council currently does not comply with the drinking water standards.

The expected capital outlay to enable Council to comply is expected to be nearly \$6.0 million for two town supplies (Fairlie and Twizel).

Level of Internal Debt currently held by Council

Council has two types of internal debt; being operational and capital. Capital debt has been incurred where capital expenditure has occurred in advance of capital receipts. This tends to occur where larger infrastructure costs are incurred ahead of rate funded depreciation. It is a buy now/pay later mentality that effectively spreads the cost of the asset over its useful life. The issue is interest is being charged over a longer period than is prudent and there is no likelihood of the debt being repaid as the capital debt is constantly renewed over time through additional capital expenditure. Operational debt tends to occur when an activity is not appropriately funded such that it creates an operational deficit. This means current ratepayers have received a benefit (a lower cost service) at the expense of future generations. Current policy does not require a monetary cost (interest) on this type of debt.

Council's proposal is to commence a programme of repayment of these debts. It is proposed capital debt will be repaid over a period of 25 years, which may increase the levels of rates paid to ensure the repayment timetables are being met. Operational debt will be repaid over a period of 10 years, which will increase the level of rates paid to ensure repayment schedules are met.

Reduction of Central Government Roothing Subsidy

We currently undertake our roading programme based on a contribution from our ratepayers augmented by a larger contribution from central government through New Zealand Transport Agency (NZTA).

The funding assistance rate (FAR) is currently set at 53%. We expect this to decrease to be 50% by the end of our Long Term Plan for 2012-2022. This reduction will place a greater burden on our ratepayers to be able to fund current levels of service.

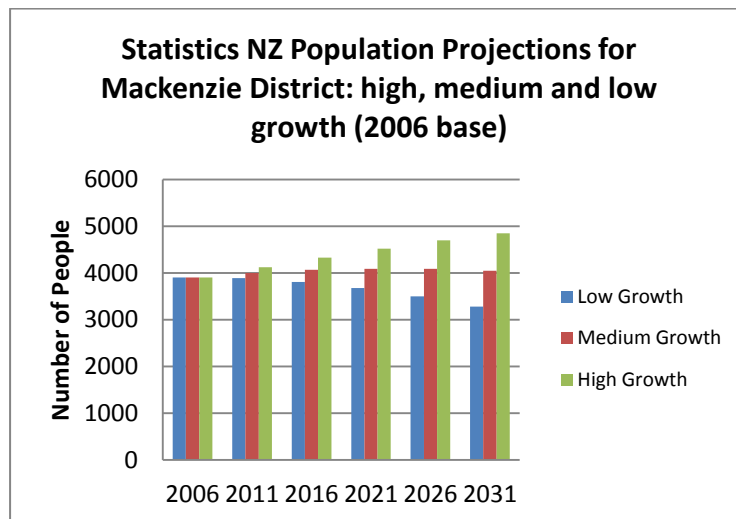
Effects on the District of the Christchurch Earthquake

While not directly affected, Council is indirectly affected through increased insurance premiums, diversion of skilled outside technical assistance to the Christchurch rebuild and imposition of tougher building standards on the region. All of these have an impact on Council's operational costs.

