

Mackenzie District Council Annual Report 2011-2012

Photo: J Hadfield



Council Directory

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CHRISTCHURCH

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Westpac Banking Corporation
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TIMARU

The Mackenzie District – (Mayor & Councillors 2010–2013)



MAYOR
Claire Barlow

PUKAKI WARD



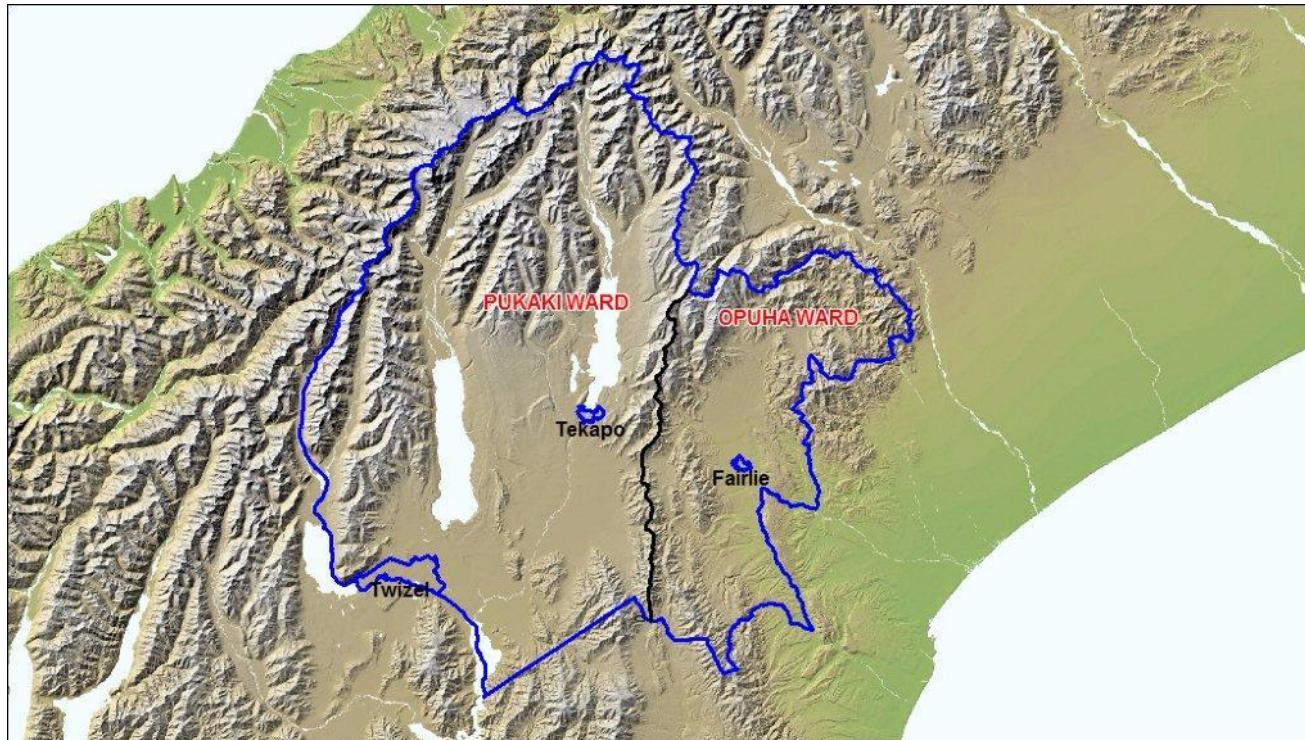
John Bishop



Peter Maxwell



Annette Money



OPUHA WARD



Graeme Page



Graham Smith
(Deputy Mayor)



Evan Williams

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Introduction by the Mayor and Chief Executive

The year under review was a busy and challenging one for both Councillors and staff. Work began in earnest on implementing the recommendation of the former Council (Annual Report 2009/10) to further review Council's rating policies to ensure the District's ongoing financial sustainability.

The community support for our efforts in the 2011 and 2012 CINTA surveys was gratifying. In particular, we need to highlight the value the community placed upon the autonomy we enjoy as a District. Our aim must be to actively pursue new ways of working with others to ensure we continue to provide good services at an affordable price.

In a busy year, there were numerous highlights. They included:

- The successful introduction of a new wheelie bin service for collection of refuse.
- A new set of all-weather tennis courts in Tekapo.
- Successful rezoning of Twizel and surrounds through Plan Change 15.
- Continuation of the highly successful Twizel greenway and walkway projects.
- Community fundraising to help heat the Strathconan Pool in Fairlie.
- A new cemetery in Tekapo ready to open.
- Road resealing and footpath surfacing undertaken in a shared contract with Timaru District Council.
- A contract let for enhanced treatment of Tekapo's Water Supply.
- A new rural fire tanker purchased for Tekapo.
- More ongoing water mains renewed in Fairlie.
- Eight minor safety improvements undertaken on District roads for a cost of \$275,000.
- Sale of the Tekapo Camping ground.

Financial Overview

During the year ended 30 June 2012, net operating expenditure and operating revenue tracked well against budget but the operating deficit was impacted upon by several non-cash adjustments. The main reasons for the difference between the actual deficit of \$590,000 and the budgeted surplus of \$1,313,000 are given below:

Assets written off	\$317,000
Impairment of the loan to MTDT	\$233,000
Impairment of the value of Councils Carbon Units	\$45,000
Reduction in value of Councils forestry assets	\$191,000
Reduction in value of Councils investments	\$65,000
Inclusion of book value of land sold Tekapo Camping Ground	<u>\$2,555,000</u>

	\$3,406,000
Add back loss recorded	<u>\$590,000</u>
Profits before non-cash adjustments	\$2,816,000

The Council's net operating expenditure (excluding depreciation, asset impairment and asset write-off) was \$7,432,000, \$73,000 above the budget of \$7,359,000. The comparable figure in 2011 was \$7,044,000.

Operating revenue was \$10,909,000 compared with a budget of \$9,788,000 when sales of real estate and gains on sales of assets, vested assets and other losses are taken into account. This figure exceeded budget by \$1,121,000 or 11.45%. The comparable 2011 figure was \$9,737,000.

Capital Works

A total of \$2,938,000 of capital work was undertaken during the year which was 99% of the budget of \$2,960,000.

The major components of the capital spend are given in the following table:

Work	Budget (\$000's)	Actual (\$000's)
Fairlie water supply pipeline renewal	180	319
Fairlie water supply treatment upgrade	140	24
Tekapo water supply treatment upgrade	174	22
Twizel water supply consenting and treatment upgrade	100	7
Twizel water supply – new headworks and reticulation	151	5
Twizel sewer – upgrading	53	31
Urban reseals	157	162
Rural reseals	381	488
Urban footpath surfacing	139	69
Metalling	373	445
Pavement rehabilitation	139	102
Minor safety works	283	275
Fire tanker	87	86
Tekapo tennis courts	-	211
Pukaki Airport development	-	42
Subtotal specified projects	2,357	2,288
Other capital expenditure	603	650
	2,960	2,938



Governance

The major focus for all elected members was the comprehensive review of the Council's rating regime, which was driven by a desire to ensure financially sustainable sources of revenue for the future. The process began with workshops held from November 2011 and dominated the Council agenda until August 2012.

Key changes included:

- Changes to Twizel community rating boundaries
- Standardised rates for urban water, sewerage and stormwater
- Introduction of District-wide rating for roading
- A standardised solid waste charge for the new wheelie bin services
- Direct funding of Council overheads
- Greater use of funded depreciation
- New rates for cattlestops and for Twizel Community facilities
- Changes in the Council's internal interest rate regime
- Changes to the mode of rating for marketing and economic development.

Following consultation where 530 submissions were received, the Council decided not to proceed with the standardised rates for urban water, sewerage and stormwater. This was the change that attracted the most opposition. Council also dropped plans to increase the amount levied for Marketing and Economic Development and to alter that rating structure.

The consideration of various funding alternatives, the processing and hearing of submissions and the rethinking of Council's position on some issues was very time consuming. As a consequence the final Long-term Plan needed significant rewriting and the document was adopted on 10th August 2012, after the statutory deadline of 30 June 2012.

Looking back, a lesson learned from the Long-Term Plan process was that ratepayers and residents desire to be fully informed of major changes in policy with adequate time allowed for consideration, debate and the opportunity to make informed submissions on proposals. This will be given priority when Council revisits the issue of sustainable funding in the future.

Another challenge for the Council was determining the fate of its subsidiary, the Mackenzie Tourism & Development Trust. The Trust had incurred significant losses in the previous year and despite the injection of additional emergency funding during the year and the efforts of new trustees to place it on a sounder financial footing. Following submissions on the Long-Term Plan, Council decided a different vehicle was needed to deliver marketing and economic development.

After balance date, Council entered into an interim arrangement with Christchurch and Canterbury Tourism to provide services under contract. Meanwhile, a working party was established to recommend sustainable ways of supporting these activities in the future.

During the year, there were no changes to the membership of Council and its Community Boards. An Audit & Risk Committee was established, as was a subcommittee to oversee Council's property development in Tekapo. Council also agreed, as a consequence of its funding changes, to set up a new Roading Committee with rural and community representation. The committee commenced work in the 2012/13 year.

Council declined to make any changes to its current mode of representation and agreed to leave any review until 2015 in time for the election the following year.

A survey of residents opinion was held for the first time in nine years and revealed a good level of support for Council's activities and initiatives. After considering the results, Council agreed to:

- Examine the adequacy of its public toilets
- Review the satisfaction with rubbish collection once the wheelie bin service had been established
- Note that more money could be spent on roads and footpaths

It also agreed that there was good community support for upgrading medical facilities in Twizel. The survey has been repeated in 2012/13.

Water Supplies

The work of implementing the Canterbury Water Management Strategy was advanced during the year with Council receiving zone implementation plans from both the Upper Waitaki and Orari Opihi Pareora Zone Committees which will be incorporated where applicable into our own work plans.

The programmed replacement of ageing pipes in the Fairlie reticulation continued with \$319,000 being spent.

Progress also continued in meeting the requirements of the Health (Drinking Water) Amendment Act 2007. During the year, Public Health Risk Management plans were submitted to the Ministry of Health for both the Fairlie and Tekapo supplies and draft plans were prepared for Burkes Pass and Allandale. A similar plan for Twizel has been delayed pending the determination of a future source.

In Tekapo a contract was let for upgrading the treatment regime by providing ultra-violet disinfection but work was delayed in sourcing the treatment plant from overseas.

Twizel improvements depend on finalising the source of water and delays in completing test drilling affected planned progress. However a renewed resource consent for the existing source was obtained by August 2012.

Manuka Terrace investigations also fell behind schedule but test pumping was undertaken.



Sewerage

Limited progress was made in upgrading the treatment and disposal system at Twizel. Further work is dependent upon the obtaining of additional land. The disposal trench was fenced.

Solid Waste

The year saw the introduction of the wheelie bin system in October 2011 and the contracting out of the solid waste operation to Envirowaste Services Limited. The changeover proceeded smoothly and residents appeared to favour the phasing out of the bag collection system.

The Waste Management and Minimisation Plan was revised during the year but did not go out to public consultation until July 2012.

A new slogan was adopted to boost recycling – “Mackenzie – too good to waste – Recycle!”

Roading

The capital works programme included eight minor safety improvement works being completed for a total cost of \$275,000. They were:

- Clayton Road seal widening Stage 2
- Nixon Road safety footpath Stage 2
- Ohau Road safety footpath
- Cricklewood Road traction seal
- McLeans Road traction seal
- Hamilton Road traction seal
- Clayton Road seal past houses
- Lake Alexandrina traction seal.

Resealing works totalled \$650,000 with \$488,000 spent in the rural area and \$162,000 in the urban townships. A further \$102,000 spent on sealed pavement rehabilitation.

Metalling work was undertaken for a cost of \$445,000.

Limitations on the availability of sufficient NZTA funding is a concern and will extend the timeframe for Council to eliminate a 15km backlog of overdue sealed road resurfacing. Current budgets will allow 13-14kms per year of resealing which includes a catchup of 2-3km per year.

During the year about 16,000m³ of metalling was undertaken compared with 20,000m³ four years earlier. Funding restraints limiting the amount of metalling that can attract subsidy are of concern.

The planned change in road funding with a district-wide rate led to protocols being adopted to ensure a fair allocation of funding for minor improvement works.

A ten year programme of bridge renewals was agreed to and a NZTA technical audit was completed with only minor improvements being recommended.

Council joined forces with Timaru District Council in completing its resealing and footpath surfacing work by way of a variation to Timaru's existing contract.

In the townships, \$69,000 worth of footpath surfacing was completed. Planned streetscape improvements in Princes Street, Fairlie were deferred until the spring due to risks of disruption by poor weather.

Planning and Regulation

Plan Change 15 affecting zoning in and around Twizel was finalised early in the new year with no appeals.

An interim decision on Rural Plan Change 13 affecting the Mackenzie basin was released by the Environment Court in December 2011. In its preliminary findings, the Court moved some distance away from the earlier decision by Commissioners. The Court also concluded that the bulk of the Basin was an outstanding natural landscape.

The Court decision was appealed to the High Court and a decision had not been released at the time of writing this.

A new initiative, the Mackenzie Sustainable Futures Trust, was an attempt to find collaborative solutions to environmental issues in the Mackenzie Basin. After a series of meetings in which the Court was an active observer, a report was agreed to but this has still to be presented to either of the two District Councils or the Regional Council.

Work was undertaken on the planned review of Council's District Plan.

Processing timeframes were met for resource consents at 95% but just missed for Land Information Memoranda – of 123 LIMs processed, one was one day outside the processing time.

Building Consents were higher than anticipated. Processing targets were met and accreditation as a Building Control Authority was maintained for a further twelve months.

Community Services and Recreational Facilities

The major improvement work undertaken was the reconstruction of all weather tennis courts at Tekapo for a cost of \$211,000. Plans for the refurbishment of the Tekapo Community Hall were approved with the work to be completed in the 2012/13 year.

Local consultation was held to determine priorities for improvements to the Tekapo Domain including the planned footbridge. A safety footpath was constructed at Lakeside Drive.



In Twizel, another stage of the greenway and walkway project was completed. Council accepted that new toilets were required in Market Place, Twizel and these are planned to be built adjacent to the service centre. Work was commenced on renovating the portion of Market Place fronting Tasman Road.

In Fairlie, Strathconan Pool benefitted by the installation of additional heating funded by community fundraising. An \$8,000 grant was received from the Drama Society for upgrading the Community Hall and more work was completed on the Village Green.

The cemetery in Tekapo was ready to become operational, thanks to the efforts of a local group who financed most of the development work.

Commercial Activities

The sale of the Tekapo Camping Ground was concluded contributing significantly to Council's cash reserves. The gross sale proceeds of \$1.85m were less than the book value of the facility resulting in a loss on sale which Council accepted when it negotiated the sale believing the deal would stimulate further development and growth in the area.

No further sales of the Pukaki Airport subdivision were concluded but \$42,000 was spent on additional development, approved the previous year.

Work continued during the year on proposals to develop village centre land in Tekapo.

Performance Measures

Of the 102 performance measures reported against in the Plan, 67 were fully achieved, 23 were not achieved and 12 were either not measured, were not applicable or achieved in part. This result was broadly similar to that achieved in 2011 where the comparable figures were 101, 61, 25 and 15. The quality of measures has been enhanced and their number reduced for future reporting.

Staffing

During the year, long serving Building Control Manager, Dick Marryatt retired and Steve McLellan was promoted to fill that position. Christine Scannell joined the team as Building Control Officer after balance date.

Changes to the solid waste operation resulted in the redundancies of five staff:

Andrew Wood

Peter Brien

Jim Stocker

Jimmy Dagg

Michael Urquhart.

Manager Carl McKay was retained on a 12 month contract.

In the Planning area, Erin Hawke resigned and Anastasia Blignaut and Angie Taylor went on parental leave. The number of planning officers was reduced to one following a reduction in activity.

Casey Pridham resigned as Payroll Officer and Heather Kirk resigned as Administration Officer.

Nic Guerin was appointed as receptionist and Keri-Ann Little filled the administrative vacancy.



Glen Innes
Chief Executive Officer



Claire Barlow
Mayor

Statement of Compliance and Responsibility

Compliance

The Council and management of Mackenzie District Council confirm that, in accordance with Schedule 10 Section 34 of the Local Government Act 2002, all the statutory requirements in relation to the annual report have been complied with.

Responsibility

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

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

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2012 fairly reflect the financial position and operations of the Mackenzie District Council.



Glen Innes
Chief Executive Officer



Claire Barlow
Mayor



Paul Morris
Manager – Finance & Administration

30 October 2012

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**To the readers of
Mackenzie District Council and group's
Annual report
For the year ended 30 June 2012**

The Auditor-General is the auditor of Mackenzie District Council (the District Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, groups of activities statements and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 84 to 119, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows, statement of commitments and contingencies and statement of accounting policies for the year ended on that date and the notes to the financial statements that include explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the groups of activities statements of the District Council and group on pages 15 to 78 that includes particular information required by schedule 10 of the Local Government Act 2002.
- the other information that comprises the report on the statement of compliance and responsibility on page 6, council controlled organisations on pages 80 and 81, and Maori capacity to contribute to decision-making processes on page 82.

Opinion on the financial statements, groups of activities statements and other information

In our opinion:

- The financial statements of the District Council and group on pages 84 to 119:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of their operations and cash flows for the year ended on that date.
- The groups of activities statements of the District Council and group on pages 15 to 78:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the District Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.



- The other information of the District Council and group on pages 6 and 80 to 82 under the respective headings of 'Statement of compliance and responsibility', 'Council controlled organisations' and 'Maori capacity to contribute to decision-making processes', complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflect the required information.

Our audit was completed on 30 October 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, groups of activities statements and other information are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of activities statements and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of activities statements and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, groups of activities statements and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, groups of activities statements and other information;
- determining the appropriateness of the reported groups of activities statements within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, groups of activities statements and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of activities statements and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and groups of activities statements that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect their service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.



The Council is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements, groups of activities statements and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, groups of activities statements and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

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

Other than the annual audit and in the audit of the long-term plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

30 October 2012

Mackenzie Today

Background

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

The District was first settled by Europeans in the 1850's and the first elected representatives served on the Mount Cook electorate of the Canterbury Provincial Council in 1862. The forerunner of the Mackenzie County and District Councils was the Mount Cook Roads Board which was set up in 1864.

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

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

In contrast to its small population, the area of the District is large, comprising 745,562 hectares. Fairlie, Lake Tekapo and Twizel are the main towns and there are villages at Albury, Kimbell, Burkes Pass and Mount Cook.

Economy

The economy of the District is built on farming, tourism and hydro electric development. Pastoralism is the dominant form of agriculture in the region. However, more intensive land uses such as forestry, dairying, cropping and horticulture are becoming increasingly common and offer considerable scope to grow the local economy. The District is fortunate in having Lake Tekapo and Aoraki Mount

Cook, the international tourist icons, within its boundaries. They provide an excellent platform from which to develop the tourism potential of the District. The vast water resources of the District have provided the base for an extensive hydro electricity generation industry.

Demographics

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

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

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

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

There were 390 people (or 27%) who live in one-person households in the Mackenzie District, compared with 23% nationally. In the Mackenzie in 2006 the average household size was 2.4 people compared with an average of 2.7 people nationally. In the Mackenzie District, 53.4% of households in private occupied dwellings own the dwelling (with or without a mortgage) compared to 54.5% nationally. 56.8% of households in the District have access to the internet, compared with 60.5% of households nationally.



Mackenzie Tomorrow

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

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

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

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

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

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

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

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

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

In a 2004 Canterbury-wide survey, 150 Mackenzie residents were asked to compare the way the District was now and how they would like it to be in fifty years time. The biggest gaps between current performance and future desires were in these areas:

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

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



Community Outcomes

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

They want:

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

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

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

The Council believes that the process used in 2006 to identify community outcomes was adequate for its purpose and the extent of its available resources. Council reaffirmed these Community Outcomes in 2012 in its Long-Term Plan.

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

OUTCOME	COUNCIL ROLE
<p><i>An attractive and highly valued natural environment</i></p> <p>The outcome desired by the community is to have the outstanding natural features of the district preserved, enhanced, accessible, and promoted</p>	<p>Regulator through its District Plan. Provider and funder of local reserves. Advocate for environmental issues.</p>
<p><i>A thriving economy</i></p> <p>The outcome desired by the community is to have a well-balanced economy, providing employment and investment opportunities for all ages, and sustaining a full range of support services</p>	<p>Essentially a support role. Council would like to see some limited funding of business advice through the Tourism and Development Trust. As a regulatory instrument, the Council's District Plan is seen as enabling, not putting barriers in the way of economic development.</p>
<p><i>A democracy which upholds the rights of the individual</i></p> <p>The outcome desired by the community is to have a Council which champions the rights of the individual and represents its community</p>	<p>Advocate on behalf of the District or groups within it.</p>
<p><i>A fit and healthy community</i></p> <p>The outcome desired by the community is to have a variety of sporting, recreational, cultural, spiritual, health, welfare and educational resources available to sustain and enrich the lives of its people.</p>	<p>Provider and funder of a range of recreational activities. Supporter of the provision of medical and other social services. Advocate where required.</p>
<p><i>Safe, effective and sustainable infrastructure</i></p> <p>The outcome desired by the community is to have safe, effective and sustainable water, waste, communication, energy and transport systems in place when required, through sound long term planning and funding.</p>	<p>The prime provider and funder of roading, water supplies, sewerage, stormwater and solid waste services.</p>
<p><i>A supportive and contributing community</i></p> <p>The outcome desired by the community is to foster the unique attributes and strong sense of community that makes the Mackenzie District special, and to encourage people to use their skills and talents for the benefit of the community.</p>	<p>Council plays a supportive role, providing advocacy where needed.</p>

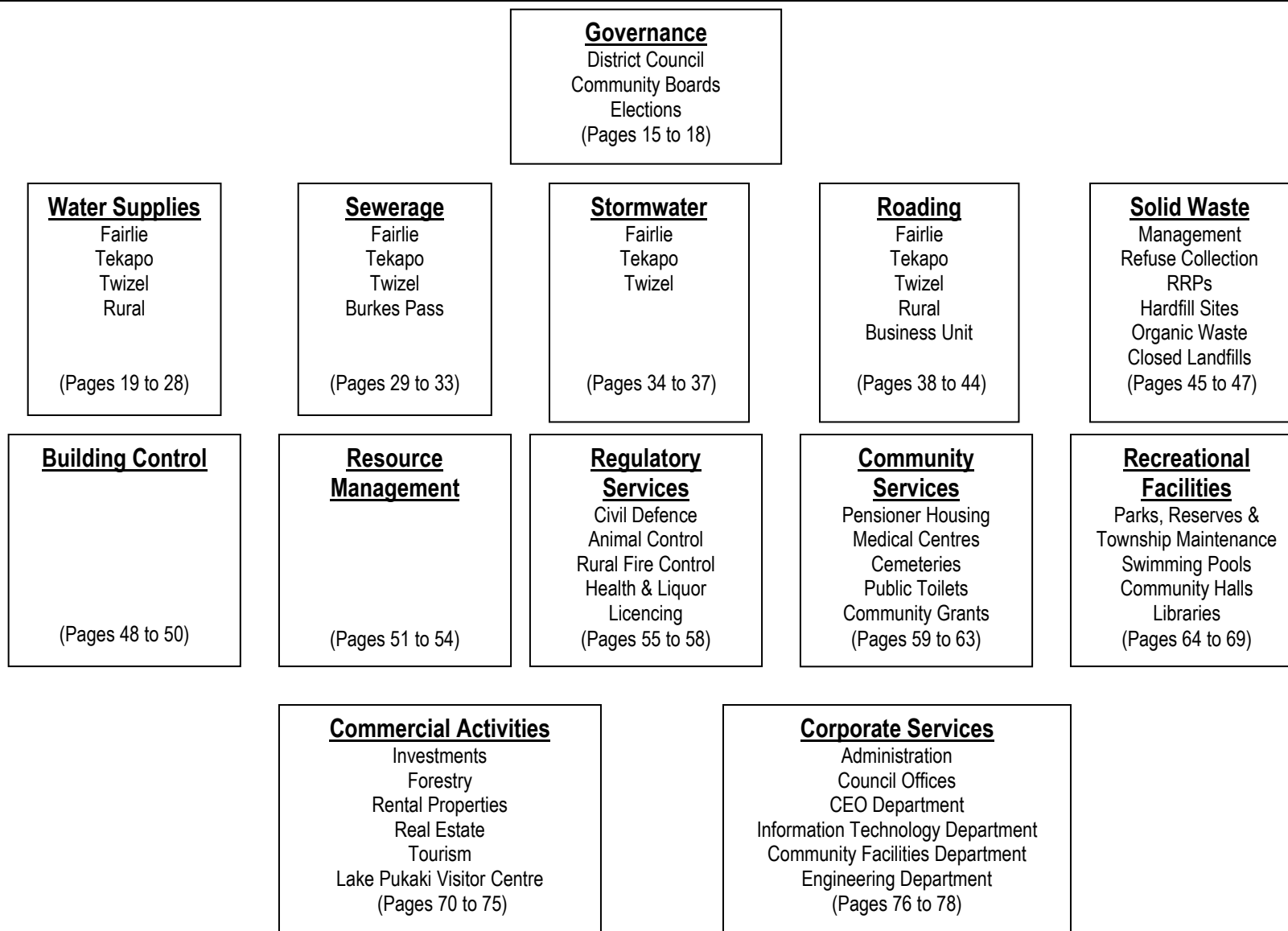
A number of documents underpin the Council's efforts to help the community achieve its goals.



Groups of Activities

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

Groups of Activities – Overview



Governance

Background

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

Rationale for Council's Involvement

The governance activity is prescribed by statute. The Council and Community Boards are provided for under the Local Government Act 2002 and the elections function is provided for under the Local Electoral Act 2001.

Community Outcomes to which the Activity Contributes

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

Principal Objectives

District Council

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

Community Boards

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

Elections

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

Key Levels of Service and Performance Measures

Levels of Service	Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Council meets in accordance with predetermined schedule and in compliance with the Local Government (Official Information and Meetings) Act 1987.	<p>Council's schedule of six weekly meetings runs from late January through to December each year. Special meetings are also held from time to time. Council's Finance and Operations Committees also meet on a six weekly cycle with meetings of the Planning Committee largely determined by resource consent hearings.</p> <p>Meetings comply with the Local Government (Official Information and Meetings) Act 1987.</p>	<ul style="list-style-type: none"> At least 9 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. 	<p>Achieved Council continued to meet on a 6 weekly cycle. In 2011/12 there were 18 meetings of the full Council and 20 meetings of Council Committees. A total of 38 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>	<p>Achieved: Council meetings continued on a 6-weekly cycle. In 2010/11 there were 14 meetings of the full Council and 22 meetings of Council committees, a total of 36 for the year.</p> <p>Achieved: There were no identified breaches of the Local Government (Official Information and Meetings) Act during the year.</p>
Effective consultation held on LTCCP, Annual Plan and other significant issues.	A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.	<ul style="list-style-type: none"> Number of special consultations held during the year and number of submissions made in response. 	<p>Achieved Council undertook a special consultative process for Council's LTP. 530 submissions were received. The consultation included sending a summary to all ratepayers.</p>	<p>Achieved: Council undertook a special consultative process for Council's Annual Plan as well as to establish a company to operate the Alps to Ocean Cycleway. 200 submissions were received for the Annual Plan and one for the Alps to Ocean Cycleway. The consultation included sending a summary to all residents of the district and to all non-resident ratepayers.</p>
The three community boards complement the role of the Council by providing local input and advocacy into Council decision making.	Community boards meet regularly and provide recommendations on local issues to Council.	<ul style="list-style-type: none"> Each Community board meets eight times during the year. Recommendations including budget submissions are forwarded to Council for approval. 	<p>Achieved Each of the Community Boards met eight times.</p> <p>Achieved All recommendations including budget submissions were forwarded to Council for approval.</p>	<p>Achieved: The Fairlie Community Board held eight meetings during the year, the Tekapo Community Board held eight meetings and the Twizel Community Board held nine.</p> <p>Achieved: All recommendations including budget submissions were forwarded to Council for approval.</p>

Identified Effects on Community Wellbeing

The Council believes that the Governance activity affects the social, economic, environmental and cultural well-being of the community; in that Council's policy decisions and direction will both enhance these and make the Mackenzie a more desirable place to live or alternatively they could negatively impact and have the opposite effect.

Capital Expenditure

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
L	-	District Council Document Management System	-	-
	-	TOTAL	-	-
	-	Funded by:		
	-	District Council Capital Reserve	-	-
	-		-	-

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

Reasons for Undertaking Capital Expenditure Projects

There was no capital expenditure undertaken this year as purchase of computer equipment is now centralised with Council's Information Technology department.

Results for 2011/12 year

Total capital for the year was budgeted at \$nil.

Governance Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
644	General Rates	730	730
79	Targeted Rates	84	84
29	Other Income	-	17
752		814	831
	DIRECT EXPENDITURE		
63	Employment Expenses	53	55
251	Member Expenses	269	244
6	Consultancy Expenses	-	21
55	Administration	49	34
427	Internal Expenses	443	446
1	Funded Depreciation*	-	-
803		814	800
(51)	Operating Surplus/(Deficit)	-	31
	Operating Surplus/(Deficit) transferred to/funded by:		
(51)	General Reserve	-	31
(51)		-	31

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

Commentary on Governance Financial Summary

Surplus/(Deficit)

The surplus for the year was \$31,000; \$31,000 more than the budgeted surplus of nil.

Revenue

Total revenue for the year was \$831,000, \$17,000 more than the budgeted revenue of \$814,000.

The revenue for the year included \$17,000 charged in relation to the Upper Waitaki Water Zone Committee.

Direct Expenditure

The total direct expenditure for the year was \$800,000; \$14,000 less than the budgeted direct expenditure of \$814,000.

The key variances from budget were:

- Member expenses were \$25,000 less than budget due to the overestimation of costs associated with water zone committees.
- Administration costs were \$15,000 less than budget mainly due to lower subscription costs and lower advertising costs.
- Consultancy costs were \$21,000; \$21,000 greater than the budget at nil. These costs included \$15,000 paid to CINTA Research for the Long-Term Plan survey undertaken earlier in the financial year.

Water Supplies

Background

In the Mackenzie District, there are presently five public piped water supplies which are managed by the District Council. They are the urban schemes at Fairlie, Lake Tekapo, Twizel and Burkes Pass and Allandale rural scheme.

Management of the Albury Water Supply is undertaken by the Albury Water Supply Committee under a formal agreement with the Mackenzie District Council. Management of a small piped stock water scheme, Kimbell Rural, for which Council holds resource consent to take water, is carried out by the consumers.

The Downlands water supply scheme is managed by the Timaru District Council; the Mackenzie District Council provides a collection agency for the Mackenzie section of the water scheme. The monies collected and then paid to the Timaru District Council are included in the results provided on the following pages.

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

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

Rationale for the Council's Involvement

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To ensure all of the public systems provide a high quality water treatment and distribution service;
- To assess the quality and adequacy of all existing private water supply systems (serving more than single premises) in the District;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public water supply schemes, and to plan accordingly;
- To anticipate the time when it may be necessary to provide public water supply schemes in communities at present not serviced, and to plan accordingly;
- To ensure the maintenance of the public infrastructural assets in perpetuity, so that there is no diminution in value, and to forecast the estimated future cost of so doing; and
- To put in place a sound management regime for all matters relating to the supply of potable water

Key Levels of Service and Performance Measures

Levels of Service		Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Water supplied to Fairlie, Tekapo, Burkes Pass and Allandale is continuously disinfected with chlorine.	Regular monitoring of disinfected schemes shows no presence of E.coli (faecal bacteria).	Assess the level of E coli in the drinking water supply.	Fairlie, Tekapo, Burkes Pass & Allandale 100% compliance	Achieved No E.Coli was detected in the water supplies. There are records for only 51 of the required 52 samples for Tekapo.	Achieved No E.coli detected but at Fairlie only 49 of the required 52 samples were taken. The reason only 49 samples were taken was due to the contractor interpreting the contract schedule as requiring 4 samples per month. The schedule requires 13 samples per quarter. Formal notice requiring the correct number of samples to be taken has been issued to the contractor. Burkes Pass and Allandale are small supplies that require sampling monthly. In November 2010, E.coli was detected in both schemes. This was due to faults at the chlorination plant. Sampling for the other 11 months detected nil E.coli in both schemes.
Non-disinfected supplies are monitored for the presence of E coli and consumers are advised when a hazard is identified.	Monthly monitoring (weekly in Twizel) for presence of E.coli.	Scheduled monitoring completed.	100%	Achieved 55 monitoring samples were tested (52 samples required). More monitoring samples were taken to ensure the required minimum of 52 samples were tested.	Not Achieved 92% of scheduled monitoring completed. The reason 92% of samples were taken was due to the contractor interpreting the contract schedule as requiring 4 samples per month. The schedule requires 13 samples per quarter. Formal notice requiring the correct number of samples to be taken has been issued to the contractor.
	Boil water notices issued if either three consecutive samples show the presence of E.coli or any one sample has a concentration of >10cfu/100ml.	No failure to issue boil water notices when hazard identified.	100%	Not Achieved At Twizel, three consecutive samples between 15/11/11 and 28/11/11 showed E.coli present in Twizel. A new chlorination plant was being commissioned with some teething problems between 24/11/11 and 1/12/11. When the results of the 28/11/11 sample became available, the chlorination plant was operating.	Achieved The trigger for 'Boil Water Notice' did not occur. No hazard identified.



Levels of Service		Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Complete Public Health Risk Management Plans (PHRMP)	Plans approved by 2011. A review of these plans will then determine, if any, future actions are required to meet the Drinking Water Standards.	Set achievable budgets for the available resources and complete what we plan each year.	Complete catchment risk assessments for five catchments. Determine design parameters for new treatment in Tekapo	Achieved Catchment risk assessments were completed for the catchments of the five water supplies. A design and build contract was let for the Tekapo Water Treatment Plant.	Not Measured An Order in Council has deferred by three years the deadline for compliance with the Health (Drinking Water) Amendment Act 2007 (the Act) ie: Townships 1 July 2014 and small schemes 1 July 2015. The PHRMP is intended to be completed before the Act standards apply.
Maintain the network in at least the condition it is in now.		Maintenance budget is sufficient for both planned and reactive maintenance	Maintenance programme is achieved	Achieved Contractor's Operation and Maintenance budget for the 5 schemes was \$181,600. Expenditure was \$217,800. The over-expenditure was due mainly to repairs to the secondary pumps and filter on the Twizel Water Supply. If the proposed new Twizel source proceeds, the secondary pumps will become redundant and their replacement was not included in the capital budget.	Achieved Maintenance budget \$187,500 Maintenance Expenditure \$183,000
Water is continuously available apart from programmed shutdowns and unexpected disruptions.		No disruption exceeds eight hours. Normal duration of 90% of disruptions is less than six hours.	100% 100%	Achieved No disruption exceeded eight hours on on-demand schemes. Shutdowns for two repairs on the Allandale Water Supply, which is a restricted supply, exceeded 8 hours. The Allandale Water Supply is a rural water supply in which each property has two days storage. No properties ran out of water. Achieved There were 102 repairs on the reticulations. Disruptions exceeded six hours on the two repairs on the Allandale Water Supply as reported above ie: 98% of disruptions were less than six hours.	Not Achieved One shut down of a section of the Allandale Water Supply exceeded eight hours but as the landowners have a requirement to have two days on-property storage, no one was out of water. Achieved 109 repairs undertaken with only one exceeding six hours, (see Allandale Road) therefore 99% of disruptions were less than six hours.

Levels of Service	Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Deliver a works programme as signalled in this plan.	Set achievable budgets for the available resources and complete what we plan each year.	Work planned is completed within budget	Not Achieved Fairlie reticulation renewals were completed. Planning of new treatment was delayed pending investigations for an auxiliary source when the Opihi River is in flood. A contract was let for the Tekapo treatment but no physical works were carried out. On the Twizel Water Supply service connection and water meter renewals were completed on budget. Investigations and planning for the new source were delayed by the unavailability of a geologist, issues relating to the proximity of the proposed well to the Pukaki Canal, and land agreements. Further investigations for a suitable source for the proposed Manuka Terrace Water Supply were carried out. The option of supplying Manuka Terrace from a new source on Ben Ohau Station for the Twizel Water Supply is being considered pending the outcome of those investigations.	Not Achieved Planned work was completed in Fairlie and Burkes Pass. The full programme was not achieved in Tekapo, Twizel and Manuka Terrace for a variety of reasons.
Supplies cause no environmental ill-effects	All resource consent conditions are complied with.	100% compliance.	Not Achieved Fairlie, Tekapo, Burkes Pass and Allandale Water Supplies operated within their consent takes. Council has identified that the main area of non-compliance was the Twizel Water Supply which exceeded the consented take for periods over the summer. The consent has now been renewed and it provides for additional volumes.	Not Achieved Council has identified that the main area of non-compliance was at Twizel, where the consented daily take was exceeded during the summer. There is a long-standing community expectation that irrigation is essential during the summer months to prevent the township resembling a desert. Council is currently seeking consent for additional volumes.
Response – a 24 hour callout service is provided.	Contract standards for callouts are met	No known failures to respond	Achieved The call-out service is provided by the Utilities Service Contract.	Achieved Call-out service is provided by Utilities Services Contract.

Levels of Service	Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Timely completion of administration functions	Monthly meetings with contractor and prompt authorisation of invoices	12 meetings. All payments authorised by 14 th of the month	Achieved Meetings were held with the Contractor monthly and operation and maintenance expenditure was well documented. All payments were authorised by 14 th of the month.	Achieved Met with Contractors monthly. Contract payments authorised before 14 th of each month.
Prompt repair of minor faults	Repairs completed within two working days	No repairs completed outside the timeframe	Not Achieved This is a service standard specified in the Utilities Service Contract to ensure minor repairs are carried out promptly when required. However, it is not insisted upon when there is no need for that timeframe to be met.	Achieved This is a service standard specified in the Utilities Service contract. However, judgement is used as to the cost effectiveness of repairing pipes scheduled for imminent replacement.
Speedy reinstatement following major leaks and other emergency works	Time for reinstatement following call-out.	During working hours – six hours. Outside working hours – nine hours.	Achieved This is a service standard specified in the Utilities Service Contract. The standard was met.	Achieved This is a service standard specified in the Utilities Service Contract. The standard was met.
Availability/Disruption to Service	Programmed shutdowns notified to property owners in advance	Notification times meet contract specifications	Achieved A communication procedure for shutdowns is specified in the Utilities Service Contract. Notification times have not been recorded, but no breach of the procedure has been brought to the Engineer's attention.	Achieved A communication procedure for shutdowns is specified in the Utilities Service Contract. Notification times have not been recorded, but no breach of the procedure has been brought to the Engineer's attention.
Fire fighting requirements are met for urban and industrial areas	Adequacy of flows and pressures	Full compliance with the appropriate NZ Code of Practice	Not Achieved There are some areas where sufficient fire-fighting water supply can not be obtained solely from reticulated supply. Water tankers are available to supplement reticulated supplies in those areas.	Not Achieved Allandale Road water main in Fairlie does not meet the code but is programmed for replacement in 2018. Eversley Reserve and Kimbell are supplied by small bore pipes which are not capable of providing fire fighting flows. Kimbell is in the rural fire district and therefore is covered by rural fire regulations. Eversley, due to its sparse population, is considered a low priority.

Levels of Service	Targets	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Adequate quantities, flows and pressures of water are supplied to consumers	Random testing of flows and pressures for on demand schemes. Occasional monitoring of tank and other restricted supplies.	Fairlie and Burkes Pass 15 litres/min and 10 kPa at point of supply. Tekapo 25 litres/min and 200 kPa, Twizel 25 litres/min and 250 kPa. 1,820 litres/day	Not Achieved Pressure and flow tests indicate that the specified level of service is generally met, with the exception of high areas of The Drive in Twizel due to physical constraints such as distance and pipe size. Not Measured Checks are generally done in response to complaints.	Achieved Random pressure tests undertaken in the townships indicate the measure of service is being met. Not Measured Checks are generally done in response to complaints.
Supply safety meets Ministry of Health requirements	Progress in meeting Drinking Water Standards for New Zealand	Public Health Risk Plans are adopted by due date	Not Achieved The water supplies do not meet all the requirements of the Drinking Water Standards for New Zealand. The main area of non-compliance is the absence of recognised barriers for protozoa. Work is in progress to put the required barriers in place. Capital expenditure is budgeted in the LTP in years 2012 to 2018 for upgrading treatment of the water supplies.	Not Achieved The programme to achieve this has been delayed. Council plans to undertake this process in 2011/12 year for inclusion in Council's LTP.

Note:

As Council does not normally itself arrange for water supply connections and does not have detailed information about these, the performance measures in the Long Term Plan relating to connection times have been removed and are not reported against.

Identified Effects on Community Wellbeing

The absence of E.coli in disinfected supplies assists with the environmental wellbeing of the community.

Capital Expenditure

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R	12	Fairlie	-	-
L	-	Treatment – new	140	24
R	-	Water Meters	2	2
	-	Service c Connections – renewal	23	-
R	-	Town Reticulation – Renewal	180	319
L	472	Main Line Reservoir to Township	-	-
	484		345	345
		Lake Tekapo		
L	-	Plant	10	-
L	-	Treatment – New	174	22
R	-	Service Connections – Renew	1	-
R	2	Fittings Renewal programme	-	-
R & L	1	New Treatment Parameters	-	-
R	3	Meters	2	-
	6		187	22
		Twizel		
R&L	-	Treatment – New	50	6
R	3	Resource Consent Costs	50	1
G	-	Vested Assets	-	99
R&L	-	Plant	20	13
L	-	Meters	10	10
R	31	Fittings Renewal programme	24	27
R	9	Headworks - Planning & Design	85	4
R	-	Town Reticulation - Planning & Design	20	-
R&L	-	Headworks - New	44	1
R&L	2	Treatment – Planning & Design	-	-
	45		305	161
		Allandale		
G	-	Reticulation Extension	10	3
R & G	-	Treatment	10	7
R	5	Sundry Plant	-	-
R & L	-	Headworks	10	-
	5		30	10
		Ashwick/Opuha		
R	2	Headworks	6	1
R	11	Resource Consent	-	-
	13		6	1



Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R&L	6	Burkes Pass		
	6	Treatment upgrade improvements	6	6
R	7	School Road Water Race	6	6
	7	Resource Consent Costs	7	1
L	-	Manuka Terrace	7	1
	15	Community Assets – Water Supply	45	-
G	15	Planning Concepts & Design	61	23
	15		106	23
	581	TOTAL	992	569
		Funded by:		
	484	Fairlie Water Capital Reserve	345	345
	6	Tekapo Water Capital Reserve	187	22
	45	Twizel Water Capital Reserve	305	161
	5	Allandale Water Capital Reserve	30	10
	13	Ashwick/Opuha Water Capital Reserve	6	1
	6	Burkes Pass Water Capital Reserve	6	6
	7	School Road Water Capital Reserve	7	1
	15	Manuka Tce Capital Reserve	106	23
	581	TOTAL	992	569

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

Reasons for Undertaking Capital Expenditure Projects

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

- Sections of the Fairlie reticulation are renewed each year until the failing pipes which were installed in the early 1940's are all replaced.
- All other reticulation in the townships were assessed to ensure continuity of service to the connected properties.
- Amounts were budgeted for investigations in Twizel to determine whether there was a new source available to service Twizel and also to investigate reticulating Manuka Terrace.
- Assets vested in Council are the result of development.

Results for the 2011/2012 year

Total capital expenditure for the year was \$569,000; \$423,000 less than the budget of \$992,000.

The key variances from budget were:

- Work on the Twizel water supply headworks and treatment is delayed awaiting a decision on the future source. Costs to date are \$11,000 while the budget is \$251,000.
- A small amount of work was undertaken on Manuka Terrace investigations. The actual costs were \$23,000 compared to a budget of \$106,000. Council will consult with the Manuka Terrace residents before committing to the capital expenditure required to build the scheme.
- Vested assets received during the year amounted to \$99,000; none were budgeted. Vested assets are dependent on developer activity.
- The work on the Fairlie town's reticulation line was \$319,000 compared to a budget of \$180,000. This was due tender pricing being higher than anticipated.
- Work on the new treatment parameters for Tekapo totalled \$22,000 compared to a budget of \$174,000. This is due to a delay in sourcing the plant from overseas.

Water Supplies Financial Summary

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
REVENUE			
776	Targeted Rates	880	888
27	Financial Contributions	3	131
126	Other Income	78	133
4	External Interest Received	-	4
10	Internal Income	-	3
39	Interest on Capital Reserves	37	37
982		998	1,196
DIRECT EXPENDITURE			
15	Employment Expenses	-	10
11	Consultancy Expenses	7	4
18	Administration	12	15
306	Operational & Maintenance Expenses	366	419
35	Interest on Capital Reserves	58	44
131	Internal Expenses	125	125
325	Funded Depreciation *	368	326
45	Non-Funded Depreciation **	32	47
886		968	990
96	Operating Surplus/(Deficit)	30	206
-	Vested Assets	-	99
96	Net Surplus	30	305

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
Operating Surplus/(Deficit) transferred to/funded by:			
36	Fairlie Water Capital Reserve	-	38
(12)	Tekapo Water Capital Reserve	-	102
(3)	Twizel Water Capital Reserve	10	108
(45)	Ratepayers' Equity	(32)	(47)
20	Albury Water Operating Reserve	-	29
17	Allandale Water Capital Reserve	14	34
16	Ashwick/Opuha Water Capital Reserve	3	9
-	Burkes Pass Water Capital Reserve	-	1
(1)	Kimbell Water Capital Reserve	2	2
9	School Road Water Capital Reserve	5	7
22	Downlands Operating Reserve	-	(15)
36	Spur Road Water Capital Reserve	36	36
1	Manuka Tce Water Capital Reserve	(8)	1
96		30	305

Commentary on Water Supplies Financial Summary

Surplus/(Deficit)

The surplus for the year was \$305,000; \$275,000 more than the budgeted surplus of \$30,000.

- The value of water assets vested in Council for the year were \$99,000 more than allowed for in the budget. The amount of vested assets in any one year is dependent on developers timing.

Revenue

Total revenue for the year was \$1,196,000; \$198,000 more than the budgeted revenue of \$998,000.