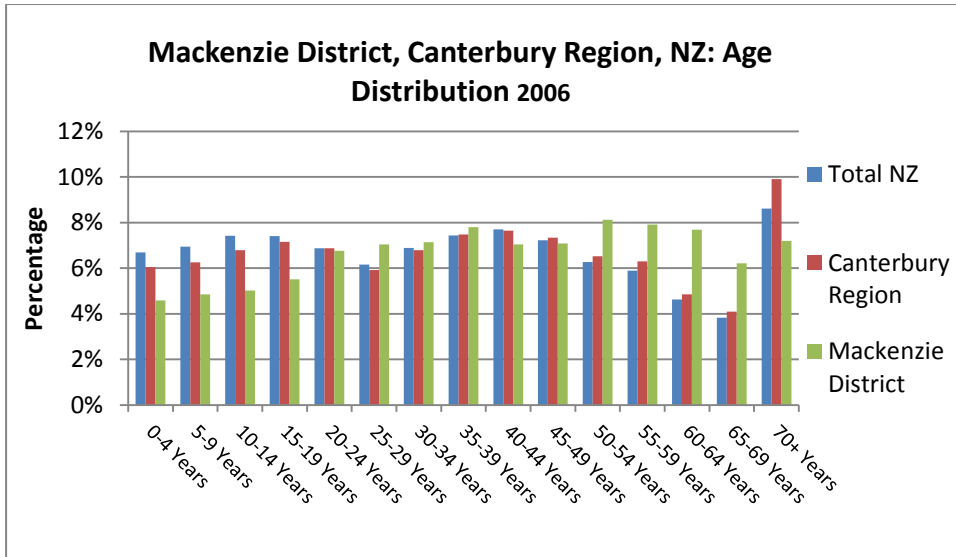
Population Changes

The Long Term Plan has been prepared on the basis that population will continue to grow. Due to the effect of the Canterbury earthquakes, the 2011 census was cancelled. Therefore, we have used the population projections from the 2006 census as a base for the period of the Long Term Plan. The following graph shows the population projection for the Mackenzie District over the next 20 year period.

Even the high growth projections show only moderate rates of increase. More recently a projection of population for reviews of representation estimated our population at 4,050, higher than the earlier projections.



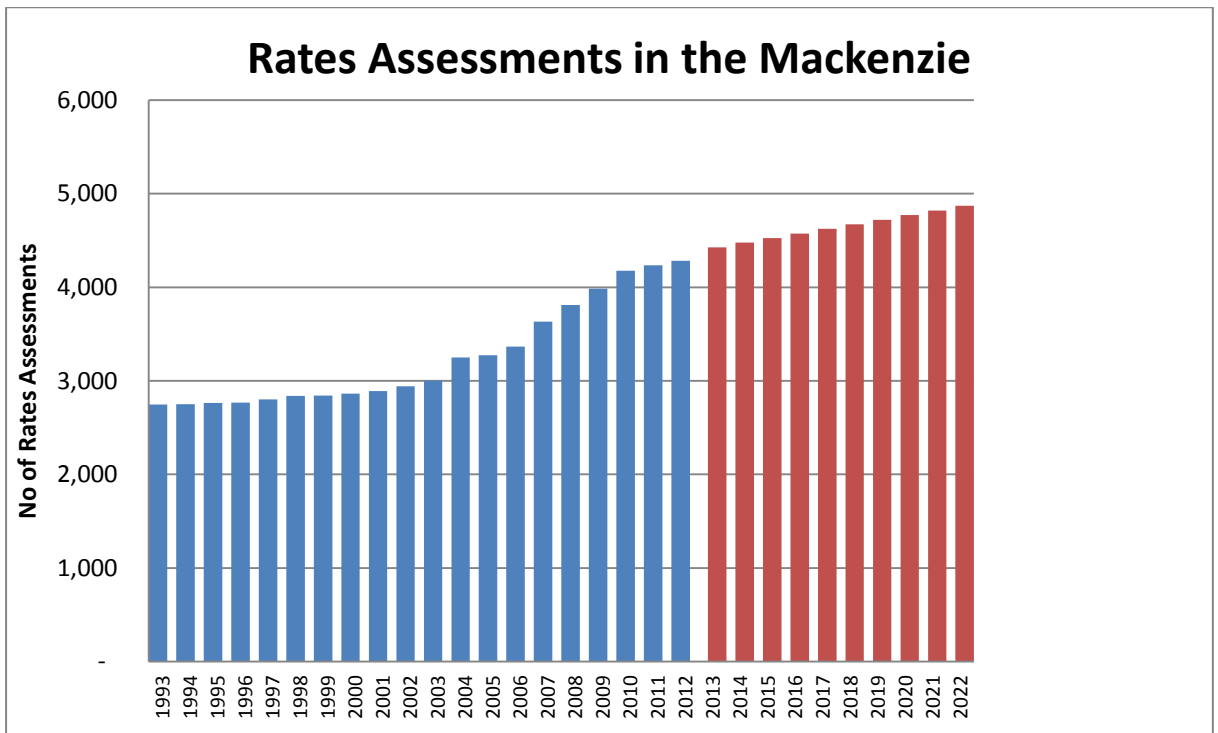
It is acknowledged that the population of the Mackenzie is older than the national average. This presents issues around ensuring there are appropriate facilities and services for older people. We are committed to providing buildings for medical centres to ensure that health services are adequately provided to the community. The following graph (using the 2006 census data) shows the age distribution for the Mackenzie in comparison with Canterbury and New Zealand.