The key variances from budget were:

- Financial contributions were \$131,000 compared to a budget of \$3,000. These contributions depend on levels of development and are difficult to predict.
- External interest received includes \$4,000 from Downlands Water Scheme of which Council is a joint venture partner and consequently only accounts for its share of the results at year end rather than incorporating Downlands budget.
- Revenue received from Albury Water consumers was \$68,000. Council does not budget for income from the Albury Water Scheme as the scheme members look after the scheme themselves. However Council owns the scheme and consequently accounts for the scheme's end of year results in its own results.

Direct Expenditure

The total direct expenditure for the year was \$990,000; \$22,000 more than the budgeted direct expenditure of \$968,000. The key variances from budget were:

- Operational and maintenance expenses were \$53,000 more than budget due to the inclusion of \$19,000 in costs for the Albury Water Scheme for which no Council budget is assigned offset by lower than anticipated contractor costs across all schemes.
- Employment expenses totalled \$10,000 which related to the Albury Water Supply scheme for which Council does not prepare a budget.
- Interest on capital reserves is \$14,000 below the budget of \$58,000 due to the late timing of capital projects undertaken and the capex not being undertaken at all.
- Depreciation is \$373,000 which is \$27,000 less than the budget of \$400,000. This is due to an overestimation of funded depreciation within Council's 3 yearly asset revaluation cycle.

Sewerage

Background

In the Mackenzie District, there are presently four public sewerage schemes: Fairlie, Tekapo, Twizel and Burkes Pass. There are 2,050 properties connected to these four schemes. The other properties in the District dispose of their wastewater by other means – mostly via their own septic tank systems.

This section summarises the Council's long-term strategic and management approach for the provision and maintenance of wastewater services to properties throughout the District, (excluding those that service single premises that have their own septic tanks) - whether they be provided by public or private means.

Rationale for Council's Involvement

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

Community Outcomes to which the Activity Contributes

Community Outcome	How the Wastewater Activity Contributes
<i>Safe, effective and sustainable infrastructure.</i>	By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure.
<i>A fit and healthy community.</i>	Every household requires a good wastewater disposal system to avoid exposure to water-borne health risks.
<i>A thriving economy.</i>	By ensuring that adequate public disposal systems are provided and maintained.

Principal Objectives

- To provide for the collection and disposal of wastewater so as to meet the needs of the community;
- To comply with Canterbury Regional Council resource consent requirements at wastewater treatment plants;
- To anticipate the time when it may be necessary to extend, upgrade or renew the various existing public wastewater schemes and to plan accordingly;
- To anticipate the time when it may be necessary to provide public wastewater schemes in communities at present not serviced and to plan accordingly (unlikely in the next 10 years);
- To ensure the maintenance of the public infrastructure assets in perpetuity, so that there is no diminution in value and to forecast the estimated future cost of so doing; and
- To put in place a sound management regime for all matters relating to the disposal of effluent.

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
By ensuring that adequate public disposal systems are provided and maintained and that private disposal systems are properly installed, Council provides an essential component of the District's infrastructure.	Pump stations cope with effluent volumes. Systems operate with minimal disruption due to blockages.	No sewage overflows from pump stations. Annual blockages are less than six per 10km of sewer.	Achieved There were no sewage overflows from pump stations. Achieved There were 2.1 blockages per 10kms of sewer.	Achieved There were no electronic alarms raised relating to overflows. Achieved 1.1 blockages per 10kms of sewer
Every household requires a good wastewater disposal system to avoid exposure to water-borne health risks.	Effluent is treated to required standards of resource consents.	All resource consent conditions are met.	Not Achieved There is no formal process for confirming compliance with all consents, all testing performed as per consent conditions show coliforms within consent limits. Both Tekapo and Fairlie have had logger breakdowns, there have been delays with land requisition in Twizel – these have been deemed minor non-compliances by Ecan.	Not Achieved There is no formal process for confirming compliance with all consents, Council is aware of the Fairlie Wastewater treatment plant had one event where coliform levels exceeded consent conditions (deemed not significant) as determined by independent contractors). Tekapo Wastewater Treatment Plant – continuous flow recording was interrupted by logger breakdown for a period of two months.
By ensuring that adequate public disposal systems are provided and maintained.	Sewage is able to be disposed of without significant disruption.	Temporary or permanent repairs within 6 hours (during working hours) or 9 hours (outside working hours).	Achieved This is a service standard specified in the Utilities Services Contract. The standard was met.	Achieved This is a service standard specified in the Utilities Services Contract. There are no formal recording of repair times. Council is not aware of any instances where they have failed to respond within the target timeframes.
A 24 hour call out service is provided	Contract standards for call outs are met.	No known failures to respond.	Achieved Call-out service is provided by Utilities Services Contract.	Achieved Call-out service is provided by Utilities Services Contract.
Timely completion of administrative functions.	Monthly meeting with contractor and prompt authorisation of invoices.	12 meetings. All payments processed by 20 th of each month.	Achieved Meetings were held with the Contractor monthly and operation and maintenance expenditure was well documented. All payments were authorised by 20 th of the month.	Achieved Monthly meetings with contractor and prompt authorisation of invoices. 12 meetings held. All payments authorised by the 14 th of the month.

Prompt repair of faults that may disrupt the service	Repairs completed within two working days	All completed within the time frame.	Achieved This is a service standard specified in the Utilities Services Contract. The standard was met.	Not Measured This is a service standard specified in the Utilities Services Contract. All serious faults were repaired when they were identified and no breach of the procedure has been brought to the Engineer's attention.
Speedy reinstatement of service following blockages or other emergency repairs.	Time for reinstatement following call out.	During working hours – six hours. Outside working hours – nine hours.	Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded six hours during working hours or nine hours outside working hours.	Achieved This is a service standard specified in the Utilities Services Contract. There were no instances where service was interrupted to more than an individual property. The standard was met.
Availability/Disruption to Service	Length of disruption of service	Normal disruption should not exceed eight hours. Apart from earthquake or flood, no single disruption should exceed 24 hours.	Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded eight hours.	Not Measured The duration of disruption to an individual property was not measured but was unlikely to have exceeded 8 hours.

Note

As sewerage connections are generally undertaken by registered drainlayers not under the Council's direct control, performance measures in the Long Term Plan relating to connection times have been removed and are not reported against in this document.

Capital Expenditure

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
L	1	Burkes Pass		
		Sewer Treatment – new	-	-
G	1	Eversley		
		Sewer Treatment – New	-	-
G	-		3	-
	-	Fairlie	3	-
G	-	Vested Assets		
G	162	New Reticulation Eversley	-	-
R	162		-	-
		Tekapo		
R	11	Sewer Treatment - Renewal	-	-
	11		-	-
R	19	Twizel		
		Resource Consent	-	-
G	-	Vested Assets	-	93
R & L	51	Treatment/Disposal Upgrade	53	31
	70		53	124
	244	TOTAL	56	124
		Funded by:		
	-	Eversley Sewer Loan Account	3	-
	1	Burkes Pass Capital Reserve	-	-
	162	Fairlie Sewer Capital Reserve	-	-
	11	Tekapo Sewer Capital Reserve	-	-
R & L	70	Twizel Sewer Capital Reserve	53	124
	244		56	124

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

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

Reasons for Undertaking Capital Expenditure Projects

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

- Work was planned to ensure that the effective disposal of sewage could be maintained in the reticulated areas.
- Assets vested in Council are the result of development.

Results for the 2011/2012 year

Total capital expenditure for the year was \$124,000; \$68,000 more than the budget of \$56,000.

The key variances from budget were:

- There were unbudgeted sewer assets vested during the year totalling \$93,000. Assets vested in Council depend on level of developer activity and are difficult to budget.
- Twizel treatment and disposal upgrade was \$31,000. The budget was \$53,000. The work has been started in the year and the balance of this initial part of the project will be undertaken in the 2012/13 year.

Sewerage Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
REVENUE			
476	Targeted Rates	514	515
78	Financial Contributions	-	192
(11)	Upgrade Contributions	-	-
5	Other Income	-	1
20	Interest on Capital Reserves	24	19
568		538	727
DIRECT EXPENDITURE			
8	Consultancy Expenses	-	-
4	Administration	10	7
122	Operational & Maintenance Expenses	142	157
35	Interest on Capital Reserves	34	30
88	Internal Expenses	88	88
241	Funded Depreciation*	224	246
498		498	528
70	Operating Surplus/(Deficit)	40	199
-	Vested Assets	-	93
70	Net Surplus	40	292
Operating Surplus transferred to/(Operating Deficit funded by):			
-	Ratepayer's Equity		
-	Eversley Sewerage Loan Account	(5)	9
-	Eversley Sewerage Operating Reserve	21	-
(3)	Burkes Pass Sewer Capital Reserve	4	-
61	Fairlie Sewer Capital Reserve	-	9
(20)	Tekapo Sewer Capital Reserve	-	141
32	Twizel Sewer Capital Reserve	20	133
70		40	292

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

Commentary on Sewerage Financial Summary

Surplus/(Deficit)

The surplus for the year was \$292,000; \$252,000 more than the budgeted surplus of \$40,000. The value of sewer assets vested in Council for the year was \$93,000 more than budget. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$727,000; which was more than the budgeted revenue of \$538,000. The key variances from budget were:

- Financial contributions for the year were \$192,000 more than allowed for in the budget. This is driven by developer work in the area and is difficult to accurately determine.

The total direct expenditure for the year was \$528,000 which is higher than the budgeted figure of \$498,000. The key variances from budget were:

- Operational and maintenance expenses were \$15,000 more than budgeted due to overall internal pipe inspection costs being \$11,000 higher than the budget of \$12,000.
- Funded depreciation is higher than anticipated due to changes in Council's triennial asset revaluation.

Stormwater

Background

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

Rationale for the Council's Involvement

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

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

Community Outcomes to which the Activity Contributes

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

Principal Objectives

To provide satisfactory stormwater services for the urban areas of the District. Council has a policy to reduce the volume and intensity of stormwater flowing from individual properties into the Council's system. As such, all new buildings on suitable free draining land are required to dispose of their own stormwater to land on that site.

To ensure the maintenance of the public infrastructure assets so that there is no reduction in value or service.



Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
By controlling and disposing of stormwater runoff. Ensuring pipework and open channels are maintained to effectively remove stormwater from the residential areas of the District.	Specified flood event protection is maintained.	No complaints about damage caused by flooding.	Achieved No complaints were received.	Achieved No complaints were received.
By controlling and disposing of stormwater. Runoff is channelled through land drainage systems and stormwater pipes.	All resource consent conditions are met.	100% Compliance.	Partially Achieved Twizel and Tekapo sampled once in the year rather than twice as required.	Not Achieved Some stormwater discharge consent conditions not measured as they are required to be completed within ½ hour of the start of the event. Difficult for staff to know if there is a discharge and then respond within the half hour. Testing can only be completed Monday to Thursday mornings to meet laboratory requirements.
Protection from one in two year flood event.	Minimal ponding occurs.	Protection level met	Achieved In the areas serviced by Council's stormwater systems, there was no ponding.	Achieved In the areas serviced by Council's stormwater systems, there was no ponding.
Protection from one in five year flood event.	No flooding of above ground level floors of non-inhabited parts of buildings.	Protection level met	Not Applicable A 1 in 5 year flood event did not occur.	Not Applicable A 1 in 5 year flood event did not occur.
Protection from one in ten year flood event.	No flooding of above ground level floors of dwellings or business premises.	Protection level met	Not Applicable A 1 in 10 year flood event did not occur.	Not Applicable A 1 in 10 year flood event did not occur.
A 24 hour callout service is provided	Contract standards for callouts are met	No known failures to respond.	Achieved Callout service is provided by the Utilities Services Contract.	Achieved Callout service is provided by the Utilities Services Contract.
Timely completion of administration functions	Monthly meetings with contractor and prompt authorisation of invoices.	12 meetings held. All payments authorised promptly.	Achieved Meetings were held with the contractor monthly and operation and maintenance expenditure was well documented. All payments were authorised by the 20 th of the month.	Achieved Meet with contractors monthly. Contract payments authorised before 20 th of each month.
Prompt clearance of blockages likely to cause problems in the event of flooding.	Repairs completed within two working days.	All completed within timeframe.	Not Applicable There were no instructions required to be given to the contractor to fix minor faults	Not Applicable There were no instructions required to be given to the contractor to fix minor faults within two working days.



Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
			within two working days. Programmed maintenance identifies early any potential problems and rectifies them, (required in contract)	Programmed maintenance identifies early any potential problems and rectifies them, (required in contract)
Prompt clearance of blockages causing minor disruption	Time for clearance following call out	During working hours – six hours. Outside working hours – nine hours.	Achieved This is a service standard specified in the Utilities Service Contract. The standard was met.	Not Measured Council's contractors do not have a formal system to measure this.
Response to localised emergency flooding	Flood site made safe and further damage minimised	Staff despatched within one hour of callout	Achieved This is a service standard specified in the Utilities Service Contract. The standard was met.	Not Measured Councils contractors do not have a formal system to measure this.
Maintenance and contract work is undertaken safely	Contractual occupational safety and health requirements met	No reported breaches	Achieved OSH requirements are covered in the Utilities Contract 1163. There were no breaches reported to the Council by the contractor.	Achieved OSH requirements are covered in the Utilities Contract 1163. There were no breaches reported to the Council by the contractor.

Identified Effects on Community Wellbeing

No specific effects identified.

Capital Expenditure

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

Reasons for Undertaking Capital Expenditure Projects

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

- Assets vested in Council are the result of development.

Results for the 2011/2012 year

There was no capital work required to be undertaken the year nor was there any capital work budgeted.

Stormwater Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
94	Targeted Rates	84	84
1	Financial Contributions	-	1
9	Interest on Capital Reserves	11	6
104	Total Revenue	95	91
	DIRECT EXPENDITURE		
1	Administration	3	-
8	Operational & Maintenance Expenses	13	10
3	Consultancy Expenses	-	-
23	Internal Expenses	23	23
85	Assets Written Off	-	-
58	Funded Depreciation*	56	58
178		95	91
(74)	Operating Surplus/(Deficit)	-	-
-	Vested Assets	-	-
(74)	Net Surplus	-	-
	Operating Surplus/(Deficit) transferred to/funded from:		
(79)	Fairlie Stormwater Capital	-	-
1	Tekapo Stormwater Capital Reserve	-	-
4	Twizel Township Operating Reserve	-	-
(74)		-	-

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

Commentary on Stormwater Financial Summary

Surplus/(Deficit)

The deficit for the year was nil; equal to the budgeted surplus of \$nil.

- No assets were vested in the Council during the year by developers. This is dependent on developer activity.

Revenue

Total revenue for the year was \$91,000; \$4,000 less than the budgeted revenue of \$95,000.

Direct Expenditure

The total direct expenditure for the year was \$91,000; \$4,000 less than the budgeted direct expenditure of \$95,000.

- Operational and Maintenance expenses were \$10,000; \$3,000 less than budget of \$13,000 due to lower than expected contractor costs.

Roading (including land transport programme)

Background

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

State Highway 8 Timaru - Fairlie - Lake Tekapo - Twizel - Omarama

State Highway 79 Fairlie - Geraldine

State Highway 80 Pukaki Corner - Mt Cook Village

The Mackenzie District local roading network consists of principal roads that lead from the state highways to reach many remote localities. Local roads provide roading networks between the principal roads. There are also three main townships in the District; Fairlie, Lake Tekapo and Twizel, which have urban roading networks. Mount Cook village is administered by the Department of Conservation, which takes responsibility for the village's roading network.

The Mackenzie District roading network comprises 187km of sealed roads and 517km of unsealed roads. The network contains 91 bridges and 55km of all weather footpaths. It is managed, maintained and regulated by the Council's Asset Management Department and Roding Business Unit.

Rationale for Council's Involvement:

Council provides a safe, efficient, convenient and comfortable roading network to ensure appropriate property access and freedom of travel for all people including pedestrians. The provision of a roading corridor also accommodates the infrastructure of utility service providers throughout the District.

Community Outcomes to Which the Activity Contributes:

This activity contributes to community outcomes established by the District's communities as described in the following table:

Community Outcome	How the Roding Activity Contributes
<i>An attractive and highly valued natural environment</i>	By providing vehicular access to areas while minimising the effect on the natural environment.
<i>A thriving economy</i>	By providing a safe and efficient highway network for the transport of people and goods.
<i>A fit and healthy community</i>	By providing safe roads that provide access to sporting, recreational, social and medical amenities.
<i>Safe, effective and sustainable infrastructure</i>	By ensuring appropriate maintenance standards for roads and footpaths are adhered to and the network is steadily improved. By ensuring that sufficient funds are allocated to meet this philosophy.

Principal Objectives:

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

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
Smooth roads support the local economy by reducing travel times and vehicle wear	The average roughness of urban roads as measured by NAASRA *counts	Average < 100 counts	Achieved 88 counts (completed May 2012) Trending upwards - last measure November 2008: 83 Counts. A minor change, not any noticeable change in ride to the road user.	Not Measured NAASRA counts are to be completed in 2011/2012 year and are completed every three years. Council does not expect any significant changes from last year.
	The % of measures exceeding 150 NAASRA counts.	<10%.	Achieved 2% counts (completed May 2012) Trending upwards last measure November 2008: 0%	Not Measured The Council did not measure this result as the NAASRA counts are due to be completed in 2011/12. Council does not expect any significant changes from last year.
	The average roughness of rural roads as measured by NAASRA counts.	Average < 80 counts	Achieved 76 counts (completed May 2012) Last measure November 2008: 79 Counts A minor change, not any noticeable change in ride.	Not Measured The Council did not measure this result as the NAASRA counts are due to be completed in 2011/12. Council does not expect any significant changes from last year.
	The % of measures exceeding 110 NAASRA counts.	<10%	Achieved 5% (completed May 2012 8 Counts over 110) Last measure November 2008: 9.5% (4 Counts over 110) So whilst the percentage of counts is dropping the actual number of roads with a NAASRA count over 110 is increasing	Not Measured The Council did not measure this result as the NAASRA counts are due to be completed in 2011/12. Council does not expect any significant changes from last year.

Note: * National Association of Australian State Road Authorities (NAASRA) counts are generated utilising a laser profilemeter fitted to a vehicle travelling at speed on the Districts sealed roads, which records the road profile and converts the results into a roughness count/kilometre. The higher the roughness count/kilometre, the rougher the road surface which may lead to reconstruction of the surface.

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
Mackenzie has good quality roads, safe roads, appropriate for all the road users including tourists, farmers and this supports the economic development in the district.	Mackenzie's urban and rural sealed roads are smoother than the national average	Smoothness is higher than the National average.	Not Measured No national benchmarking has been released yet (NZTA complete this)	Not Measured The link below is to a report from the New Zealand Transport Agency that details Mackenzie's position in relation to the national average http://www.nzta.govt.nz/resources/road-assets/mackenzie/2007-assets-mackenzie-district.pdf Significant work was done nationally in 2007 and our roading scored very highly. Due to the nature of our roads, these measures are not done annually. The next review is scheduled for 2011/2012. Council does not expect any significant changes from last year.
All contract specifications are met.	For audited sections of the roading network, contract specifications are fully met or identified defects are remedied within agreed time frames.	98%	Achieved On going audit inspection of all roads revealed a low level of defects, and no large backlog of work required to ensure specifications are met. Some faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. In all other situations, all identifiable defects were remedied within the agreed timeframes. The condition of the network is audited by MDC staff and the Contractor and discussed at monthly contract meetings.	Achieved On going audit inspection of all roads revealed a low level of defects, and no large backlog of work required to ensure specifications are met. Some faults present were attributable to prevailing weather conditions, and financial constraints, and were not able to be remedied immediately. In all other situations, all identifiable defects were remedied within the agreed timeframes. The condition of the network is audited by MDC staff and the Contractor and discussed at monthly contract meetings.
Council continues to identify and prioritise key areas for minor improvements (safety) and progressively correct these.	Number of projects completed each year.	2 Minor Improvement Projects	Achieved Eight projects were completed being- Clayton Road Seal Widening Stage 2 Nixons Road Safety Footpath Stage 2 Ohau Road Safety Footpath Cricklewood Road Traction Seal McLeans Road Traction Seal Hamilton Road Traction Seal Clayton Road Seal Past houses Lake Alexandrina Traction Seal	Achieved Three projects were completed being- Clayton Road Seal Widening Nixons Road and Main Street Fairlie Safety Footpaths
Number of fatal accidents due to road factors		Nil	Achieved There were no fatal accidents on local roads in the district caused by road conditions See below link; http://www.nzta.govt.nz/resources/crash-analysis-reports	Achieved There were no fatal accidents on local roads in the district caused by road conditions See below link; http://www.nzta.govt.nz/resources/road-safety-data/mackenzie/2010.pdf
Set achievable budgets for the available resources and complete what we plan each year.	Percentage of requested budget carried forward compared with total operating costs.	<5%	Achieved Due to timing of contract release Princes Street Upgrade was held over to 2012/13 to ensure best possible growing conditions for grass strike. \$72,039 was carried over.	Achieved Due to adverse weather conditions there was a carry forward budget of \$72,454 due to the contractor being unable to complete Clayton Road Seal Widening.



Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
That the roading network is trafficable	Emergency work response times. On-site within 1 ½ hours to begin reinstatement	100 %	Achieved <ul style="list-style-type: none"> The contractor reports for the response times over the year indicate that response times were met; Emergency responses includes works for flood damage, fixing reported potholes, clearing grates from flooding, snow clearing and ice gritting, also placing of crusher dust to soak up intentional diesel spills. <ul style="list-style-type: none"> One instance on the 30 Dec 11 – “spread chip of bleeding seal” was responded to in 2.5 hours (9am notification, time onsite 11.30) Onsite timeframe not met due to having to source specialist gear from a distant depot.	Not Achieved <p>2 Call outs, which were district-wide frost events, were not attended to within the 1 ½ hour response time which means that 97% of the time we met Emergency work response times. Our main contractor provides us with information of emergency work response times.</p>

Identified Effects on Community Wellbeing

The completed safety improvements will affect the social wellbeing of the community.

Capital Expenditure

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

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
		Fairlie - Subsidised		
R	3	Street Lighting	10	1
R	5	Minor Improvements	10	-
R	-	Signs	1	-
R	39	Reseals	22	19
	47		43	20
		Fairlie - Unsubsidised		
R	-	Streetscape Improvements	18	-
R	-	Footpaths - Surfacing	31	-
	-		49	-
		Tekapo - Subsidised		
R	4	Street Lighting	2	-
R	-	Signs	1	-
R	-	Minor Improvements	10	10
R	50	Reseals	51	51
	54		64	61
		Tekapo - Unsubsidised		
R	13	Footpaths - Surfacing	30	27
R&L	10	Pioneer Drive Upgrade	-	-
	23		30	27
		Twizel - Subsidised		
R	-	Minor Improvements	10	10
R	12	Signs	2	-
R	-	Drainage renewals	-	1
R	109	Reseals	84	92
	121		96	103
		Twizel - Unsubsidised		
	-	Market Place Entrance Upgrade	-	7
R	42	Footpaths - Surfacing	78	42
	-	Other Projects	-	13
R & L	30	Roading Ruataniwha Reserve	-	5
G	-	Vested Assets	-	69
	72		78	136

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
		Rural - Subsidised		
R	-	Lighting Upgrade	100	-
R & L	-	Associated Improvements	4	-
R & L	45	Pavement Rehabilitation	139	102
R	406	Basecourse - Unsealed	373	445
R	5	Structures Component Replacement	15	19
R	55	Signs	75	46
R	48	Drainage – Culverts	52	46
R	71	Bridges – Lake Alex Outlet	-	22
R&L	110	Minor Safety Works	253	255
R	288	Reseals	381	488
	1,028		1,392	1,423
		Roading Professional Services		
	-		-	-
	1,345	TOTAL	1,752	1,770
		Funded by:		
	47	Fairlie Roding Capital Reserve	92	20
	77	Tekapo Roding Capital Reserve	94	88
	193	Twizel Roding Capital Reserve	174	239
	1,028	Rural Roding Capital Reserve	1,392	1,423
	1,345		1,752	1,770



Reasons for Undertaking Capital Expenditure Projects

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

- Roothing projects were budgeted to maintain an appropriate level of service to the District's roading network.
- Assets vested in Council are the result of development.

Results for the 2011/2012 year

Total capital expenditure for the year was \$1,770,000; \$18,000 more than the budget of \$1,752,000. The key variances from budget were:

- Reseal costs were \$112,000 higher than budget due to higher than anticipated Contractor's tender prices.
- Rural base course unsealed is higher than budget spend by \$72,000 due to the re-prioritisation of funds from lighting upgrade capital expenditure for the year amounting to \$100,000.
- Council received unbudgeted vested assets of \$69,000 from developers in the Twizel township.



Roading Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
REVENUE			
1,365	Targeted Rates	1,402	1,404
1,348	Subsidies & Grants	1,706	1,621
-	Financial Upgrade Contributions	5	20
60	Other Income	17	74
31	Interest on Capital Reserves	28	32
130	Internal Income	130	130
2,934		3,288	3,281
DIRECT EXPENDITURE			
92	Employment Expenses	111	85
44	Consultancy Expenses	65	69
8	Administration	4	5
1,101	Roading Expenses	1,256	1,163
326	Internal Expenses	314	324
1	Funded Depreciation*	1	1
1,674	Non-Funded Depreciation**	1,706	1,675
3,246		3,457	3,322
(312)	Operating Surplus/(Deficit)	(169)	(41)
-	Vested Assets	-	69
(312)	Net Surplus	(169)	28
Operating Surplus transferred to/ (Operating Deficit funded by):			
(1,674)	Ratepayers' Equity	(1,706)	(1,675)
15	Fairlie Roding Capital Reserve	(49)	41
25	Tekapo Roding Capital Reserve	30	6
86	Twizel Roding Capital Reserve	156	78
1,111	Rural Roding Capital Reserve	1,388	1,608
11	Manuka Terrace Roding Capital Reserve	12	12
33	Lake Alexandrina Operating Reserve	-	(25)
81	Roding Prof Services Operating Reserve	-	(17)
(312)		(169)	28

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Commentary on Roding Financial Summary

Surplus/(Deficit)

The surplus for the year was \$28,000; \$197,000 more than the budgeted deficit of \$169,000.

- The value of roading assets vested in Council for the year was \$69,000 more than budgeted. The level of vested assets is dependent on developer activity during the year.

Revenue

Total revenue for the year was \$3,281,000; \$7,000 less than the budgeted revenue of \$3,288,000.

The key variances from budget were:

- Other income of \$74,000; \$57,000 more than the budget of \$17,000 due to \$25,000 being received from Meridian Energy Ltd for Council taking over a 5km stretch of Hayman Road and \$17,000 paid by Timaru District Council for their share of a two coat seal of Cannington Road.
- Subsidies and grants were less than budgeted by \$85,000 mainly due to lower levels of roading maintenance being carried out during the year.

Direct Expenditure

The total direct expenditure for the year was \$3,322,000; \$135,000 less than the budgeted direct expenditure of \$3,457,000.

The key variances from budget were:

- Bridge maintenance costs were lower than budget by \$27,000 along with lower than anticipated street cleaning costs of \$26,000, street lighting electricity costs of \$8,000 and street lighting maintenance costs of \$24,000. Sealed pavement maintenance costs were higher than budget by \$100,000. However, this was offset by a reduction in unsealed pavement maintenance costs of \$102,000. Snow and ice control exceeded budget by \$27,000 due to snowfalls at the beginning and end of the financial year.
- Depreciation is lower than budget by \$31,000 due to lower than anticipated depreciation following Council's 3 yearly asset revaluation.

Solid Waste

Background

Refuse and recycling collections are available at Fairlie, Lake Tekapo and Twizel and for rural properties adjacent to State Highway 8. Resource Recovery Parks are available at Fairlie, Lake Tekapo and Twizel.

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

Rationale for Council's Involvement

The Council is required, by Part 31 of the Local Government Act 1974 still in force, to promote effective and efficient waste management within its District. In doing so, it must have regard to environmental and economic costs and benefits and ensure that the management of waste does not cause a nuisance or be injurious to health. It must also prepare and adopt a Waste Management Plan. This implies that, in the case of Council providing refuse collections and solid waste disposal services, it must detail its intentions with regard to the five accepted levels of activity, being: Reduction, Reuse, Recycling, Recovery and Residual Disposal. The Mackenzie District Council adopted its Waste Management Plan on 22 October 1999, which was revised during 2010/11.

Community Outcomes to which the Activity Contributes

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

Principal Objectives

- To maximise the diversion of material from the waste stream;
- To maximise the recovery of resources from the waste stream;
- To ensure that any residual waste is disposed of as efficiently and effectively as possible, in accordance with current environmental and health practices;
- To maximise the diversion of green waste and putrescible material to Council's composting facility; and
- To encourage the community through education and promotion to adopt sustainable waste minimisation practices.

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result from 2011-2012	Result from 2010-2011
To pick up all compliant bags of waste put out for collection at the kerbside.	The number of compliant bags of waste put out for collection at the kerbside.	100% of bags put out for collection will be collected.	Achieved The Council only used the bag system until 3 rd October when wheelie bins were introduced. There were no missed bag complaints for the three month period.	Achieved Council has no formal system to record complaints, however any reports of bags not being collected were due to either the bag being considered non-compliant or the bag was put out after 8am.
The majority of Mackenzie waste is recycled rather than land filled	The percentage of solid waste from the District Resource Recovery Parks diverted from landfill.	70% diverted with an expectation of 80% by 2019.	Not Achieved 64% of waste was diverted from landfill. Council's new contract with ESL, in place for 9 months, has recorded waste diversion differently than in the past and more accurately.	Not Achieved 63% of waste was diverted from landfill. Council's new contractors ESL will assist in raising the level of diversion in future years.
	The sales of quality compost produced through the VCU using green waste and putrescible waste.	1000m ³ per annum.	Not Measured The VCU has been disposed of and the Council no longer manufactures compost.	Not Measured There was an error in the 2009/10 LTCCP document. The target should read 100m ³ . The VCU has been mothballed. Therefore, the measure has not been recorded for a full year. Council's best estimate of compost sold is 66-75m ³ .
Waste is handled hygienically	Compliance with resource consent conditions.	100% compliance	Achieved No instances of non-compliance were reported.	Not Achieved Ecan investigated and found two instances of clean landfill sites that had small traces of organic material. These instances were partly cleaned up and balance programmed for 2011/12.

Identified Effects on Community Wellbeing

The diversion of 64% of District waste has a positive impact upon the economic wellbeing of the community.

Capital Expenditure

Under the Council's internal liability management policy, all capital expenditure is funded from the relevant capital reserve. There was no Capital Expenditure budgeted or expended during the year (2010/11: Nil).

Solid Waste Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
469	General Rates	416	415
94	Targeted Rates	132	132
308	Other Income	240	147
-	Gain on Sale of Assets	-	15
90	Internal Income	95	95
961		883	804
	DIRECT EXPENDITURE		
210	Employment Expenses	224	72
18	Consultancy Expenses	4	6
8	Administration	14	8
435	Operational & Maintenance Expenses	487	561
21	Interest on Capital Reserves	19	16
143	Internal Expenses	150	158
25	Assets Written Off	-	-
350	Impairment of Assets	-	-
62	Funded Depreciation*	62	21
4	Non-Funded Depreciation**	4	4
1,277		964	846
(315)	Operating Surplus/(Deficit)	(81)	(42)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(4)	Ratepayer's Equity	(4)	(4)
8	Fairlie Refuse Operating Reserve	(14)	(13)
-	Hardfill Sites Capital Reserve	-	-
2	Tekapo Refuse Operating Reserve	(16)	(16)
1	Twizel Refuse Operating Reserve	(13)	(13)
-	Lake Alexandrina Refuse Collection Operating Reserve	-	1
(350)	Treatment Organics Operating Reserve	-	--
10	General Reserve	-	10
1	Albury Refuse Operating Reserve	-	-
17	Waste Management Operating Reserve	(34)	(7)
(315)		(81)	(42)

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Commentary on Solid Waste Financial Summary

Surplus/(Deficit)

The deficit for the year was \$42,000; \$39,000 more than the budgeted deficit of \$81,000.

Revenue

Total revenue for the year was \$804,000; \$79,000 less than the budgeted revenue of \$883,000.

The key variances from budget were due to;

- changing the method of delivery of waste services to that of Wheelie Bins. This has resulted in a lower take in the initial stages at the recovery parks as people can use the bins' greater capacity for disposing of waste and Council receives no further income from bag sales.

Direct Expenditure

The total direct expenditure for the year was \$846,000; \$118,000 less than the budgeted direct expenditure of \$964,000.

The key variances from budget were:

- Waste services is now a contracted out Wheelie Bin service. The budget was prepared on the basis that the old service would continue for the year. However, Council implemented the new service in October 2011. This has resulted in an increase in operational and maintenance costs of \$74,000 compared to budget but a reduction in labour charges of \$152,000.

Building Control

Background:

The Council's building control service administers the Building Act 2004 and the Building Code. It processes building consent applications, checks plans and conducts site inspections to ensure buildings are soundly constructed in accordance with the plans supplied.

The Building Act 2004 has replaced the Building Act 1991 and was enacted partly as a response to the "leaky building" syndrome which has affected some types of buildings, mainly in metropolitan areas. The new Act emphasises building design assessment, inspections, workmanship and risk management. It aims to provide greater assurance to anyone commissioning building work that what is built will be safe and meet the required standards

Under the Building Act 2004, Council became an accredited building consent authority in July 2008 in order to continue to carry out its building control functions. It was audited this year and has maintained its accreditation.

Rationale for Council's Involvement:

Council's role is prescribed by statute. Certain functions are required to be undertaken by territorial authorities under the Building Act 2004. More substantive functions are laid down under this Act.

Community Outcomes to which the Activity contributes:

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

Principal Objectives:

- That all buildings constructed in the District are built to the building code and Council alternative solutions (the means of complying with the building code that take into account particular issues or materials relevant to building in the Mackenzie), thereby providing comfort to existing and new owners that their homes or buildings are safe.
- That Mackenzie District Council maintains its accreditation as a building consent authority.

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Building consents are processed in accordance with the prescribed legislation.	<ul style="list-style-type: none"> To process 95% building consents and property information memoranda within the statutory timeframe. 	<ul style="list-style-type: none"> 95% compliance. 	Achieved 98% within timeframe. 269 processed in total.	Achieved 99% compliance.
Council is to maintain building consent authority accreditation.	<ul style="list-style-type: none"> Council accreditation maintained following audits. 	<ul style="list-style-type: none"> Accreditation maintained. 	Achieved However, accreditation was only maintained for a further 12 months instead of 24. A re-assessment is to be undertaken by IANZ in November 2012, instead of 2013.	Achieved Accreditation is assessed bi-annually. Next assessment is due November 2011.

Identified Effects on Community Wellbeing

The building control activity has effects on the economic and environmental well-being of the community through growth in the Districts rating base and through provision of sale structures.

Capital Expenditure:

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

Reasons for Undertaking Capital Expenditure Projects

There is no capital expenditure for the year as Council now funds asset purchases for this activity from either the Information Technology Department budget or the Plant budget.

Building Control Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
73	General Rates	80	80
237	Other Income	208	257
3	Internal Income	3	3
313		291	340
	DIRECT EXPENDITURE		
134	Employment Expenses	143	134
-	Consultancy Expenses	13	16
39	Administration	19	51
-	Operational & Maintenance Expenses	-	-
111	Internal Expenses	116	144
1	Funded Depreciation*	-	-
285		291	345
28	Operating Surplus/(Deficit)	-	(5)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
-	Leaky Building Reserve	-	(12)
28	General Reserve	-	7
28		-	(5)

Commentary on Building Control Financial Summary

Surplus/(Deficit)

The deficit for the year was \$5,000; \$5,000 more than the budgeted breakeven position.

Revenue

Total revenue for the year was \$340,000; \$49,000 greater than the budgeted revenue of \$291,000.

The key variance from budget was:

- Building Consent fees totalling \$257,000 were higher by \$49,000 than the budgeted figure of \$208,000 due to a change in the level of fees and an increased activity of building in the district.

Direct Expenditure

The total direct expenditure for the year was \$345,000; \$54,000 more than the budgeted direct expenditure of \$291,000.

- Internal expenses are higher than budget due to the increase in internal motor vehicle charge and rates applied during the year.
- Administration expenses are higher than budget due to increased Public Liability insurance costs and ongoing co-operative coverage of leaky building costs throughout the country (Council has no notified leaky buildings).

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

Resource Management

Background:

The Council is responsible for town planning and resource management under the provisions of the Resource Management Act 1991. The Council's key document for this is its District Plan, which outlines the issues facing the District and then details the objectives, policies and rules for ensuring sustainable management of its natural and physical resources.

Rationale for Council's Involvement:

Council's role is prescribed by statute. Section 31 of the Resource Management Act 1991 requires all territorial authorities such as the Mackenzie District Council to undertake certain functions under the Act.

Community Outcome to which the Activity contributes:

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

Principal Objectives:

- To maintain an up to date District Plan, providing for sustainable management of the resources of the District in the face of changing development pressures.
- To process 95% of resource consents within the statutory timeframe of 20 working days.



Key Levels of Service and Performance Measures

Levels of Service	Performance Measures (2009-2019)	Target	Result for 2011-2012	Result for 2010-2011
To maintain an up to date District Plan, providing sustainable management of the resources of the District in the face of changing development pressures.	<ul style="list-style-type: none"> Complete the Twizel township plan change during the 2009/10 year. To prioritise and complete plan changes identified as necessary by Council. 	<ul style="list-style-type: none"> Twizel township plan changes completed by 30 June 2010. Other agreed changes processed within agreed timeframes. 	<p>Achieved Decision issued 23 July 2011.</p> <p>Achieved No other plan changes identified.</p>	<p>Not Achieved Decision issued 23 July 2011.</p> <p>Achieved No other Plan Changes identified.</p>
Resource consents and land information memoranda processed in accordance with legislation.	<ul style="list-style-type: none"> To process non-notified resource consents within the statutory timeframe of 20 working days. To process land information memoranda within statutory timeframe of 10 working days. 	<ul style="list-style-type: none"> 95% compliance. 100% compliance. 	<p>Achieved. 95% processed within 20 working days.</p> <p>Not Achieved We achieved 99% compliance. 122 of 123 LIMs were processed within the 10 day period. One LIM was outside this period and was one day over.</p>	<p>Achieved We achieved 100% compliance.</p> <p>Not Achieved We achieved 97% compliance. 84 of 87 were processed within the 10 day period. Of the remaining 3, 2 were one day over the period and 1 was two days over the period.</p>



Identified Effects on Community Wellbeing

The control of unplanned subdivision in the Mackenzie Basin and the rationalisation of zoning around Twizel will have impacts upon the economic and environmental wellbeing of the community.

Capital Expenditure:

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

Results for the 2011/2012 year

Total capital expenditure for the year was \$nil; the budget was nil.



Resource Management Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
276	General Rates	320	320
27	Reserve Contributions	20	91
94	Other Income	82	93
29	Internal Income	29	29
426		451	533
	DIRECT EXPENDITURE		
189	Employment Expenses	215	183
231	Consultancy Expenses	94	171
10	Administration	20	5
12	Operational & Maintenance Exp	8	-
10	Interest on Capital Reserves	-	-
129	Internal Expenses	132	134
581		469	493
(155)	Operating Surplus/(Deficit)	(18)	40
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(182)	Resource Management Operating Reserve	(38)	(51)
27	Land Subdivision Reserve	20	91
(155)		(18)	40

Commentary on Resource Management Financial Summary

Surplus/(Deficit)

The surplus for the year was \$40,000; \$58,000 more than the budgeted deficit of \$18,000.

Revenue

Total revenue for the year was \$533,000; \$82,000 more than the budgeted revenue of \$451,000. The key variances from the budget were:

- Reserve contributions for the year amounted to \$91,000; \$71,000 more than the anticipated budget due to developers settling some of their reserve contribution obligations.
- Other income is \$93,000; \$11,000 more than budget due to higher than anticipated recoverable services.

Direct Expenditure

The total direct expenditure for the year was \$493,000; \$24,000 more than the budgeted direct expenditure of \$469,000.

The key variances from budget were:

- Employment costs were \$32,000 lower than budgeted, due to staff going on parental leave during the year.
- Costs associated with Plan Change 13, added \$76,000 to the cost of consultants due to the legal challenge to the Environment Court's interim decision.

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

Regulatory Services

Council's regulatory services administer legislative requirements set out in a number of acts. They include:

- Civil Defence and Emergency Management Act 2002
- Dog Control Act 1996
- Health Act 1956
- Sale of Liquor Act 1989
- Forest and Rural Fires Act 1977
- Gambling Act 2003

Background:

Council is responsible for administering a range of regulatory functions set down by legislation. It enforces, by way of contract with Timaru District Council, the provisions of the Health Act 1956, Health (Registration of Premises) Regulations 1966 and the Food Act 1981 to ensure food premises in the District are safe and hygienic for public use. It also licenses premises under the Sale of Liquor Act 1989 and issues management certificates to individuals who sell liquor.

Council employs a part time Civil Defence Officer to co-ordinate its responsibilities under the Civil Defence and Emergency Management Act 2002. This includes liaising with, and maintaining a network of volunteers in the District, and contributing to the Canterbury Civil Defence Group.

Council contracts out animal control services in the District to respond to animal nuisance complaints (dogs and wandering stock).

The Council is part of the South Canterbury Rural Fire Authority, a joint venture of Mackenzie, Timaru and Waimate District Councils, the Department of Conservation, the New Zealand Fire Service and the forest managers of Blakely Pacific Ltd and Waimate Forest Group. The costs of maintaining the rural fire authority are split evenly amongst the three councils and the forest owners group.

Rationale for Council's Involvement:

Council's involvement in these regulatory activities is prescribed by statute. Parliament has determined that such types of regulation are best delegated to the local level.

Community Outcomes to which the Activity contributes:

Community Outcome	How the Regulatory Services Activity Contributes
<i>A attractive and highly valued natural environment</i>	<p>Maintaining a high ready response system for rural fire and civil defence will assist in promoting the highly natural environment that we all enjoy in the Mackenzie District.</p> <p>Maintaining high levels of food hygiene standards will encourage people to not only enjoy the food but to also take in the natural beauty of our natural environment that will encourage people to return to the District.</p>
<i>A fit and healthy community.</i>	<p>Monitoring food premises for hygiene standards and issuing management certificates for the sale of liquor on licensed premises, will ensure that the consumption of food is safe for the general public and that managers are skilled and educated on the legislative requirements for the sale of liquor.</p> <p>Maintaining our readiness and volunteer groups for civil defence and rural fire events will ensure that our communities are prepared to respond to an event.</p> <p>Controlling the nuisance effects of dogs will ensure that people who use footpaths and recreation areas for health/fitness and general enjoyment will be safe and will be able to continue with their personal fitness and wellbeing</p>

Principal Objectives:

- To control the nuisance caused by dogs and wandering stock;
- To provide an effective and efficient response to any civil defence emergency in the District;
- To control fire risks in the rural area and to respond to those rural fires that do occur.
- To regularly inspect food premises to ensure the safety of food prepared for sale and consumption; and
- To control the sale and consumption of liquor within the District.

Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
All known dogs in the District registered with Council and entered into the national dog database on a regular basis.	<ul style="list-style-type: none"> • All dogs are registered and national dog database is continually kept up to date. 	<ul style="list-style-type: none"> • 100% of dogs are registered by year end. • All registered dogs on the national database. 	<p>Not Achieved 43 known dogs remained unregistered as at 31 August 2012 (one month after penalty date).</p> <p>Achieved All known dogs were entered on the national database.</p>	<p>Not Achieved Approximately 100 known dogs unregistered.</p> <p>Achieved All known dogs were entered on the national database.</p>
To control the nuisance caused by dogs and wandering stock.	<ul style="list-style-type: none"> • Respond to all complaints of wandering dogs and stock within 12 hours. 	<ul style="list-style-type: none"> • Target met. 	<p>Not Achieved Have had some problems with contractor availability to respond due to unavailability of personnel. We are reviewing the Dog Control contracts with a view to improving the service delivery.</p>	<p>Not Achieved Have had some problems with contractor availability to respond due to unavailability of personnel. Council is reviewing its processes to rectify the issue.</p>
To provide an effective and efficient response to any civil defence emergency in the District.	<ul style="list-style-type: none"> • To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council civil defence arrangements. 	<ul style="list-style-type: none"> • Plan requirements complied with. 	<p>Not Achieved Only one training session held (Pandora). We consider two exercises to be too many and prefer to undertake one well-resourced exercise. We have amended the Long-Term Plan measures to reflect one exercise.</p>	<p>Not Achieved Only one training session held (Pandora).</p>
To control fire risks in the rural area and to respond to those rural fires that do occur.	<ul style="list-style-type: none"> • To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan". 	<ul style="list-style-type: none"> • All volunteer rural fire teams are registered with the NRFA and meet the industry standards. 	<p>Not Achieved All volunteers are registered. Burkes Pass crew has yet to achieve training to the industry standards.</p>	<p>Not Achieved All volunteers are registered. Burkes Pass crew has yet to achieve training to the industry standards.</p>
To regularly inspect food premises to ensure the safety of food prepared for sale and consumption and to control the sale and consumption of liquor within the District.	<ul style="list-style-type: none"> • To ensure all premises selling liquor are licensed and all registered food premises are licensed. 	<ul style="list-style-type: none"> • No premises lack the appropriate licence. 	<p>Achieved All premises selling food and liquor were inspected during the year and held the appropriate food or liquor licence.</p>	<p>Achieved All premises selling food and liquor were inspected during the year and held the appropriate food or liquor licence.</p>



Identified Effects on Community Wellbeing

No specific effects of the regulatory services activity on the social, economic and environmental well-being of the community; were identified during the year.

Capital Expenditure:

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R	8	Animal Control		
	8	Plant & Equipment	1	-
			1	-
R	-	Rural Fire Control		
R	6	Fire Tanker	87	86
	6	Plant & Equipment	1	-
			88	86
	14	TOTAL	89	86
		Funded by:		
	8	Animal Control Capital Reserve	1	1
	6	Rural Fire Control Capital Reserve	88	85
	14		89	86

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2011/2012 year

Total capital expenditure for the year was \$86,000; \$3,000 less than the budget of \$89,000.