The problem with using the census figures is that Mackenzie has a high proportion of absentee ratepayers. It is difficult to plan using the census figures as they do not account for this.

A more appropriate measure is to use rate demands issued as this accounts for absentee ratepayers.

The table below highlights the growth in rate demands experienced by Mackenzie since 1993 (blue) which has equated to a 56% increase over that period or 76 additional rate demands per year. We expect this level of growth to continue but have applied a discount factor of 0.6 which produces a more conservative result.



We consider our Infrastructure networks to have sufficient capacity so as not to require any capital or operational expenditure to increase that capacity.

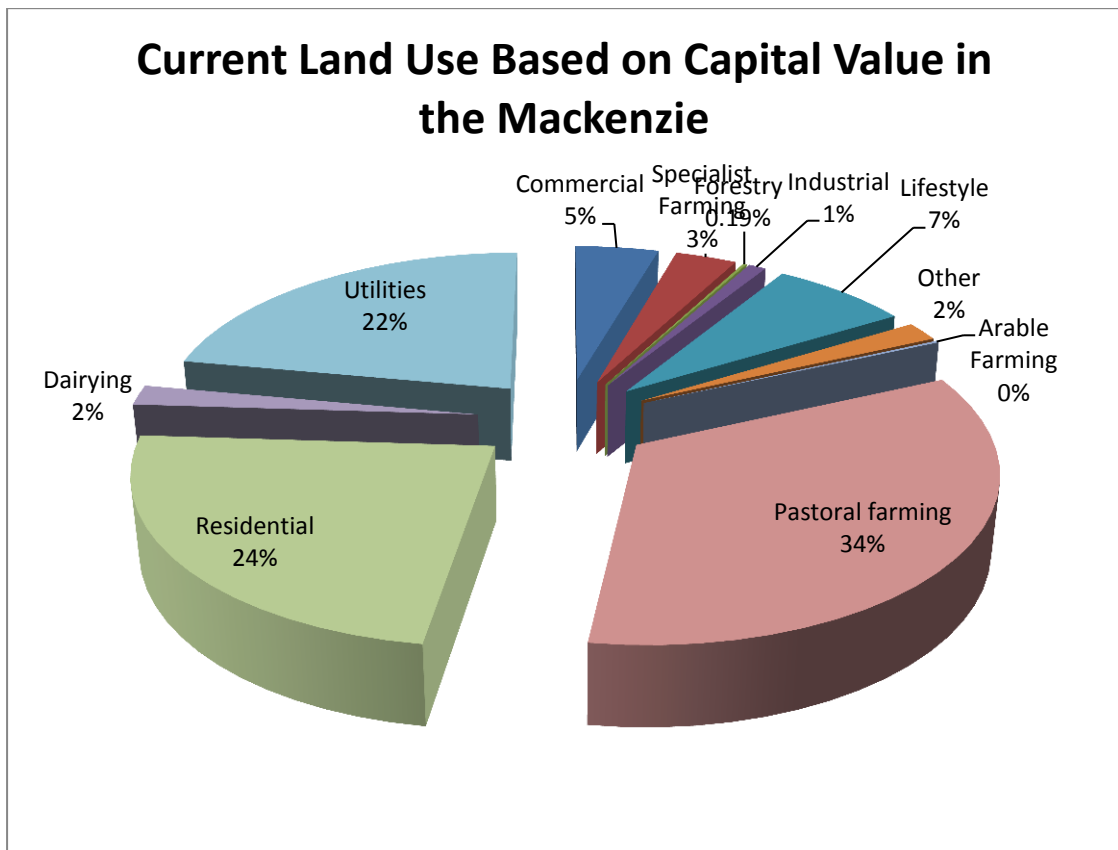
Land Use Changes

The Mackenzie District has historically been an agriculture based district, primarily beef and sheep. Over the past ten years, there have been marked changes to the use of land throughout the District.

The growth in tourism, has resulted in increased number of accommodation providers and other businesses associated with tourism, as well as more holiday homes.

The Fairlie Basin has seen an increase in the number of dairy farms and that trend is likely to increase if access to further irrigation can be secured.

The following pie chart shows the current land use of properties in the Mackenzie District as at August 2009 (the date of the last District revaluation).