The key variances from budget were:

- Animal control capital expenditure budgeted of \$1,000 was not undertaken.
- Plant and equipment for Rural Fire of \$1,000 was not purchased during the year.



Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
REVENUE			
52	General Rates	55	55
119	Targeted Rates	123	123
45	Other Income	83	40
-	Gain on Sale of Assets	-	15
1	Interest on Capital Reserves	1	-
217		262	233
DIRECT EXPENDITURE			
11	Employment Expenses	20	21
-	Consultancy Expenses	1	-
21	Administration	25	12
94	Operational & Maintenance Expenses	167	111
2	Interest on Capital Reserves	4	-
20	Internal Expenses	23	21
58	Funded Depreciation*	22	32
206		262	197
11	Operating Surplus/(Deficit)	-	36
Operating Surplus/(Deficit) transferred to/funded by:			
32	General Reserve	-	13
(21)	Rural Works & Services Reserve	-	23
11		-	36

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

Commentary on Regulatory Services Financial Summary

Surplus/(Deficit)

The surplus for the year was \$36,000; \$36,000 greater than the budgeted breakeven result.

Revenue

Total revenue for the year was \$233,000; \$29,000 less than the budgeted revenue of \$262,000.

The key variance from budget was:

- Income from food premises and publicans was set on the basis that gross revenue generated would be remitted to Council. However Council's contractors, for practical reasons, offset the expenditure incurred in undertaking the activity and remit Council the balance.

Direct Expenditure

The total direct expenditure for the year was \$197,000; \$65,000 less than the budgeted direct expenditure of \$262,000.

The key variances from budget were:

- Health and Liquor Licensing Costs have been offset by the income generated by this activity, whereas the budget was prepared on a grossed-up basis. This contributed a \$2,000 positive variance to the result.
- Depreciation is \$32,000 which is \$10,000 greater than budget of \$22,000 due to the depreciation on the new fire tanker purchased this year.

Community Services

Background

Community services provides for pensioner housing, cemeteries, doctors rooms and accommodation, public toilets and grants to the resource centres in Fairlie and Twizel as well as the administration and distribution of grants from SPARC and Creative Communities New Zealand.

Rationale for Council's Involvement

There is a statutory requirement for councils to provide cemeteries, coupled with the fact that they have been providing these services for over a century.

Public toilets are provided because of public expectation or demand and for public health and safety reasons; Council at this point is the only economical provider.

Council supports a range of community services in the Mackenzie that would not otherwise be viable. In order to support the health and welfare of the community it provides or helps finance medical centres, pensioner housing and social and information centres and makes grants to various community organisations.

Community Outcomes to which the Activities Contribute

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

Principal Objectives

To maintain existing community service buildings and facilities to a standard that ensures they are safe and clean and sustainable for the purposes they are designed.

To provide clean public toilet facilities in townships and other specified areas.

To provide well maintained cemeteries in Albury, Fairlie, Burkes Pass and Twizel and to support development proposals for the Tekapo Cemetery.

To maintain an up to date accurate cemetery records system.



Key Levels of Service and Performance Measures

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Results for 2011-2012	Results for 2010-2011
Pensioner Housing <ul style="list-style-type: none"> Provision of seven pensioner units in Fairlie and three pensioner units in Twizel Units are well maintained. 	<ul style="list-style-type: none"> Pensioner housing occupancy is maintained greater than 95% No rentals exceed 80% of market value. No annual increases exceed \$5/week. Programmed work is completed. 	<ul style="list-style-type: none"> Housing occupancy rate. Rentals and annual increases do not exceed targets. Compliance with planned maintenance programme. 	<p>Achieved Occupancy for the year has achieved 100%. Similar result to previous year as a result of good units being available.</p> <p>Achieved Rentals were charged in accordance with the policy. Rentals for existing tenants were charged in accordance with the 2011 policy and did not exceed \$5 per week. \$5 increase limitation does not apply to new tenants who are charged 80% of Market Value.</p> <p>Achieved No work undertaken due to no change in Tenants.</p>	<p>Achieved Occupancy for the year has achieved 100%. Similar result to previous year as a result of good units being available.</p> <p>Achieved Rentals were charged in accordance with the policy. Rentals for existing tenants at 2007 were charged in accordance with the policy and did not exceed \$5 per week. \$5 increase limitation does not apply to new tenants who are charged 80% of Market Value.</p> <p>Achieved Work programmed included 1 upgrade in Twizel which was completed.</p>
Medical Centres <ul style="list-style-type: none"> Provision of Doctor's residences and medical centres in Fairlie and Twizel. 	<ul style="list-style-type: none"> Programmed work is completed. 	<ul style="list-style-type: none"> Buildings provided and maintained in compliance with building maintenance plan. 	<p>Achieved Six monthly inspections were undertaken as per contract and minor repairs undertaken.</p>	<p>Achieved Six monthly inspections were undertaken as per contract and minor repairs undertaken.</p>
Cemeteries <ul style="list-style-type: none"> Provision of cemetery services and maintenance of cemeteries at Albury, Fairlie, Burkes Pass and Twizel. Provision of RSA sections within Fairlie and Twizel cemeteries. 	<ul style="list-style-type: none"> User charges cover the majority of costs associated with cemeteries. Cemeteries maintained in line with contract specification as revealed by staff audits. 	<ul style="list-style-type: none"> User charges recover 75% of operational cost. As determined by quarterly audits performed by staff. 	<p>Not Achieved 62% of operating costs are covered by user charges. 46% of total costs are covered by fees and charges. It was a quiet year for burials.</p> <p>Achieved Periodic inspections undertaken of all cemeteries in conjunction with other work. No significant issues.</p>	<p>Achieved 95% of operating costs are covered by user charges. 64% of total costs are covered by fees and charges.</p> <p>Achieved Periodic inspections undertaken of all cemeteries in conjunction with other work. No significant issues.</p>

Levels of Service	Targets/Objectives	Performance Measures (2009-2019)	Result for 2011-2012	Result for 2010-2011
Public Toilets <ul style="list-style-type: none"> Public toilets are provided in the three main townships and at the Pukaki / Mt Cook lookout. These toilets are open 24 hours per day seven days per week. Main public toilets are generally cleaned daily. If demand requires this is increased to twice per day during periods of high use. Summer toilets are provided and cleaned weekly during the summer months and twice weekly during peak periods at Pines Beach Lake Tekapo, Lake Opuha and Lake Wardell. 	<ul style="list-style-type: none"> Toilets maintained in line with contract specifications as revealed by audit and complaints. 	<ul style="list-style-type: none"> Four clear quarterly audits and less than 12 complaints per annum. 	Achieved Periodic inspections revealed all toilets were ok during the time of inspections. Some calls about Lake Tekapo generally following someone leaving a mess.	Achieved Periodic inspections revealed all toilets were ok during this time of inspection. Some calls about Lake Tekapo generally following someone leaving a mess.
Grants <ul style="list-style-type: none"> Council makes grants to assist the running of the resource centres in Fairlie and Twizel. Council administers the allocation of grants from the SPARC Rural Travel Fund and the Creative Communities scheme. Council makes an annual grant to Sport South Canterbury to support recreation planning and co-ordinators in the District. 	<ul style="list-style-type: none"> All contractual requirements are met That all funds are allocated in line with rules from the granting organisations (Sport & Recreation New Zealand and Creative New Zealand). Sport South Canterbury fulfils the agreed work programme. 	<ul style="list-style-type: none"> No contractual breach. Full compliance. Satisfactory Report. 	Achieved Grants made to resource centres continue to provide services to the community. All contract requirements were met. Achieved All funds distributed as per the rules. Not Achieved A report from Sport South Canterbury was not received until October 2012.	Achieved Grants made to resource centres continue to provide services to the community. All contract requirements were met. Achieved All funds distributed as per the rules. Achieved Council has received the report late from Sports South Canterbury and considers the results satisfactory.



Capital Expenditure

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

Results for the 2011/2012 year

- There was \$2,000 capital expenditure for the year 2011/12 compared to a budget of nil.

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R	-	Pensioner Housing		
	-	Buildings	-	2
	-	TOTAL	-	2
R		Funded By	-	-
R	-	Fairlie Pensioner Housing Capital Reserve	-	2
	-		-	2

Community Services Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
REVENUE			
190	General Rates	224	220
46	Targeted Rates	77	77
(20)	Subsidies & Grants	20	19
101	Other Income	106	97
2	Interest on Capital Reserves	2	2
319		429	415
DIRECT EXPENDITURE			
4	Consultancy	-	-
113	Administration	116	128
192	Operational & Maintenance Expenses	358	200
51	Internal Expenses	52	52
14	Funded Depreciation*	13	14
30	Non-Funded Depreciation**	27	30
404		566	424
(85)	Operating Surplus/(Deficit)	(137)	(9)
Operating Surplus transferred to/ (Operating Deficit funded by):			
(29)	General Reserve	(128)	(9)
(30)	Ratepayer's Equity	(27)	(30)
(26)	Building Maintenance Reserve	18	30
(85)		(137)	(9)

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity

Commentary on Community Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$9,000; \$128,000 more than the budgeted deficit of \$137,000.

Revenue

Total revenue for the year was \$415,000; \$14,000 less than the budgeted revenue of \$429,000.

- The anticipated level of income from plot and burial fees was \$22,000; \$51,000 less than the budget of \$73,000.

Direct Expenditure

The total direct expenditure for the year was \$424,000; \$142,000 less than the budgeted direct expenditure of \$566,000.

- Operational and Maintenance costs were \$200,000; \$158,000 lower than the budget of \$358,000. The main variances were costs of cemetery repairs and maintenance which were \$37,000; \$51,000 lower than budgeted costs of \$88,000. Also costs associated with repairs and maintenance on public toilets were \$153,000; \$23,000 lower than the budget of \$176,000.

Recreational Facilities

Background

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

Rationale for Council's Involvement

Council provides these recreational facilities as it believes that they contribute to several positive community outcomes as listed below. This is coupled with the community's expectation that these assets will continue to be provided as they always have been. Some of the facilities were originally built by the community and then gifted to Council in the expectation that they would be maintained.

Community outcomes to which the Activity Contributes

Community Outcome	How the Community Services Activity Contributes
<i>A thriving economy</i>	Having a range of facilities at their doorsteps, encourages people to live in the District. The facilities also provide space for commercial activities or events that encourage visitors to the District.
<i>A fit and healthy community</i>	Halls, community centres, swimming pools, parks and reserves provide opportunities for structured and informal exercise. District libraries contribute from an educational, cultural and recreational point of view by allowing people to read and research from local sources.
<i>A supportive contributing community</i>	Halls and community centres provide focal points for the community and centres for celebrations and cultural activities. These activities are generally driven by volunteers and are well supported by the community.
<i>An attractive and highly valued natural environment</i>	Parks, reserves and amenity areas contribute through providing access via walkways, maintaining and enhancing natural environments and by developing existing reserves to protect and enhance these assets.

Principal Objectives

- To maintain existing recreational facilities to a standard that ensures they are safe, clean and sustainable;
- To enable a range of activities to take place within these facilities in order to maximise usage;
- To develop and enhance facilities as guided by community planning exercises; and
- To employ and train staff to standards appropriate for the management of these facilities



Key Levels of Service and Performance Measures

Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2011-2012	Result for 2010-2011
Swimming Pools <ul style="list-style-type: none"> The Swimming Pools at Fairlie and Twizel are operated between November to March each year and are open to the public from 3pm to 5pm week days during school terms and from 1pm to 5pm during weekends, public and school holidays. Public lane swimming sessions are held week day mornings and evenings. Pools are safe for swimming. The pools are available for private sessions outside of these times. 	<ul style="list-style-type: none"> Pools available for use during programmed opening times. Pool water quality meets New Zealand Standard (NZS 5826: 2000). Increase usage outside public hours by an average of two hours per week of opening. 	<ul style="list-style-type: none"> No programmed opening hours lost. No breach of standard. Two hours of extra use per week of opening. 	<p>Achieved No days were lost at either pool.</p> <p>Achieved Both pools were tested on a monthly basis and were fully compliant with the standard.</p> <p>Achieved Extra swim lessons and Aquafit classes were held at both pools.</p>	<p>Achieved No days were lost at either pool.</p> <p>Achieved Both pools were tested on a monthly basis and were fully compliant with the standard.</p> <p>Achieved Extra sessions were used in Fairlie and Twizel during the year.</p>
Halls and Community Centres <ul style="list-style-type: none"> The community centres are available seven days per week and usage is only restricted by other bookings. Fees and charges are reviewed annually for the Twizel Events Centre, Mackenzie Community Hall and Lake Tekapo Community Hall. 	<ul style="list-style-type: none"> Facilities are kept clean and always available for use. Fees and charges are reviewed annually, to ensure they move in line with operational costs. 	<ul style="list-style-type: none"> No instances of hall unavailability. Fees reviewed and publicised. 	<p>Achieved All halls available for booking 365 days per year, clean and ready for use</p> <p>Achieved Fees and charges published on the Council's website and in the long-term plan.</p>	<p>Not Achieved Fairlie Community Centre was closed for major work. The remaining halls available for booking 365 days per year, clean and ready for use.</p> <p>Achieved Fees and charges published on the Council's website and in the long-term plan.</p>



Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2011-2012	Result for 2010-2011
<ul style="list-style-type: none"> Buildings are adequately maintained. Sherwood and Albury halls are run by their local community committees. Council involvement with these facilities is limited to administration and some contribution to major repairs and maintenance. 	<ul style="list-style-type: none"> Buildings are maintained in line with the building maintenance plan. 	<ul style="list-style-type: none"> Programmed work completed. 	<p>Achieved</p> <p>Building inspections are completed on a six monthly basis by Whitestone. Major work undertaken – guttering replacement at the Twizel Events Centre was completed within budget.</p>	<p>Achieved</p> <p>Building inspections are completed on a six monthly basis by Whitestone. No work programmed in this period. Major work undertaken in both the Fairlie & Albury Halls interior – painted by the Community. Sherwood Hall was repainted.</p>
<p>Parks, Reserves and Amenity Areas</p> <ul style="list-style-type: none"> Council maintains a range of parks and reserves across the District ranging from sports grounds, passive reserve areas, public street gardens, play areas, Twizel greenways, lakeside reserves, walkways and undeveloped sites. The service levels for the majority of these sites are specified in the township maintenance contracts and detail items like grass heights, litter collection frequency, shrub bed and annual bed maintenance. Within these reserve areas there are areas that are maintained by community groups and these include passive parks and walkways. 	<ul style="list-style-type: none"> Walkways are adequately maintained in line with the national Standard. All new or upgraded playgrounds meet appropriate safety standards. Contact specifications as determined by regular audits. 	<ul style="list-style-type: none"> Standards met. Full compliance with New Zealand Standard 5828:2004. No significant breaches identified. 	<p>Achieved</p> <p>All walkways were maintained in line with the National Standard.</p> <p>Not applicable</p> <p>No new playgrounds were built during the year.</p> <p>Not Achieved</p> <p>The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work. No specific audits undertaken. Inspection carried out during day today duties.</p>	<p>Achieved</p> <p>All walkways were maintained in line with the National Standard.</p> <p>Achieved</p> <p>New playground completed in Fairlie in accordance with standard.</p> <p>Not Achieved</p> <p>The contractor's performance was gauged by regular inspections of sites, generally in conjunction with other work. No specific audits undertaken. Inspection carried out during day today duties.</p>

Levels of Service	Performance Measures	Targets/Objectives (2009-2019)	Result for 2011-2012	Result for 2010-2011
Libraries <ul style="list-style-type: none"> The libraries are run as "Community Libraries" catering for a cross section of educational and recreational reading requirements. They also offer other services such as photocopying, Internet access etc The libraries are open to the public 39 hours per week over six days. 	<ul style="list-style-type: none"> Use of library is maintained as measured by ratio of issues per ratepayer. Agreed opening hours are met 	<ul style="list-style-type: none"> 12.66 issues per ratepayer. No departure from agreed opening hours. 	<p>Not Achieved 45,212 issues were made during the year for 4,408 rateable properties; a ratio of 10.25 issues per ratepayer. The declining trend suggested that alternative media is becoming more popular than hard copies.</p> <p>Achieved Target has been met by opening hours being maintained throughout the year.</p>	<p>Not Achieved 51,624 issues were made during the year for 4,189 rateable properties; a ratio of 12.32 issues per ratepayer.</p> <p>Achieved Target has been met by opening hours being maintained throughout the year.</p>

Identified Effects on Community Wellbeing

The Council believes that voluntary efforts at the Fairlie Village Green, the Tekapo Playground and the Twizel Greenways, enhanced social wellbeing in the community.

Capital Expenditure

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R	2	Mackenzie Community Centre		
	2	Plant	-	-
R	-	Strathconan Swimming Pool		
	-	Plant - Equipment	-	25
R	12	Fairlie Township		
L	25	Village Green Upgrade	-	12
	37	Playground Upgrade	-	-
G&L	-	Twizel Township		
R	-	Implementation of Development Plan	-	27
	-	Pool Cover Replacement	-	-
	-	Tekapo Community Hall		
G&L	10	Buildings	-	3
	-	Tennis Courts	-	211
	10		-	214
	49	TOTAL CAPITAL EXPENDITURE	-	278
		Funded by:		
	12	Village Green Tree Fund	-	12
	25	Land Subdivision Reserve	-	211
	2	Mackenzie Community Centre Operating Reserve	-	-
	-	Fairlie Township Operating Reserve	-	25
	10	Tekapo Community Hall Capital Reserve	-	3
	1	Twizel Township Capital Reserve	-	27
	1	Twizel Events Centre Capital Reserve	-	-
	49		-	278

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

Reasons for Undertaking Capital Expenditure Projects

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

- The upgrading of the tennis courts at Tekapo was part of a planned programme to enhance community facilities in the township.
- Work on developing the greenways in Twizel is part of a previously agreed strategy.
- Heating improvements at Strathconan Pool are designed to boost usage.

Results for the 2011/2012 year

Total capital expenditure for the year was \$278,000; \$278,000 more than the budget of nil.

The key variances from budget were:

- \$211,000 was spent in Lake Tekapo to upgrade the tennis courts. This was unbudgeted.

Recreational Facilities Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
373	General Rates	223	246
1,107	Targeted Rates	1,083	1,146
252	Other Income	230	313
-	Contributions	8	-
5	Interest on Capital Reserves	12	8
1,737		1,556	1,713
DIRECT EXPENDITURE			
63	Employment Expenses	64	75
108	Administration	24	130
907	Operational & Maintenance Expenses	959	896
42	Interest on Capital Reserves	38	35
189	Internal Expenses	188	188
9	Funded Depreciation*	9	16
-	Assets Written Off	-	317
230	Non-Funded Depreciation**	191	221
1,548		1,473	1,878
189	Operating Surplus/(Deficit)	83	(165)
Operating Surplus tr'd to/(funded by)			
(230)	Ratepayer's Equity	(191)	(221)
(17)	Building Maintenance Reserve	35	(2)
136	General Reserve	175	(364)
3	Fairlie Works & Services Reserve	(33)	10
-	Tekapo Works & Services Reserve	148	73
(5)	Twizel Works & Services Reserve	2	58
7	Rural Works & Services Reserve	1	6
100	Tekapo Township Capital Reserve	-	-
-	Tekapo Community Hall Capital Reserve	(156)	150
45	Strathconan Swimming Pool Operating Res	-	-
36	Tekapo Domain Operating Reserve	-	-
-	Other Reserve Operating Reserve	49	21
72	Twizel Events Centre Capital Reserve	73	73
(15)	Sherwood Downs Hall Capital Reserve	(10)	3
16	Twizel Swimming Pool Operating Reserve	-	-
-	Albury Hall Operating Reserve	8	4
-	Rural Roading Capital Reserve	-	33
1	Sherwood Downs Recreational Capital Reserve	2	3
25	Land Subdivision Reserve	(20)	-
15	Fairlie Village Green Tree Fund	-	(12)
189		83	(165)

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity.

Commentary on Recreational Facilities Financial Summary

Surplus/(Deficit)

The deficit for the year was \$165,000; \$248,000 more than the budgeted surplus of \$83,000.

Revenue

Total revenue for the year was \$1,713,000; \$157,000 greater than the budgeted revenue of \$1,556,000.

The key variances from budget were:

- Other income increased by \$83,000, due mainly to a donation of \$25,000 being received to install new water heating at the Fairlie pool along with higher than anticipated returns from the Tekapo Camping Ground lease of \$28,582.

Direct Expenditure

The total direct expenditure for the year was \$1,878,000; \$405,000 more than the budgeted direct expenditure of \$1,473,000.

The key variances from budget were:

- Operational and maintenance expenses were \$63,000 less than budget due to three factors.
 - \$45,000 of township project remained unspent.
 - Maintenance costs of \$113,000 were \$40,000 less than the budget of \$153,000, and
 - \$59,000 of other township costs of the total budget of \$499,000 remained unspent.
- Assets written off of \$317,000 relate to capitalisation in previous years of a grant paid to fund Council's share of the Fairlie library. Since Council does not own the land the building is situated on it is not appropriate to continue to carry it as an asset. Therefore it is being de-recognised as an asset and bought to account this year.



Commercial Activities

Background

These include: operating the investments function of Council; overseeing the Mackenzie Forestry Board's activities; developing and selling of real estate; managing rental properties; overseeing the activities of the Mackenzie Tourism and Economic Development Trust; and operating the Lake Pukaki Visitor Information Centre.

Rationale for Council's Involvement

Investments

The Council holds cash and equity Investments that provide interest and dividend returns for the Council, which are used to offset the rate requirement.

Mackenzie Forestry Board

In 1996, the Council formed the Mackenzie Forestry Board, whose purpose was to actively manage and grow the Council's forestry estate as a commercial operation. The Board pays a rent to the Council for the freehold land that it occupies, which is used to offset the rate requirement.

Real Estate

The Council is a significant land owner in the District. Much of the land has potential for development for commercial, residential and agricultural purposes. The Council holds this land to develop, sell or lease as it sees fit to provide the best possible return for the District as a whole.

Rental Properties

The Council owns land and buildings that it leases on a commercial basis. The rentals received from these leases are used to offset rate requirements.

Mackenzie Tourism and Development Trust

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

Pukaki Airport Board

Council has a separate Committee charged with the responsibility of operating the Pukaki Airfield and developing areas of land that have been deemed appropriate.

Community outcomes to which the Activities Contribute

Community Outcome	How Commercial Activities Contribute
<i>A thriving economy</i>	<ul style="list-style-type: none">• The income derived from investments is used to offset the rate requirement and as such reduces the rates charged.• The Council is committed to investing in the District through the forestry activity as all plantations must be within the District.• By actively managing the Council's real estate portfolio, the Council has the opportunity to sell or lease various areas of land that will assist in promoting development throughout the District. Such development has the potential to increase employment opportunities within the District.• By leasing the commercial areas of land, the Council is assisting the lessees in running their businesses as well as providing rental returns.• The Mackenzie Tourism and Development Trust is responsible for promoting sustainable development of tourism and business throughout the District.• The Pukaki Visitor Information Centre provides information about the tourist activities and accommodation throughout the District.

Principal Objectives

To ensure all commercial activities contribute positively to the economic well-being and affordable rating levels for the District's ratepayers.

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
Investments The Community expects the investments of the Council to be managed wisely.	<ul style="list-style-type: none"> Investments outperform benchmark portfolio. Reviews undertaken. 	<ul style="list-style-type: none"> Council's cash investment portfolio independently reviewed each quarter. Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis. 	<p>Not Achieved Council's investment portfolio outperformed the benchmark set by Bancorp, Councils independent fund manager, in two of the four quarters.</p> <p>Not Achieved Council reviewed the Statement of Intent on 6 March 2012. Council did not review the Annual Report.</p>	<p>Not Achieved Councils investment portfolio outperformed the benchmark in all but the last quarter of the year which underperformed the benchmark by 0.38% in absolute terms. Council's investment portfolio outperformed the benchmark in the first three quarters of the year ranging from 0.06% to 0.46% in absolute terms.</p> <p>Not Achieved Council reviewed the Statement of Intent on 31 May 2011 and was satisfied with its contents. It did not review the Annual Report.</p>
Mackenzie Forestry Board The Board is required to operate and administer the Mackenzie District Council's forestry estate as a successful business.	<ul style="list-style-type: none"> Approval of the statement of intent is made prior 30 June in each year. 100% of all new planting should be demonstrated by project analysis to be able to achieve a minimum internal rate of return of 7% pre-tax. To complete the final stage of planting at Fox Peak Plantation. 	<ul style="list-style-type: none"> Council will approve the statement of intent for the Mackenzie Forestry Board. To ensure that all new planting should achieve the minimum internal rate of return. To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares. 	<p>Not Achieved Council did not approve the Statement of Intent of the Forestry Board.</p> <p>Not Applicable No new plantings were undertaken during the year.</p> <p>Achieved Council has 1,020 hectares planted.</p>	<p>Achieved Received by Council on 8th March 2011 and adopted on 5th July 2011 due to meeting time constraints.</p> <p>Not Applicable No new plantings were undertaken during the year.</p> <p>Achieved Council has 1,020 hectares planted.</p>
Real Estate The community expects the Council to achieve the best economic return for any land that the Council deems appropriate to place on the market.	<ul style="list-style-type: none"> Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy. 	<ul style="list-style-type: none"> Council will progress the disposal of the areas of land identified for sale. 	<p>Achieved Council has a sub-committee to assist with this. It has also employed consultants to assist.</p>	<p>Achieved Council has a Sub-Committee to assist with this. Council has also entered into a conditional agreement with the lessee to purchase the Camping Ground and surrounding land.</p>



Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
	<ul style="list-style-type: none"> A full land rationalisation process will be completed by June 2010. 	<ul style="list-style-type: none"> Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements. 	Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTP.	Not Achieved The land rationalisation process was deferred. Council will review to undertake a full rationalisation review for incorporation in the next LTP.
Rental Properties It is expected that the relevant conditions placed upon a commercial lease agreement have been adhered to.	<ul style="list-style-type: none"> All lease agreements are reviewed on a regular basis. 	<ul style="list-style-type: none"> Council will ensure that the terms of each commercial lease agreement are adhered to. 	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.	Achieved Terms of all commercial leases were adhered to. Review of these agreements coincides with rent review periods.
Pukaki Airport Board Operation of the Pukaki Airfield as a public facility	<ul style="list-style-type: none"> The board will report to Council on regular basis on its activities and progress towards meeting its goals. 	<ul style="list-style-type: none"> The board achieves the goals set in its Statement of Intent. 	Achieved Council reviewed the Statement of Intent for 2012-2015 on 3 rd April 2012.	Achieved Council reviewed the Statement of Intent for 2011-2014 on 8 th March 2011 and adopted it on 5 th July 2011 due to meeting time constraints.

Identified Effects on Community Wellbeing

The development of the Pukaki Airfield and the receipt of carbon credits will enhance the economic wellbeing of the District.

Capital Expenditure

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

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
G	236	Pukaki Airport Board		
		Airport Development	-	42
	236		-	42
	236	TOTAL		
		Funded by:		
	236	Pukaki Airport Board Capital Reserve	-	42
	236		-	42

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

Reasons for Undertaking Capital Expenditure Projects

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

- To complete the hangar project commenced in 2010/11.

Results for the 2011/2012 year

Total capital expenditure for the year was \$42,000; \$42,000 greater than the budget of nil.

The key variance from budget was:

- Spending on the Pukaki Airport development was significantly higher than budgeted due to the addition of a hangar on site. This was specifically approved by Council as an unbudgeted item with a total cost over 2 years of \$278,000. These costs related to the final completion of the project.



Commercial Activities Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
-	General Rates	-	96
212	Targeted Rates	212	116
-	Real Estate Sales	1,762	-
169	Other Income	227	618
(1)	Other Gains/(Losses)	-	(920)
375	Dividend	381	381
632	External Interest	561	709
141	Vested Carbon Emission Reduction Units	-	52
166	Internal Interest	16	154
1,694		3,159	1,206
(852)	Less used to offset Rates	(928)	(952)
842		2,231	254
	DIRECT EXPENDITURE		
25	Members Expenses	33	33
82	Consultancy Expenses	101	203
27	Cost of Sales – Real Estate	-	-
68	Administration	55	85
272	Operational & Maintenance Expenses	248	288
131	Interest on Capital Reserves	-	127
124	Internal Expenses	138	138
7	Asset Impairment	-	278
-	Assets Written Off	-	-
52	Non-Funded Depreciation*	52	53
788		627	1,205
54	Operating Surplus/(Deficit)	1,604	(951)

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(337)	Real Estate Reserve	1,506	(921)
-	Pukaki Airport Capital Reserve	(32)	(33)
73	Forestry Capital Reserve	(19)	(249)
(52)	Ratepayer's Equity	(52)	(53)
18	Pukaki Airport Board Operating Reserve	-	-
17	Tourism Operating Reserve	-	(265)
82	Investment Revaluation Reserve	-	(65)
253	General Reserve	201	635
54		1,604	(951)

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

Commentary on Commercial Activities Financial Summary

Surplus/(Deficit)

The deficit for the year was \$951,000; \$2,555,000 less than the budgeted surplus of \$1,604,000.

Revenue

Total revenue for the year was \$1,206,000; \$1,953,000 less than the budgeted revenue of \$3,159,000. The key variances from budget were:

- External interest was up on budget by \$148,000 due to a greater cash reserve.
- Additional income was generated from receipt of Carbon Emission Reduction Units totalling \$52,000.
- Other gains/losses included a loss of \$697,000 relating to the sale of the Tekapo Camping Ground site after the value of the land (including revaluation) had been bought to account. However, this sale contributed significantly to the cash reserves of the Council. Also included in the amount was \$191,000 loss relating to the write-down of forestry assets for the year and a reconciliation of \$65,000 relating to Council's bond portfolio.
- Other income includes insurance receivable for the fire damage to The Old Library Cafe of \$505,000.

Direct Expenditure

The total direct expenditure for the year was \$1,205,000; \$578,000 more than the budgeted direct expenditure of \$627,000.

The key variances from budget were:

- Funding of \$279,000 was provided to the Mackenzie Tourism & Development Trust which exceeded budget by \$67,000.
- Consultancy expenses were \$203,000 against a budget of \$101,000 due to ongoing preliminary development costs for the land at Lake Tekapo.
- Assets impaired during the year related to a write-down of Carbon Credits held by \$45,000 and loan investment in Mackenzie Tourism & Development Trust amounting to \$233,000.
- Internal interest expenses were \$127,000. The budget for this has been netted off against internal interest income.



Corporate Services

Background

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

Rationale for Council's Involvement

Corporate services provide managerial or administrative support for all other activities undertaken by the Council. It is generally not practical for a particular activity within Council to solely manage and administer its affairs; therefore, it is appropriate that this work is carried out by the Corporate Services Department.

Community Outcomes to which the Activity Contributes

Because the activity of Corporate Services provides support to all the other activities undertaken by Council, by necessity, it indirectly contributes to all six community outcomes:

- An attractive and highly valued natural environment
- A thriving economy
- A democracy which upholds the rights of the individual
- A fit and healthy community
- Safe, effective and sustainable infrastructure
- A supportive and contributing community.

Principal Objective

The principal objective of Corporate Services is to provide managerial and administrative support for all activities undertaken by Council.

Key Levels of Service and Performance Measures

Levels of Service	Measure of Service	Target	Result for 2011-2012	Result for 2010-2011
The service levels are internally agreed between the Corporate Services and the area of the organisation that it provides services to. The key organisation wide function is compliance with the Local Government Act 2002.	All plans and reports completed in accordance with the Local Government Act 2002.	<ul style="list-style-type: none"> • Completion of Annual Reports by 31 October each year. • Adoption of long-term council community plans by 30 June every three years. • Adoption of Annual Plans by 30 June in the intervening years. 	<p>Achieved Council's Annual Report for the year ended 30 June 2011 was adopted on 28 October 2011.</p> <p>Not Achieved Due to significant changes from the draft Long-Term Plan required by Council after the public consultation process the Long-Term Plan was not adopted until 10 August 2012.</p> <p>Not Applicable</p>	<p>Not Achieved Council's Annual Report for the year ended 30 June 2010 was adopted on 21 December 2010.</p> <p>Not Applicable</p> <p>Achieved Council's Annual Plan for 30 June 2011 was adopted by Council on 28 June 2011.</p>



Identified Effects on Community Wellbeing

None identified.

Capital Expenditure

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

Reasons for Undertaking Capital Expenditure Projects

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

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

Results for the 2011/2012 year

Total capital expenditure for the year was \$57,000; \$17,000 less than the budget of \$74,000.

The key variances from budget were:

- The Document Management System was \$7,000 under budget.
- Two projects, one in Fairlie (\$6,000) and one in Twizel (\$2,000), wiring up the Council Chambers/offices with microphones did not go ahead this year.

Requirement for Work	Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
R	15	Administration		
		Document Management Project	20	13
	15		20	13
		Information Technology Department		
	-	Information Management System	-	1
R	8	Website Development	-	-
R	-	Printers, Copiers & Scanners	7	2
R	-	Network Infrastructure	2	2
R	2	Software	10	11
R	29	GIS Aerials	27	27
R	3	Plant & Equipment	-	-
	42		46	43
		Council Building Twizel		
R	-	Plant & Equipment	2	-
	-		2	-
		Council Building Fairlie		
R	2	Plant & Equipment	6	1
	2		6	1
	59	TOTAL	74	57
		Funded by:		
	15	Administration Capital Reserve	20	13
	42	IT Department Capital Reserve	46	43
	2	Fairlie Council Office Operating Res	6	1
	-	Twizel Council Office Operating Res	2	-
	59	TOTAL	74	57

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



Corporate Services Financial Summary

Actual 2010/2011 (\$000)		Budget 2011/2012 (\$000)	Actual 2011/2012 (\$000)
	REVENUE		
113	Other Income	102	118
1	Interest on Capital Reserves	-	1
1,878	Internal Income	1,847	1,950
1,992		1,949	2,069
	DIRECT EXPENDITURE		
972	Employment Expenses	954	963
147	Consultancy Expenses	104	140
308	Administration	259	411
229	Operational & Maintenance	246	231
5	Interest on Capital Reserves	5	5
377	Internal Expenses	314	368
76	Funded Depreciation*	57	73
2	Loss on Sale of Assets	-	-
26	Non-Funded Depreciation**	32	27
2,142		1,971	2,218
(150)	Operating Surplus/(Deficit)	(22)	(149)
	Operating Surplus transferred to/ (Operating Deficit funded by):		
(156)	General Operating Reserve	(3)	(227)
38	Plant Capital Reserve	27	119
3	Information Technology Capital Reserve	-	(2)
(2)	Facilities Management Capital Reserve	-	(2)
(26)	Ratepayer's Equity	(32)	(27)
(7)	Building Maintenance Reserve	(14)	(10)
(150)		(22)	(149)

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

** Non-funded depreciation represents a reduction in the service potential of the relevant asset and is expressed as a reduction in ratepayers' equity

Commentary on Corporate Services Financial Summary

Surplus/(Deficit)

The deficit for the year was \$149,000; \$127,000 more than the budgeted deficit of \$22,000.

Revenue

Total revenue for the year was \$2,069,000; \$120,000 more than the budgeted revenue of \$1,949,000.

The key variances from budget were:

- Internal income was \$103,000 more than budget due to an increase in the internal motor vehicle charge out rate to recover capital reserve deficits and provide for future replacements.

Direct Expenditure

The total direct expenditure for the year was \$2,218,000; \$247,000 more than the budgeted direct expenditure of \$1,971,000.

The key variances from budget were:

- Administration costs were higher than budget by \$152,000 due to costs associated with the audit of the Long-term Plan being increased in the 2012 financial year while 2/3 of the estimated costs were rated for in the previous two years. This along with additional insurance costs of \$9,000 and subscription costs of \$15,000 has contributed to this cost overrun.
- Consultancy expenses are higher than budget by \$36,000 due to additional unbudgeted valuation expenditure totalling \$30,000 relating to the valuation of Council's land and buildings for inclusion in the 2011 Annual Report.
- Employee expenses are \$963,000 which is \$9,000 above budget mainly due to an increase in training costs of \$19,000.

Council Controlled Organisations

- **Mackenzie Holdings Limited**
- **Mackenzie Tourism & Development Trust**
- **South Canterbury Rural Fire District Committee**

Council Controlled Organisations

Mackenzie Holdings Limited

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

Mackenzie Holdings Limited is now a dormant company from the Inland Revenue Department and Companies Office perspectives. Council also resolved on April 12th 2012 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Ltd status as a Council Controlled Organisation.

Mackenzie Tourism and Development Trust

It was a difficult year for the Trust. Its financial position worsened and additional Council funds were provided to tide it over. Council was ambivalent about providing a significantly greater budget for its ongoing operation. The membership of the Trust changed completely in August 2011 but the new Trustees were not able to turn the situation around. Following public consultation over additional funding, Council decided not to utilise the Trust as its vehicle for marketing and economic development beyond July 2012.

Post balance date, new Trustees have been charged with the wind up of the Trust's affairs. A contract has been let to Christchurch and Canterbury Tourism for a twelve month term and a working party has been established to advise Council on sustainable means of supporting this activity in the future.

Trustees

The following were Trustees of the Mackenzie Tourism & Development Trust during the year:

Until August 2011

- Lesley O'Hara (Chair)
- Denis Callesen
- Mike Neilson
- Leon O'Sullivan
- Peter Maxwell (Councillor)

From August 2011

- Jim Scott (Chair)
- Ken Davidson
- Cathy Hemsworth
- John Bishop (Councillor) – until May 2012
- Paul Morris (Mackenzie District Council) – until May 2012

Structure

The Trust operated as a Council Controlled Organisation, (CCO).

Trust's Vision

The vision of the organisation is to provide economic and social benefit to the Mackenzie District through effective promotion of tourism and business development and to ensure visitors are well provided for with appropriate visitor information.

Trust's Objectives

The objectives of the Trust are as follows:

- The Board will remain a non-profit Trust, operating as a CCO, with Council appointed Trustees.
- A fixed base income that meets the needs of the Trust for the next three years to the end of June 2014.
- Provide information delivery across the region that meets the needs of the visitors and provides an income stream for the Trust.
- Continue to build on relationships with local promotions groups, community boards and visitor and information centres to ensure a cohesive message and approach to marketing the district.
- Implement a strong marketing strategy and plan that delivers growth and profitability to our region and its operators, and encourages product development.
- Act as a catalyst for business development across all sectors of our economy, and encourage product development that will benefit our economy through employment, income and visitor growth.
- Seek opportunities to provide educational opportunities within the district that benefit tourism growth.
- Play an active role in developing the Starlight Reserve.
- Introduce systems, policy and structure that provides for the long term future of the Trust and its operating arm, Destination Mount Cook Mackenzie Tourism.

Performance Measures

The Trust had no approved Statement of Intent for the year ended 30 June 2012. Therefore, there are no performance measures available by which to measure the performance of the Trust. However, the Trust did have two Council representatives on the Trust until May 2012 to monitor the Trust's affairs.



SOUTH CANTERBURY RURAL FIRE DISTRICT COMMITTEE

This Committee was established in 1999 by this Council and its neighbours in Timaru and Waimate. All three were fire authorities in their own right under the Forest and Rural Fires Act 1977. In the interests of efficiency it was agreed they would combine and establish a new rural fire committee, together with the New Zealand Fire Service, the Department of Conservation and other forest owners. The South Canterbury Rural Fire Committee undertakes all of the responsibility under the Act within the South Canterbury Rural Fire District.

Council's objective in being part of this committee is to more effectively and efficiently discharge its responsibilities for rural fire control.

The Fire Committee employs a full time Principal Rural Fire Officer who administers the functions of the three local authorities over the Fire District. The administration costs of the committee are shared by the local authorities; however each local authority funds capital expenditure projects within its own District, such as rural fire appliances, hoses and other equipment, and rural fire stations.

Objectives and Performance Targets 2012/2022

- To provide for education on rural fire safety in South Canterbury
- To ensure rural fire suppression is coordinated and effective
- To maintain all operational equipment to a state of readiness meet the standards set by the industry
- To ensure all staff are trained to the standards set by the industry.

Māori Capacity to Contribute to Decision-making Processes

Local Government Act 2002

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

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

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

A local authority must ensure that it has in place processes for consulting with Māori.

Te Runaka O Arowhenua

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

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

Result for the year

To ensure that there was capacity for Māori to contribute to the decision-making processes of Council, it provided Te Runaka O Arowhenua with copies of its 2012-2022 Long Term Plan and encouraged comment.

During the 2011/2012 year, the Council did not formally meet with the Runanga.

Statement of Accounting Policies

Statement of Accounting Policies

Reporting Entity

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

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

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

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

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

The financial statements of Mackenzie District Council are for the year ended 30 June 2012. The financial statements were authorised by Council on 30th October 2012.

Measurement Base

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

Subsidiaries

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

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenditure on a line-by-line

basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

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

Joint Venture

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled assets, the Council and group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Changes in Accounting Policy

No changes to accounting policies has been implemented during the year.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for



reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Summary of Accounting Policies

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

Critical accounting estimates and assumptions

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

Landfill closure costs:

As the former operator of the various closed landfills in the Mackenzie District, the Council has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs was initially recognised as a liability when the obligation for post-closure costs arose. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur. The provision includes all other costs associated with landfill post-closure. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Infrastructural assets:

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, sewerage and water supply pipes which are underground. This risk is minimised by inspection of a range of infrastructural assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in net surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience and experience with other entities. Asset inspections, deterioration and condition modeling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

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

Fair Value of Carbon Credits

Carbon credits of the Group are initially valued at fair value. This requires the estimation of current market values.

Value of investments carried at fair value

Council holds unlisted investments and requires estimate and assumptions estimate to determine its fair value.

1 Goods and Services Tax (GST)

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

2 Revenue Recognition

Revenue is measured at the fair value of consideration received.

- Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.
- Rates revenue is recognised by Council as income on a straight line basis over the rating period.
- Excess water charges are recognised based on the volumes delivered. Revenue is recognised on an accrual basis.

- Development, land subdivision reserve and financial contributions are recognised when the relevant development receives sign-off from the Council in terms of the Resource Management Act 1991.
- Revenue from a contract to provide services is recognised by reference to the stage of completion.
- Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Lease incentives granted are recognised as part of the total rental income. Rental income from investment and other property is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease.
- New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.
- Revenue from assets vested in Council, with or without restrictions, are recognised when control over the assets is obtained.
- Revenue from commission and booking fees from the sale of tours and accommodation is recognised when the booking is made by the customer, payment has been received and the voucher has been issued.

3 Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council make of its accumulated surpluses.

The components of equity are:

- Operating reserves
- Capital reserves
- Asset revaluation reserve
- Other reserves & special funds reserves
- Accumulated general funds

Operating Reserves

Operating reserves consist of surpluses earned over time, and funds set aside for special purposes. These reserves represent funds available for the use in trading and operation of Council for special purposes. All special purpose funds and assets are separately accounted for and balanced with the cash resources retained by Council for special purposes.

Capital Reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the long-term council community plan, a Capital Reserve has been created for all activities of

Council that involve assets. The movements within the capital reserves involve all capital income received for the activity and any capital expenditure incurred within that activity.

The capital income includes depreciation funded from rates, financial contributions, upgrade contributions and grants. Depending on the movements in the capital reserve, the balance can be in funds or overdrawn. An overdrawn capital reserve is, in effect, an internal loan from the Council to the community and conversely, a capital reserve in funds is an internal loan from the community to the Council. An interest component is applied to the capital reserve depending on whether the particular reserve is in funds or overdrawn. The Council policy is to charge interest on overdrawn capital reserves at 100 basis points above the Official Cash Rate and pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

Asset Revaluation Reserve

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

Other Reserves & Special Funds Reserves

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

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Accumulated General Funds

Accumulated General Funds consist of all other equity transactions not classified as operating reserves, capital reserves, asset revaluation reserves, other reserves or special reserves.



4 Trade and Other Receivables

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

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

5 Inventories

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

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

6 Investments

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

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

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

At subsequent reporting dates, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the net surplus or deficit when there is objective

evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

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

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

For fair value through equity investments, gains and losses arising from changes in fair value are recognised in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net surplus or deficit for the period.

7 Property, Plant and Equipment and Depreciation

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

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

The cost of an item of plant, property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Revaluation

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

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



Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current “in the ground” cost of providing identical services.

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

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Infrastructural Assets

These are fixed utility systems, which are available for open and unrestricted use by the community. They provide a continuing service to the community and are not regarded as tradable. Infrastructural assets include sewerage, stormwater, water supply, bridges and roading systems. Council’s infrastructural assets, except rural water races, village projects and resource consents, have been included in this document at their 1 July 2010 valuations, plus additions at cost, less associated depreciation. The valuation of the infrastructural assets, conducted on a three yearly basis, was conducted by a registered valuer, AECOM Maunsell, and these assets have been valued at depreciated replacement cost as at 1 July 2010. Subsequent additions have been valued at cost and depreciated. Rural water races, landfills and village projects are stated at their cost or deemed cost less depreciation. Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined then all capitalised costs are written off.

Vested Assets

In addition, infrastructural assets will be vested to Council from developers as the relevant developments have been completed. The Council will record the cost of those vested assets at

the current cost when received and the assets will be revalued in line with the Council’s other infrastructural assets. These assets will also be subject to depreciation.

Land Under Roads

Land under roads includes land under formed roads. The value of land under roads is based on the average rateable value of the land in the associated ward as deemed by Quotable Value. These values have been adopted as deemed cost.

Land & Buildings

All land has been revalued at 1 July 2011, as determined by Morton & Co. Buildings have been revalued as at 1 July 2010 by Morton & Co. Future valuations will be carried out on a three yearly basis. Buildings have been valued using market values where a market exists for that asset, or at depreciated replacement cost. Each building has also been componentised into: structure; services and internal fitout. Additions since that date have been valued at cost less depreciation for buildings, and at cost for land.

Plant & Machinery

Plant & machinery comprises of the Vertical Composting Unit. The Vertical Composting Unit has been revalued as at 1 July 2010 by registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage Assets

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

Other Assets

All other assets are valued at the lower of cost less accumulated depreciation.

Depreciation

Land

Land is not depreciated.