Due to uncertainty of the potential changes in land use within the District and that any land use change will most likely be between similar categories that have limited impact on infrastructural services (eg converting from pastoral farming to dairy). We have made no allowance for this in this Financial Strategy.

LEVELS OF SERVICE

Capital Expenditure Programme

Capital expenditure requirements for our infrastructural assets and roads are dictated by the levels outlined in our Asset Management Plans (AMPs) for each activity. The AMPs are updated on a regular basis to ensure that various changes to the plan in the interim period are accounted for.

The table below details our Capital expenditure programme required to maintain our existing levels of service currently provided by us.

Network Activity	30 Jun 13 (\$00 0)	30 Jun 14 (\$00 0)	30 Jun 15 (\$00 0)	30 Jun 16 (\$00 0)	30 Jun 17 (\$00 0)	30 Jun 18 (\$00 0)	30 Jun 19 (\$00 0)	30 Jun 20 (\$00 0)	30 Jun 21 (\$00 0)	30 Jun 22 (\$00 0)
Water	1,455	349	257	273	98	527	50	97	140	132
Sewer	51	0	124	0	729	606	495	95	0	0
Stormwater	0	0	0	0	0	0	0	0	937	0
Roading	1,679	1,716	1,856	1,831	1,886	2,331	2,014	2,089	2,160	2,235
	===== =	===== =	===== =	===== =	===== =	===== =	===== =	===== =	===== =	===== =
	3,185	2,065	2,237	2,104	2,713	3,464	2,559	2,281	3,237	2,367

We do not consider there are any other significant factors that affect our ability to maintain our existing levels of service for our infrastructural assets. Likewise we do not consider there are any further factors not already discussed in previous sections of this financial strategy that impact delivery of improved levels of service.

Rates

In general terms, we try to minimize the overall rate increase each year. We do not use the Consumers Price Index (CPI) as our absolute target but more as a guide. This is because the inputs used by Council tend to increase by more than the CPI. However, the actual increases in rates from an organisational point of view do change from year to year depending on the funding options chosen and also the fact that there are operational costs that are not carried out every year, but need to be funded in the year they are incurred. As a result, as a rates increase is an amalgam of many individual rate increases, we intend to set the rates at the level that is required, rather than to ensure the overall rate increase matches inflation.

The Mackenzie District has a small population (one of the smallest in New Zealand), and because of this, relatively minor factors can have a marked effect on the rates increases in any one year as there are fewer people to spread the cost across. As a result, there is an allowance for any rate increases being higher than the level of inflation due to extraordinary items. These items include, but not limited to, the following:

- Capital expenditure requirements, which increase the level of debt, both internal and external.
- Increased expenditure due to compliance with new legislation.
- Increases in input costs (as measured by the Local Government Construction Index).

When determining the overall rate increases, an allowance has been made for a 6.5% increase in capital value of the district over ten years. This may be reviewed if there are significant areas of growth experienced in excess of this. The increase is applied to all capital values.

Because of the structure of our rating system, the overall increase in rates will not be consistent for each property throughout the District. It will depend on the targeted rates that are charged to that particular property and also the capital value of the property. We provide the relative rate increase comparisons for 32 various sample properties from throughout the District. We have used the same 32 properties for years as this gives us a good indication of the impact of increases across the different communities and house values. The sample properties analysis is provided in Appendix 3.

Rate Increases

All Councils are required to set a limit on rates increases over the 10 year period of the Long Term Plan. There are no rules around how we are to determine what limits are appropriate.

Options

There are a number of options available to us, for instance:

- Linking rate increases to an inflation rate
- Setting a percentage increase
- Setting an increase based on known factors and assumptions

We felt that setting rate increase limits based on an arbitrary rate of inflation was not consistent to the assessment of the proposed costs outlined in the LTP. This is because it did not take into account items such as new capital expenditure, which could result in a necessary increase in rates to fund the work, which could exceed the overall increase in rates.

Setting a percentage increase per annum again did not reflect the assessment of the proposed costs in the long term. Furthermore, as the rates for individual communities can increase at varying amounts due to various factors, it was difficult to set a percentage increase that reflected these factors adequately.

As a result, we have decided to set any increases based on known factors and assumptions.