Motor Vehicles

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

Infrastructural Assets and Buildings

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

Roading/Bridge Network

▪ Land under roads	Not depreciated
▪ Formation	Not depreciated
▪ Sub base	Not depreciated
▪ Base Course	75 - 100 years



▪ Surfacing	0 - 17 years
▪ Kerb & Channelling	10 - 100 years
▪ Street Signs	13 years
▪ Street Lighting	20 - 40 years
▪ Bridges	80 years

Water Network

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

Sewerage Network

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

Stormwater Network

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

Buildings

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

Other Assets

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

▪ Light Plant & Machinery	5-10 years
▪ Plant & Machinery	5-10 years
▪ Office Equipment	2-10 years
▪ Furniture & Fittings	5-10 years
▪ Computer Equipment	3-5 years
▪ Computer Network Cabling	10 years
▪ Heritage Assets	60-150 years
▪ Village Projects	5-80 years
▪ Landfills	33-50 years
▪ Resource Recovery Parks:	

▪ Formation/Site Development	35 years
▪ Surfacing/Metalling	15 years
▪ Signage, Plant & Equipment	5-10 years

8 Forestry

Forests were valued as at 30 June 2012, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with NZ IAS 41. All forests have been valued at 'fair value' less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate of 8% (2011 the discount rate was 8%).

Council has a policy to revalue its forests annually. Any increase or decrease in the valuation is reflected in the Statement of Comprehensive Income as a net surplus or deficit on revaluation.

9 Intangible Assets

Software

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

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

• Computer Software	3 years
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Carbon Credits

Carbon Credits acquired by way of a government grant are initially recognised at the date of entitlement at fair value. Subsequent to initial recognition, carbon credits are measured at the original fair value less any accumulated impairment losses.

Carbon credits have an indefinite useful life and are tested for impairment annually or when an indication of impairment exists. The useful life of carbon credits with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable.



10 Impairment

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

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

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

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

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

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

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

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

11 Employee Entitlements

Employee entitlements include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave. A liability for sick leave is measured as a rolling average of sick leave paid out over the previous two financial years and the current financial year.

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

12 Borrowings

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

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

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

13 Trade and other Payables

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

14 Leases

Finance Leases

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

Operating Leases

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

15 Financial Instruments

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

Revenue and expenditure in relation to all financial instruments are recognised in the Statement of Comprehensive Income. All financial instruments are recognised in the Statement of Financial Position, at their fair value when the Council becomes a party to the contractual provisions of the instrument.

16 Statement of Cash Flows

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

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

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

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

17 Cost of Service Statements

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

18 Cost Allocation

The Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs

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

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

Cost Drivers for Allocation of Indirect Costs

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

19 Cash and Cash Equivalents

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

20 Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants, where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

21 Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

22 Property Intended for Resale

Council has several properties that it considers surplus to its core business requirements. The assets are valued after appropriate assessments are made at the lower of cost or net realisable value.

Financial Statements

Statement of Comprehensive Income

Statement of Changes in Equity

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Statement of Cashflows

Statement of Commitments and Contingencies

Notes to the Accounts

Statement of Comprehensive Income

For the Year Ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Note	Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		REVENUE				
1,259	1,259	General Rates		1,158	1,241	1,241
4,336	4,336	Targeted Rates	2	4,459	4,537	4,537
1,365	1,365	Subsidies & Grants	3	1,726	1,640	2,540
1,012	1,013	Investment Income	4	942	1,093	1,094
1,643	2,072	Other	5	1,370	1,982	2,088
-	-	Real Estate Sales		1,762	-	-
95	95	Financial/Upgrade Contributions		33	325	325
27	27	Reserve Contributions		-	91	91
-	-	Gain on Sale of Assets		-	30	30
(1)	(1)	Other – Gains/(losses)	6	-	(920)	(920)
9,736	10,166	Total Revenue		11,550	10,019	11,026
		OPERATING EXPENSES				
1,749	2,165	Employment Expenses		1,783	1,598	1,907
276	276	Member Expenses		302	278	278
554	554	Consultancy Expenses		382	629	629
762	833	Administration		610	891	942
2,575	2,617	Operational & Maintenance Expenses		3,026	2,872	3,706
1,101	1,101	Roading Expenses		1,256	1,163	1,163
2,907	2,916	Depreciation & Amortisation	7	2,878	2,844	2,851
27	27	Cost of Sales Real Estate		-	-	-
112	112	Loss on Sale and Assets Written Off		-	317	317
358	358	Asset Impairment		-	278	45
10,421	10,959	Total Expenditure	7	10,237	10,870	11,837
(685)	(793)	OPERATING SURPLUS (DEFICIT)		1,313	(851)	(811)
-	-	VESTED ASSETS		-	261	261
(685)	(793)	OPERATING SURPLUS (DEFICIT) BEFORE TAXATION		1,313	(590)	(550)
-	-	Provision For Taxation	16	-	-	-
(685)	(793)	OPERATING SURPLUS (DEFICIT) AFTER TAXATION		1,313	(590)	(550)
9,565	9,565	INCREASE/(DECREASE) IN REVALUATION RESERVES	18	3,341	(166)	(166)
8,880	8,772	NET COMPREHENSIVE INCOME		4,654	(756)	(716)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
175,176	175,162	Equity at the Start of the Period	175,983	184,056	183,934
8,880	8,772	Net comprehensive income	4,654	(756)	(716)
184,056	183,934	Total Equity at the End of the Period.	180,637	183,300	183,218

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Note	Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
93,147	92,994	Accumulated General Funds	22	96,286	95,931	95,849
457	457	Capital Reserves	12	(850)	1,123	1,123
(33)	(33)	Operational Reserves	13	-	(1,076)	(1,076)
6,533	6,533	Special Funds	10	7,506	6,355	6,355
50	50	Other Reserves	11	50	50	50
83,902	83,902	Asset Revaluation Reserve	9	77,644	80,917	80,917
184,056	183,934	PUBLIC EQUITY		180,636	183,300	183,218
		NON CURRENT LIABILITIES				
61	61	Accrued Landfill Closure Costs	25	45	61	61
61	61	Total Non Current Liabilities		45	61	61
		CURRENT LIABILITIES				
1,249	1,363	Trade & other payables	26	1,378	1,265	1,469
154	199	Employee Entitlements		200	146	172
-	25	Other Liabilities		-	-	21
1,403	1,587	Total Current Liabilities		1,578	1,411	1,662
185,520	185,582	TOTAL PUBLIC EQUITY & LIABILITIES		182,259	184,772	184,941
		NON CURRENT ASSETS				
161,461	161,493	Property, Plant & Equipment	18	151,408	158,572	158,602
120	120	Intangible Assets	19	-	163	163
2,388	2,388	Forestry	20	2,306	2,197	2,197
11,549	11,499	Investments	17	13,178	10,182	10,182
175,518	175,500	Total Non Current Assets		166,892	171,114	171,144
		CURRENT ASSETS				
1,368	1,394	Trade & other receivables	15	2,719	2,498	2,566
1,349	1,374	Inventories	33	44	3,845	3,854
3,602	3,631	Cash and Cash Equivalents	14	3,366	4,809	4,871
2,650	2,650	Current Portion Properties Identified for Disposal	32	9,238	105	105
1,033	1,033	Current portion of Investments	17	-	2,401	2,401
10,002	10,082	Total Current Assets		15,367	13,658	13,797
185,520	185,582	TOTAL ASSETS		182,259	184,772	184,941

The accompanying notes form part of these financial statements.

Statement of Cashflows

For the Year Ended 30 June 2012

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		OPERATING ACTIVITIES			
		Cash was Provided From			
5,595	5,595	Rates	5,717	5,778	5,778
2,780	3,317	Other Income	5,034	3,632	4,601
607	608	Interest Received	563	696	696
390	390	Dividends Received	379	381	381
64	70	Goods and services tax (net)	-	(129)	(124)
9,436	9,980		11,693	10,358	11,332
		Cash was Applied To:			
6,177	6,789	Payment to Suppliers and Employees	7,286	6,956	7,842
		Interest Paid	-	-	-
3,259	3,191	Net Cashflow from Operating Activities	4,407	3,402	3,490
		INVESTING ACTIVITIES			
		Cash was Provided From			
-	-	Sale of Assets	-	925	925
64	64	Sale of Investments	-	-	-
64	64		-	925	925
		Applied to:			
2,554	2,537	Purchase assets	2,963	3,120	3,125
447	398	Purchasing of Investments	2,150	-	50
(3,001)	(2,935)		5,113	3,120	3,175
(2,937)	(2,871)	Net Cashflow from Investing Activities	(5,113)	(2,195)	(2,250)
		FINANCING ACTIVITIES			
-	-	Applied to: Debt repayment	8	-	-
-	-	Net cashflow from Financing Activities	(8)	-	-
		SUMMARY OF NET CASHFLOWS			
3,259	3,191	Net cashflow from Operating Account	4,407	3,402	3,490
(2,937)	(2,871)	Net cashflow from Investing Account	(5,113)	(2,195)	(2,250)
-	-	Net cashflow from Financing Account	(8)	-	-
322	320	Net increase/(decrease) in cash & cash equivalents	(714)	1,207	1,240
3,280	3,311	Cash & cash equivalents at beginning of period (1 July)	4,080	3,602	3,631
3,602	3,631	Cash & cash equivalents at end of period	3,366	4,809	4,871

The accompanying notes form part of these financial statements.

Statement of Cashflows

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
(685)	(793)	Net Surplus/(Deficit)	1,313	(590)	(550)
		Add (subtract) non cash items			
-	-	Vested assets	-	(261)	(261)
2,907	2,916	Depreciation and amortisation	2,878	2,844	2,851
		Movements in Current assets (other than cash)			
(82)	(82)	Forestry valuation	216	191	191
(140)	(140)	Recognition of carbon credits	-	(45)	(45)
358	358	Impairment of assets	-	284	284
(29)	(29)	(Gain)/loss on sale and assets written off	-	428	428
(82)	(82)	Investment valuation	-	65	65
2,247	2,148		3,094	3,506	3,513
		Movements in Working Capital Items			
(92)	(149)	Creditors	-	16	102
(9)	(23)	Employee entitlements	-	(8)	(27)
32	124	Debtors	-	(205)	(247)
8	40	Inventories	-	(2,496)	(2,480)
-	-	Properties intended for disposal		2,545	2,545
(61)	(8)		-	(148)	(107)
		Other Movements			
(1)	(23)	Capital Creditors	-	-	-
1,074	1,074	Transfer of land to property intended for disposal	-	-	-
-	-	Gain/(loss) on Sale Included in Investing Activity	-	634	634
3,259	3,191	Net Cashflow from Operating Activities	4,407	3,402	3,490

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

The accompanying notes form part of these financial statements.

Statement of Commitments and Contingencies

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

Non-Cancellable Contracts

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

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
1,834	1,834	Not later than one year	2,415	2,415
4,732	4,732	Later than one years & not later than five years	5,104	5,104
-	-	Later than five years	2,021	2,021
65	65	Capital Projects approved and contracted not later than one year	72	72
6,631	6,631		9,612	9,612

Council has a Heads of Agreement with Envirowaste Services Limited (ESL) for provision of waste collection services. Collection commenced on 3rd October 2011. The value of this contract will be \$476,000 for the 2012 financial year. The contract will be for ten years.

Non-Cancellable Leases

Council leases several properties as lessor. One lease is non-cancellable and expires in August 2016. The Lake Alexandrina leases run for 33 years. The future aggregate minimum lease payments to be collected under the non-cancellable lease are as follows:

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
105	105	No later than one year	109	109
392	392	Later than one year but no later than five years	375	375
76	76	Later than five years (per year)	79	79
573	573		563	563

No contingent rents have been recognised in net surplus/deficit during the year.

Contingencies

Council has recognised as a contingent liability for the amount Housing New Zealand contributed to the construction of the Pensioner Housing units in Fairlie. Council will be required to pay the loan back to Housing New Zealand if Council ceases to supply pensioner housing. The amount of the contingency is \$516,000 at 30 June 2012 (2011: \$516,000).

Notes to the Accounts

Notes to the Accounts

Note 1 Summary of cost of services

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		INCOME			
752	752	Governance	814	831	831
982	982	Water supplies	998	1,196	1,196
568	568	Sewerage	538	727	727
104	104	Stormwater	95	91	91
2,934	2,934	Roading	3,288	3,281	3,281
961	961	Solid waste	883	804	804
313	313	Building control	291	340	340
426	426	Resource management	451	533	533
217	217	Regulatory services	262	233	233
319	319	Community services	429	415	415
1,737	1,750	Recreational facilities	1,556	1,713	1,713
842	1,260	Commercial activities	2,231	254	1,261
1,992	1,991	Corporate services	1,949	2,069	2,069
12,147	12,577		13,786	12,487	13,494
(271)	(271)	Less Interest on Capital Reserves	(132)	(259)	(259)
(2,140)	(2,140)	Less internal income	(2,104)	(2,209)	(2,209)
9,736	10,166	TOTAL REVENUE	11,550	10,019	11,026
		EXPENDITURE			
803	803	Governance	814	800	800
886	886	Water supplies	968	990	990
498	498	Sewerage	498	528	528
178	178	Stormwater	95	91	91
3,246	3,246	Roading	3,457	3,322	3,322
1,277	1,277	Solid waste	965	846	846
285	285	Building control	291	345	345
581	587	Resource management	469	493	493
206	206	Regulatory services	262	197	197
404	404	Community services	566	424	424
1,548	1,548	Recreational facilities	1,473	1,878	1,878
788	1,320	Commercial activities	627	1,205	2,172
2,142	2,142	Corporate services	1,971	2,218	2,218
12,842	13,380		12,457	13,337	14,304
(281)	(281)	Less Interest on Capital Reserves	(114)	(258)	(258)
(2,140)	(2,140)	Less internal expenditure	(2,106)	(2,209)	(2,209)
10,421	10,959	TOTAL EXPENDITURE	10,237	10,870	11,837

Note 2 – Targeted Rates Income

Each significant activity's separate rates are stated at gross, excluding the distribution of investment income. Income from Council's investments is distributed to each community in the District – Fairlie, Lake Tekapo, Twizel and Rural. This distribution reduces the total Works & Services Rate to be levied over each community. The distribution of investment income is on the basis of each community's capital values. In order to fairly reflect the total external operations for the Council in the surplus or deficit, these transactions are eliminated.

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

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		Targeted Rates Required			
79	79	Governance	84	84	84
776	776	Water Supplies	880	888	888
476	476	Sewerage	514	515	515
94	94	Stormwater	84	84	84
1,365	1,365	Roading	1,402	1,404	1,404
94	94	Solid Waste	132	132	132
119	119	Regulatory Services	123	123	123
46	46	Community Services	77	77	77
1,107	1,107	Recreational Facilities	1,083	1,146	1,146
212	212	Commercial Activities	212	116	116
4,368	4,368	Total Targeted Rates Required	4,491	4,569	4,569
		Less Distribution of Investment Income			
(32)	(32)	Budgeted Contribution to Rates from Commercial Activities	(32)	(32)	(32)
4,336	4,336	Targeted Rates Struck	4,459	4,537	4,537

Notes to the Accounts cont...

Note 3-Subsidies and Grants

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
18	18	Grants	20	19	919
1,285	1,285	NZTA Subsidies	1,636	1,551	1,551
62	62	Petroleum Tax	70	70	70
1,365	1,365	Total Subsidies and Grants	1,726	1,640	2,540

Note 4-Investment Income

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
637	638	External Interest	561	712	713
271	271	Internal Interest	94	259	259
375	375	Dividend	381	381	381
1,283	1,284		1,036	1,352	1,353
(271)	(271)	Less Internal Interest	(94)	(259)	(259)
1,012	1,013	Total Investment Income	942	1,093	1,094

Note 5 -Other Income

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
306	306	Rental Income	299	332	332
921	921	User Fees & Donations	779	729	729
416	845	Other	292	921	1,027
1,643	2,072	Total Other Income	1,370	1,982	2,088

Note 6-Other – Gains/(losses)

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
82	82	Gain on changes in fair value of forestry assets	(191)	(191)
82	82	Change in value of Investment portfolio	(65)	(65)
207	207	Sale Operational Land & buildings	(664)	(664)
(372)	(372)	Revalue Assets for disposal	-	-
(1)	(1)	Total Other Gains/(losses)	(920)	(920)

Note 7-Expenditure

Included in the surplus or deficit for Council are the following items of expenditure:

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
1,749	2,165	Salaries and Wages	1,783	1,598	1,907
		Audit Fees			
71	76	Fees paid to principal auditor – Annual Report	70	89	102
-	-	Fees paid to principal auditor - Long Term Plan	75	94	94
71	76	Total Audit Fees for the year	145	183	196
		Impaired Assets			
7	7	Carbon Credits	-	45	45
-	-	Mackenzie Tourism & Development Trust Loan	-	233	-
7	7	Total Impairment for the year	-	278	45

Notes to the Accounts cont...

Note 7—Expenditure Continued

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		Depreciation & Amortisation		
270	270	Building	233	233
81	84	Plant & Machinery	30	30
82	88	Motor Vehicles	56	60
3	5	Office Equipment	3	5
10	10	Furniture & Fittings	10	10
37	40	Computer Equipment & Software	38	39
11	11	Resource Recovery Parks	16	16
4	4	Resource Consents	12	12
240	240	Sewerage Schemes	247	247
52	52	Stormwater Schemes	61	61
		Rural and Urban Water		
370	370	Supplies	372	372
4	4	Landfills	4	4
65	65	Village Projects	62	62
1,673	1,673	Roading	1,700	1,700
2,907	2,916	Total Depreciation & Amortisation	2,844	2,851

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		Elected Member Fees & Reimbursement		
7	7	Leon O'Sullivan	-	-
16	16	Graham Smith	17	17
5	5	Simon McDermott	-	-
5	5	Dave Pullen	-	-
17	17	Evan Williams	16	16
16	16	Graeme Page	16	16
20	20	John O'Neill	-	-
14	14	John Bishop	19	19
37	37	Claire Barlow	54	54
11	11	Peter Maxwell	17	17
15	15	Annette Money	21	21
9	9	Fairlie Community Board Members	9	9
9	9	Tekapo Community Board Members	9	9
8	8	Twizel Community Board Members	9	9
189	189	Total Elected Member Fees & Reimbursement	187	187
123	123	Insurance	148	148
44	44	Subscriptions	44	44
93	93	Donations & Grants	105	105
87	87	Loss on Sale of Assets and Assets Written Off	317	317
39	39	Amortisation of Intangible Assets	17	17

Notes to the Accounts cont...

Note 8 –Reconciliation of Internal Income & Internal Expenses

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

Internal Expenses

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

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Budget 2011/12 \$000's	Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		Internal Income			
130	130	Roading	130	129	129
10	10	Water	-	3	3
90	90	Solid Waste	95	95	95
3	3	Building Control	3	3	3
29	29	Resource Management	29	29	29
1,878	1,878	Corporate Services	1,847	1,950	1,950
2,140	2,140	Total Internal Income	2,104	2,209	2,209
		Internal Expenses			
427	427	Governance	443	446	446
131	131	Water Supplies	125	125	125
88	88	Sewerage	88	88	88
23	23	Stormwater	23	23	23
326	326	Roading	314	324	324
143	143	Solid Waste	150	158	158
111	111	Building Control	116	144	144
129	129	Resource Management	132	134	134
20	20	Regulatory Services	23	21	21
51	51	Community Services	52	52	52
189	189	Recreational Services	188	188	188
125	125	Commercial	138	138	138
377	377	Corporate Services	314	368	368
2,140	2,140	Total Internal Expenses	2,106	2,209	2,209

Note 9 –Revaluation Reserve

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
2,941	2,941	Share Revaluation Reserve	2,941	2,941
		Infrastructural Assets		
		Revaluation Reserves		
29,427	29,427	- Land	26,999	26,999
9,621	9,621	- Water Supplies	9,621	9,621
4,305	4,305	- Wastewater Schemes	4,305	4,305
1,937	1,937	- Stormwater Schemes	1,937	1,937
27,501	27,501	- Rooding	27,501	27,501
187	187	- Plant	32	21
7,983	7,983	- Buildings	7,581	7,581
83,902	83,902	Total Revaluation Reserves	80,917	80,917

Note 10 –Special Fund Reserve

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
40	40	Albury Water Fund	40	40
(40)	(40)	Ashwick/Opuha Water Fund	(40)	(40)
(51)	(51)	Building Maintenance	(89)	(89)
7	7	Housing Replacement	7	7
200	200	Insurance Reserve	200	200
774	774	Land Subdivision	629	629
2	2	Pensioner Housing	2	2
		Amenities		
57	57	Watertight Building Reserve	44	44
82	82	Mackenzie County Scholarship Trust	83	83
-	-	Masonic Lodge Scholarship Fund	17	17
5,461	5,461	Real Estate Investment	5,461	5,461
1	1	Strathconan Pool Capital	1	1
6,533	6,533	Total Special Fund Reserves	6,355	6,355



Notes to the Accounts cont...

Note 11 – Other Reserves

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
6	6	Albury War Memorial	4	4
3	3	Ashwick/Allandale War Memorial	4	4
1	1	Davidson Bequest	1	1
1	1	Gillingham Bequest	-	-
1	1	Gould Bequest	1	1
10	10	Paterson Ponds	10	10
28	28	Enid Hutt Fairlie Beautifying Fund	30	20
50	50	Total Other Reserves	50	50

Note 12 –Capital Reserve

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
(49)	(49)	Administration	(58)	(58)
(538)	(538)	Allandale Water	(481)	(481)
(8)	(8)	Animal Control	(8)	(8)
31	31	Ashwick/Opuha Water	38	38
6	6	Asset Management	7	7
(9)	(9)	Burkes Pass Sewer	(6)	(6)
(6)	(6)	Burkes Pass Water	(10)	(10)
(1)	(1)	CEO Department	(1)	(1)
25	25	Civil Defence	30	30
(1)	(1)	Community Facilities	4	4
(5)	(5)	District Council	(5)	(5)
37	37	District General	42	42
93	93	Downlands Water	93	93
(1)	(1)	Eversley Sewer	(1)	(1)
66	66	Fairlie Pensioner Housing	73	73
43	43	Fairlie Roding	106	106
(77)	(77)	Fairlie RRP	(75)	(75)
(127)	(127)	Fairlie Sewer	(243)	(243)
(54)	(54)	Fairlie Stormwater	(34)	(34)
(15)	(15)	Fairlie Township	(15)	(15)

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
(700)	(700)	Fairlie Water	(815)	(815)
375	375	Forestry	127	127
(3)	(3)	Hardfill Sites	(2)	(2)
1	1	Inspectorate	1	1
29	29	IT Department	24	24
9	9	Kimbell Water	11	11
272	272	Lake Tekapo Community Hall	506	506
38	38	Lake Tekapo Roding	31	31
(118)	(118)	Lake Tekapo RRP	(113)	(113)
(572)	(572)	Lake Tekapo Sewer	(344)	(344)
82	82	Lake Tekapo Stormwater	95	95
90	90	Lake Tekapo Township	(60)	(60)
415	415	Lake Tekapo Water	562	562
(13)	(13)	Manuka Terrace Water	(18)	(18)
(59)	(59)	Plant Account	48	48
(540)	(540)	Pukaki Airport Board	(575)	(575)
2	2	Roding Professional Business Unit	3	3
(21)	(21)	Rural Fire Control	(95)	(95)
799	799	Rural Roding	780	780
(4)	(4)	School Road Water	1	1
14	14	Sherwood Downs Hall	17	17
34	34	Sherwood Downs Recreation Reserve	37	37
(58)	(58)	Spur Road Water	(23)	(23)
(172)	(172)	Treatment of Organic Waste	(170)	(170)
13	13	Twizel Pensioner Housing	18	18
54	54	Twizel Roding	49	49
(129)	(129)	Twizel RRP	(122)	(122)
793	793	Twizel Sewer	1,012	1,012
240	240	Twizel Stormwater	267	267
(924)	(924)	Twizel Township	(879)	(879)
1,100	1,100	Twizel Water	1,294	1,294
457	457	Total Capital Reserves	1,123	1,123

Notes to the Accounts cont...