Quantified Limits on Rate Increases

Council's Long Term Plan highlights the following limits on rates:

2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
6,073	6,600	6,996	7,018	7,173	7,218	7,276	8,060	8,060	8,330

Council's Long Term Plan shows rates increases from \$5.728 million in the 2012 year to \$8.332 million or \$2.604 million over the 10 year period. This equates to a compounded rate increase of 3.82%. Therefore we have set our annual rate increase to be no more than an average of 4% per year.

However there may be times where strict adherence to the average increase is not possible. This may occur due to bringing expenditure forward or deferring some expenditure. Therefore we have allowed a contingency of +2.5% in any one year as long as the total for 10 years is not exceeded.

Borrowing

We will for the first time need to take on external debt. The following ratios will be used to limit the level of debt we can incur.

- a) Debt will not be more than two times our rate income and
- b) Debt will not be more than 100% of total operating revenue (excluding property sales, capital type contributions or vested assets).
- c) Financing costs will not be more than 10% of total rate income.

We consider these to be appropriate affordability measures.

Security

Council has the ability to offer as security a charge against rates. This allows us to offer strong security and should help secure lower interest rates.

Depending on the type of debt we take on we may need to prepare a debenture Trust Deed. The policy details are provided in our External Liability Management Policy.

TARGETS FOR INVESTMENTS

Cash Investments

During the period of the last Long Term Plan, we have managed to build up our cash reserves to a significant level. Even though we plan to undertake significant capital projects during the period, the current plan we do not propose to use these cash reserves to fund the programme. The cash investment income is used to offset the district-wide general rate whereas the capital programme only benefits a proportion of those ratepayers. It is therefore appropriate to maintain cash investments at the current levels.

Equity Investments

Currently, we hold one equity investment being 4.96% share in Alpine Energy Ltd. This asset is not readily tradable on the open market, but our objective is to retain ownership of this investment.

Forestry Investments

We hold approximately 1,040 hectares of trees. Some of the key plantations are due for milling during the life of this plan. Forestry assets are held as long term investments on the basis of net positive discounted cash flows, factoring in projected market prices and annual maintenance and cutting costs. All income from forestry is included in the statement of comprehensive income, and this is used to fund replanting of the land. Where there is an excess of funds, we may distribute this in a manner we see fit.

IMPLICATIONS OF MACKENZIE'S FINANCIAL STRATEGY

Assessment of our ability to provide and maintain existing levels of service and to meet additional demands for service within those rate increase limits:

We face potential issues in the future in regards to the level of funding that is expected to be provided for roading from New Zealand Transport Authority as discussed previously in this financial strategy. This shortfall will be required to be funded by rates or levels of service may be cut back.

We will also face potential issues relating to future borrowing requirements for renewal of infrastructural assets (water and sewer). This has been mitigated by the restructuring of our rating system for these activities to spread the burden across a greater base.

Assessment of our ability to provide and maintain existing levels of service and to meet additional demands for service within those debt limits:

As listed in the table above, we are not contemplating taking on debt greater than \$5.7m and the maximum amount of interest expected to be charged on the external debt is budgeted at less than \$0.329m. Therefore, our assessment is that we do have the ability to maintain the existing levels of service and to meet additional demands for service within those debt limits.

Graham Smith/Evan Williams

VII PUBLIC EXCLUDED

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

1. Township Maintenance Alternative Options
2. Mackenzie Tourism and Development Trust

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
Township Maintenance Alternative Options	To enable the Local Authority to carry on without prejudice or disadvantage negotiations	48(1)(a)(i)
Mackenzie Tourism and Development Trust	To enable the Local Authority to carry on without prejudice or disadvantage 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: *Township Maintenance Alternative Options and Mackenzie Tourism and Development Trust* – Section 7(2)(i)

John Bishop/Annette Money

The Council continued in Open Meeting.

AUDIT REPORT

The Chief Executive Officer reported that the auditors had advised that the Audit Report would not be available until 23 April 2012. This meant that the signing off the Long Term Plan – 2012 to 2022 would be postponed from 17 April 2012 until 24 April 2012. He asked Councillors to reserve in their diaries an extraordinary meeting of the Council to be scheduled for 24 April 2012 at 9.30 am.

**THERE BEING NO FURTHER BUSINESS,
THE MAYOR DECLARED THE MEETING CLOSED AT 2.55 PM**

MAYOR: _____

DATE: _____