Note 13 – Operating Reserve

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
-	-	Albury Hall	4	4
3	3	Albury Community Refuse Collection	3	3
18	18	Albury Water Supply	48	48
(80)	(80)	District – General	53	53
19	19	Downlands Water Supply	(11)	(11)
(1)	(1)	Eversley/Punaroa Water Races	(1)	(1)
25	25	Fairlie Community Refuse Collection	11	11
81	81	Fairlie Works & Services	66	66
423	423	Investment Revaluation	361	361
-	-	Lake Alexandrina Refuse Collection	1	1
202	202	Other Reserves	223	223
32	32	Roading Professional Services Business Unit	(10)	(10)
36	36	Real Estate	(514)	(514)
171	171	Rural Works & Services	68	68
(10)	(10)	Tourism & Development	(281)	(281)
27	27	Tekapo Community Refuse Collection	10	10
210	210	Tekapo Works & Services	134	134
15	15	Twizel Community Refuse Collection	2	2
(782)	(782)	Resource Management	(842)	(842)
(4)	(4)	Twizel Works & Services	29	29
(418)	(418)	Waste Management	(430)	(430)
(33)	(33)	Total Operating Reserves	(1,076)	(1,076)

Note 14 – Cash and Cash Equivalents

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
-	9	Cash on Hand	-	-
26	36	National Bank Current Account	74	136
56	66	Westpac Banking Corporation	112	112
3,520	3,520	Funds on Call & Short Term Deposits	4,623	4,623
3,602	3,631	Total Cash Resources	4,809	4,871

The carrying value of short term deposits with maturity dates of three months or less approximate fair value. The total value of cash that can only be used for a specified purpose as outlined in the relevant trust deeds is \$25,000 (2011: \$25,000).

Note 15 – Trade & other receivables

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
136	136	Rates	116	116
150	150	Accrued dividend	150	150
117	117	Accrued Interest	133	133
940	966	Sundry Receivables	2,075	2,143
54	54	Prepayments	48	48
(29)	(29)	Provision for doubtful debts	(24)	(24)
1,368	1,394	Total Accounts Receivable	2,498	2,566

The carrying value of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers. Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

The following table shows the aged profile of Council's Rates and Debtors balances. The difference in value between the rates balance above and the balance in the following table.

Notes to the Accounts cont...

Debtors Aging

	Current (\$000's)	1 year (\$000's)	Penalties (\$000's)	Collected on behalf of other Councils (\$000's)
Rates 2012	57	5	16	38
Rates 2011	72	6	17	41

	Current (\$000's)	30 days (\$000's)	60 days (\$000's)	90 + days (\$000's)	Other Receivables (\$000's)
Debtors 2012	276	32	1	67	1,699
Debtors 2011	374	45	35	50	607

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

As at 30 June 2012 and 2011, all overdue receivables, except rates receivables, have been assessed for impairment. No impairment has been indicated. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 16 –Taxation

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
(685)	(793)	Surplus (Deficit) From Operations	(590)	(550)
(206)	(238)	Prima Facie Taxation @28% (2011:30%)	(165)	(154)
-	-	Taxation Effect of Permanent Differences	-	-
-	-	Imputation Credit Adjustment	-	-
206	238	Non-taxable income/expenditure	165	154
-	-		-	-
-	-	The Taxation Charge is Represented By:	-	-
-	-	Prior Years over Provision	-	-
-	-	Current Taxation	-	-
-	-	Deferred Taxation	-	-
-	-		-	-

The Council has unrecognised tax losses \$75,345 (2011: \$74,340), with the tax effect \$21,097 at 28% (2011: \$20,815) available for carry forward in offsetting assessable income in future years.

The Group has unrecognised tax losses of \$315,418 (2011: \$281,000) with tax effect \$88,317 at 28% (2011: \$78,736) available to carry forward to future income years.

Note 17 –Investments

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
3,408	3,408	<i>Held for trading</i>		
1,537	1,537	Other Registered Banks	4,068	4,068
1,066	1,066	Strongly Rated Corporates	1,014	1,014
		Local Government Stock	1,098	1,098
		<i>Loans & receivables</i>		
86	86	Mortgages	-	-
50	-	Loans - MTDT	232	-
-	-	Less Impairment	(232)	-
80	80	Term Deposits	48	48
		<i>Equity investment held in other company</i>		
6,355	6,355	Shares – Alpine Energy Limited	6,355	6,355
28	-	Mackenzie Tourism & Development Trust	28	-
(28)	-	Less Impairment Investment	(28)	-
12,582	12,532		12,583	12,583
(1,033)	(1,033)	Less Current Portion of Investments	(2,401)	(2,401)
11,549	11,499		10,182	10,182

Fair Value Hierarchy Disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.



Notes to the Accounts cont...

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total \$000	Valuation Technique		
		Quoted Market Price \$000	Observable Inputs \$000	Significant non- observable inputs \$000
30 June 2012				
Financial Assets				
Held for trading				
Registered Banks	4,068	-	4,068	-
Strongly rated corporates	1,014	-	1,014	-
Local government stock	1,098	-	1,098	-
Equity investment held in another company				
Shares – Alpine Energy Ltd	6,355	-	-	6,355
	Total \$000	Valuation Technique		
		Quoted Market Price \$000	Observable Inputs \$000	Significant non- observable inputs \$000
30 June 2011				
Financial Assets				
Held for trading				
Registered Banks	3,408	-	3,408	-
Strongly rated corporates	1,537	-	1,537	-
Local government stock	1,066	-	1,066	-
Equity investment held in another company				
Shares – Alpine Energy Ltd	6,355		-	6,355

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
6,355	6,355	Opening Balance	6,355	6,355
-	-	Plus Revaluation	-	-
6,355	6,355	Closing Balance	6,355	6,355

Interest Rates

The weighted average effective interest rates on investments were:

2010/11		2011/12
2.76%	Call accounts	2.5 %
5.9%	Local authority stock	5.93%
6.39%	State owned enterprises and strongly rated corporates	6.97%
8.59%	Trading bank stock	8.10%

Downlands Water Supply

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

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

The Council's interest in the Downlands Water Scheme is 4% and is accounted for as a jointly controlled asset. The Council's interests in the jointly controlled asset are as follows:

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
98	98	Current Assets	111	111
566	566	Non-current Assets	571	571
5	5	Current Liabilities	7	7
-	-	Non-current Liabilities	-	-
46	46	Income	47	47
39	39	Expenses	39	39

Notes to the Accounts cont...

Investment in Alpine Energy limited

Council's investment in Alpine Energy Limited is regarded as an equity investment held in another company. This is carried at fair value.

No	Value
2,049,870	\$3.10 per share (2011 - \$3.10 per share)

Notes to the Accounts cont...

Note 18 –Property, plant & equipment

	Net Book Value 30 June 2011 \$000's	Current year Additions/ \$000's	Current Year Disposals At net book value \$000's	Revaluation \$000's	Transfers \$000's	Impairment \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2012 \$000's	GROUP Net Book Value 30 June 2012 \$000's
Operational Assets											
Land	16,216	0	-	-	701	-	-	16,917	-	16,917	16,917
Buildings	12,618	281	(317)	-	-	(166)	(233)	12,677	494	12,183	12,183
Plant & Machinery	205	25	-	-	-	-	(31)	664	465	199	199
Motor Vehicles	110	97	-	-	-	-	(56)	531	380	151	169
Office Equipment	15	-	-	-	-	-	(3)	176	164	12	19
Furniture & Fittings	43	-	-	-	-	-	(10)	436	404	32	36
Computer Equipment	33	3	-	-	-	-	(21)	491	476	15	17
Resource Recovery Parks	126	-	-	-	-	-	(16)	186	76	110	110
Heritage Assets	19	-	-	-	-	-	-	30	11	19	19
	29,385	406	(317)	-	-	(166)	(370)	32,108	2,470	29,638	29,669
Restricted Assets											
Land	4,325	-	-	-	-	-	-	4,325	-	4,325	4,325
Total Operational & Restricted Assets	33,710	406	(317)	-	-	(166)	(370)	36,433	2,470	33,963	33,994
Infrastructural Assets											
Sewerage Schemes	12,593	176	-	-	-	-	(247)	13,022	500	12,522	12,522
Stormwater Schemes	3,556	-	-	-	-	-	(60)	3,617	121	3,496	3,496
Rural & Urban Water Supplies	17,737	485	-	-	-	-	(353)	18,660	791	17,869	17,869
Landfills	91	-	-	-	-	-	(4)	136	49	87	87
Village Projects	1,506	255	-	-	-	-	(62)	2,208	509	1,699	1,699
Land Under Roads	5,901	-	-	-	-	-	-	5,901	-	5,901	5,901
Roading	75,695	1,818	-	-	-	-	(1,700)	79,312	3,499	75,813	75,813
Resource Consents	317	12	-	-	-	-	(12)	347	30	317	317
Total Infrastructural Assets	117,396	2,746	-	-	-	-	(2,438)	123,203	5,499	117,704	117,704
Capital Work In Progress											
Capital Work in Progress	519	96	(311)	-	-	-	-	304	-	304	304
Total Capital Work in Progress	519	96	(311)	-	-	-	-	304	-	304	304
Joint Venture Assets	567	22	-	-	-	-	(18)	693	122	571	570
Surplus Properties Identified for Sale	9,269	-	-	-	(3,239)	-	-	6,030	-	6,030	6,030
Total Property, Plant & equipment	161,461	3,270	(628)	-	(2,538)	(166)	2,827	166,663	8,091	158,572	158,602

Notes to the Accounts cont...

Note 18 –Property, plant & equipment

	Net Book Value 30 June 2010 \$000's	Current year Additions/ \$000's	Current Year Disposals At net book value \$000's	Revaluation \$000's	Transfers \$000's	Impairment \$000's	COUNCIL Current Year Depreciation \$000's	Total Assets Valued at Cost or Valuation \$000's	Net Accumulated Depreciation \$000's	Net Book Value 30 June 2011 \$000's	GROUP Net Book Value 30 June 2011 \$000's
Operational Assets											
Land	19,070	-	(48)	(1,731)	(1,075)	-	-	16,216	-	16,216	16,216
Buildings	9,813	34	(114)	3,116	-	-	232	12,902	284	12,618	12,618
Plant & Machinery	621	16	-	(7)	-	(350)	74	676	471	205	205
Motor Vehicles	201	-	(15)	-	-	-	82	495	386	110	132
Office Equipment	12	6	-	-	-	-	3	176	161	15	15
Furniture & Fittings	47	6	-	-	-	-	10	436	394	43	53
Computer Equipment	65	-	-	-	-	-	32	488	455	33	33
Resource Recovery Parks	159	-	-	(17)	-	-	16	186	60	126	126
Heritage Assets	19	-	-	-	-	-	-	30	11	19	19
	30,007	62	(177)	1,361	(1,075)	(350)	449	31,605	2,222	29,385	29,417
Restricted Assets											
Land	3,899	-	-	424	1	-	-	4,325	-	4,325	4,325
Total Operational & Restricted Assets	33,906	62	-	1,785	(1,074)	(350)	449	35,930	2,222	33,710	33,742
Infrastructural Assets											
Sewerage Schemes	11,860	256	-	726	-	-	247	12,846	253	12,593	12,593
Stormwater Schemes	3,377	-	-	240	-	-	61	3,617	61	3,556	3,556
Rural & Urban Water Supplies	14,453	618	-	3,020	-	-	352	18,174	437	17,737	17,737
Landfills	95	-	-	-	-	-	4	136	45	91	91
Village Projects	1,423	146	-	-	-	-	63	1,953	447	1,506	1,506
Land Under Roads	5,901	-	-	-	-	-	-	5,901	-	5,901	5,901
Roading	72,310	1,289	-	3,794	-	-	1,699	77,494	1,799	75,695	75,695
Resource Consents	88	232	-	-	-	-	4	335	18	317	317
Total Infrastructural Assets	109,507	2,541	-	7,780	-	-	2,430	120,456	3,060	117,396	117,396
Capital Work In Progress											
Capital Work in Progress	710	318	(509)	-	-	-	-	519	-	519	519
Total Capital Work in Progress	710	318	(509)	-	-	-	-	519	-	519	519
Joint Venture Assets	572	28	-	-	-	-	28	670	104	567	567
Surplus Properties Identified for Sale	-	-	-	-	9,269	-	-	9,269	-	9,269	9,269
Total Property, Plant & equipment	144,695	2,949	(686)	9,565	8,195	(350)	2,907	166,844	5,386	161,461	161,493

Notes to the Accounts cont...

Note 19 – Intangible assets

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
154	154	Software	209	209
55	55	Additions from acquisitions	53	53
(153)	(153)	Accumulated Amortisation	(170)	(170)
56	56		92	92
248	248	Carbon Emission Reduction Units	71	71
-	-	Opening Balance		
-	-	Value recorded upon allocation	7	7
140	140	Less impairment	52	52
317	317	Value recorded upon allocation		
		Less Units Sold	116	116
71	71		45	45
(7)	(7)	Less impairment	71	71
64	64			
120	120	Balance as at 30 June	163	163

Note 20 – Forestry

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
2,306	2,306	Balance as at 1 July	2,388	2,388
82	82	Gains/ (losses) arising from changes in fair value less estimated point of sale costs.	(191)	(191)
2,388	2,388	Balance as at 30 June	2,197	2,197

Financial risk management strategies:

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

Note 21 – Financial Instruments

Credit Risk

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

(Rating) Act 2002 to recover outstanding debts from ratepayers. Council invests in approved financial assets, which excludes dealing in shares. Council invests in the following instruments:

- Government investments
- Registered bank investments
- Local Authority investments
- State Owned Enterprises (SOE) investments
- Corporate investments

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

Market risk

Price Risk

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

Currency Risk

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

Interest rate risk

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

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

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



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

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

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

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		FINANCIAL ASSETS		
		Loans and receivables		
3,602	3,631	Cash and Cash Equivalents	4,809	4,871
1,368	1,394	Debtors and other receivables	2,498	2,566
4,970	5,025	Total loans and receivables	7,307	7,437
		Held for Trading		
		Other financial assets:		
6,011	6,011	- Investments	6,180	6,180
80	80	- Term Deposits	48	48
186	186	- Debentures and other stock	-	-
6,227	6,227	Total held to maturity	6,228	6,228
		Fair value through equity		
		Other financial assets:		
6,355	6,355	- unlisted shares	6,355	6,355
6,355	6,355	Total fair value through equity	6,355	6,355
		FINANCIAL LIABILITIES		
		Financial liabilities at amortised cost		
1,249	1,363	Creditors and other payables	1,265	1,469
1,249	1,363	Total financial liabilities at amortised cost	1,265	1,469

Notes to the Accounts cont...

Maximum exposure to credit risk

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

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
3,602	3,631	Cash at bank and term deposits	4,809	4,871
1,368	1,394	Debtors and other receivables	2,498	2,566
12,582	12,532	Investments, Shares and Debentures	12,583	12,583
17,552	17,557	Total credit risk	19,890	20,020

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to Historical information about counterparty default rates:

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
		COUNTERPARTIES WITH CREDIT RATINGS		
		Cash at bank and term deposits:		
3,602	3,631	AA-	4,809	4,871
3,602	3,631	Total cash at bank and term deposits	4,809	4,871
		Investments:		
260	260	AAA	-	-
542	542	AA	560	560
2,606	2,606	AA-	2,706	2,706
-	-	A-	1,650	1,650
1,033	1,033	A	242	242
238	238	A3	485	485
266	266	AR-	-	-
1,066	1,066	Not Rated	537	537
6,011	6,011	Total investments	6,180	6,180
		COUNTERPARTIES WITHOUT CREDIT RATINGS		
		Unlisted shares and debentures and existing counterparty with no defaults in the past		
6,915	6,915		6,575	6,575
6,915	6,915	Total shares and debentures	6,575	6,575

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

Notes to the Accounts cont...

Liquidity Risk

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

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

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

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

	Carrying Amount \$000	Contractual Cash flows \$000	Less than 1 year \$000
Council 2012			
Creditors and other payables	1,265	1,265	1,265
Group 2012			
Creditors and other payables	1,469	1,469	1,469
Council 2011			
Creditors and other payables	1,249	1,249	1,249
Group 2011			
Creditors and other payables	1,363	1,363	1,363

Sensitivity Analysis

The potential profit and loss and equity impact for reasonably possible market movements, with all other variables held constant, based on Mackenzie District Council's financial instrument exposures at balance date:

Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3,847,000 (2011 \$3,602,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$38,470 (2011 \$36,023)

Unlisted Shares

Mackenzie District Council holds unlisted shares in Alpine Energy Ltd, these are not publicly traded. If there was a movement of plus or minus 10% in the share price the effect would have an increase in the fair value through equity reserve of \$635,000 (2011 \$635,000).

Notes to the Accounts cont...

Note 22 – Components of Equity – Council Only

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period 1/07/11	184,056	93,147	83,902	(33)	6,533	50	457
Net Surplus (Deficit)	(590)	(590)	-	-	-	-	-
Increase/(Decrease) in Revaluation Reserves	(166)	-	(166)	-	-	-	-
Total Comprehensive Income	183,300	92,557	83,736	(33)	6,533	50	457
Reserve Transfers							
Appropriation of Net Surplus	-	590	-	(590)	-	-	-
Transfers between Reserves	-	2,784	(2,819)	(453)	(178)	-	666
Equity at the End of the Period 30/06/12	183,300	95,931	80,917	(1,076)	6,355	50	1,123

	Total \$000's	Ratepayers \$000's	Revaluation \$000's	Operating \$000's	Special \$000's	Other \$000's	Capital \$000's
Equity at the Start of the Period 1/07/10	175,176	93,700	74,337	1,640	6,333	48	(882)
Net Surplus (Deficit)	(685)	(685)	-	-	-	-	-
Increase/(Decrease) In Revaluation Reserves	9,565	-	9,565	-	-	-	-
Total Comprehensive Income	184,056	93,015	83,902	1,640	6,333	48	(882)
Reserve Transfers							
Appropriation of Net Surplus	-	685	-	(685)	-	-	-
Transfers between Reserves	-	(553)	-	(988)	200	2	1,339
Equity at the End of the Period 30/06/11	184,056	93,147	83,902	(33)	6,533	50	457

Note 23 –Related Party Transactions

Council is the ultimate parent of the group and controls Mackenzie Holdings Limited and the Mackenzie Tourism and Development Trust. As at 30 June 2012 there are no transactions and balances outstanding between Council and Mackenzie Holdings Limited. No debts have been forgiven during the year ended 30 June 2012. The table below details the transactions were carried out with related parties.

Grants made to the Mackenzie Tourism & Development Trust was \$279,000 (\$234,000: 2011).

Council Actual 2010/11 \$000's		Council Actual 2011/12 \$000's
50	Mackenzie Tourism & Development Trust	233
-	Loans payable to Council	
86	High Country Health Ltd	-
	Loans payable to Council	
11	Mackenzie Medical Trust	-
	Donations Made	

Expenses reimbursed from Mackenzie Tourism & Development Trust was \$21,000 (\$24,000: 2011). The year end amount payable to Mackenzie Tourism & Development Trust was \$5,000 (2011:nil).

Council has loaned the Mackenzie Tourism & Development Trust \$233,000 (2011:\$50,000) with the following details:

Term Expiry date: 30 June 2025

Repayment of Principal Sum: \$100,000 of the outstanding principal is to be repaid in equal monthly instalments of \$833.34 beginning on 31 July 2015, so that \$100,000 of the principal will be repaid by 30 June 2025. The balance of the outstanding principal is to be repaid to the lender on the term expiry date.

*OCR as at 31 January in each year plus 4% per annum, payable as from 1 July in such year.

** OCR as at 31 January in each year plus 9% per annum, payable as from 1 July in such year.

Interest Commencement Date: 1 July 2013

Interest Dates: The first payment is to be made on 31 July 2013 and monthly thereafter until the principal sum has been repaid in full.

Council holds full security on the Trust's Property, Plant & Equipment.

Cr Annette Money is a Trustee appointed by Council to the Mackenzie Medical Trust.

Key Management and Members of the Council

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

Key management personnel compensation

Council Actual 2010/11 \$000's		Council Actual 2011/12 \$000's
714		744

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

There are close family members of key management personnel employed by the Council and group. The terms and conditions of those arrangements are no more favourable than the Council and group would have adopted if there were no relationship to key management personnel.

Note 24 –Chief Executive Officer's Remuneration

As at 30 June 2012, the Chief Executive Officer of the Mackenzie District Council receives a salary of \$146,455 (2011 \$141,007).

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

Council Actual 2010/11 \$000's		Council Actual 2011/12 \$000's
6	Super Subsidy	6
14	Vehicle	14
20	Total Additional Benefits	20

The total cost, including benefits and gratuities, to the Mackenzie District Council is calculated at \$166,000 (2011: \$161,000).

Note 25 –Accrued landfill closure costs

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
6	6	Current Portion of Debt	6	6
6	6	Accrued Landfill Closure Costs	6	6
61	61	Non-Current Portion of Debt	61	61
61	61	Accrued Landfill Closure Costs	61	61

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



Notes to the Accounts cont...

Note 26 –Trade & other payables

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
1,151	1,264	Creditors	1,188	1,392
56	56	Rates in Advance	56	56
36	37	Income in Advance	15	15
6	6	Current Portion of accrued landfill closure costs	6	6
1,249	1,363		1,265	1,469

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

Note 27 –Remission of Rates

Revenue is shown net of rates remissions and non-rateable land. Under the Local Government (Rating) Act 2002 a number of properties cannot be rated for general rates. In addition, under Council's Rate Remissions Policies which provide for rates to be remitted for sporting and community organisations, the Council committed itself at the start of the year to certain remissions which at year end totalled \$4,107 (2011: \$2,723), and during the year decided not to provide any further remissions.

Note 28 – Disclosure of Severance Payments

For the year ended 30 June 2012 Mackenzie District Council made no severance payments to employees (2011: Nil).

Note 29 - Capital Management

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that

promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Mackenzie District Council has the following Council created reserves:

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

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

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

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



Notes to the Accounts cont...

Note 30 – Explanation of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures in the 2011/12 Annual Plan are as follows:

Statement of Comprehensive Income

The net operating deficit of \$590,000, was below the budget surplus of \$1,313,000 due to the following reasons:

Subsidies and grants were \$1,640,000; \$86,000 below the budget of \$1,726,000. This is mainly due to reduced level of roading expenditure undertaken compared to budget for the year.

Investment income of \$1,093,000 was more than budget of \$942,000 due to greater cash reserves earning a higher than anticipated interest rate. Council's budgets were based on an on-call rate of 2.5% while it has been able to earn 1-2% higher on its on-call investments.

Other income of \$1,982,000 was more than budget of \$1,370,000. This is due mainly to the inclusion of insurance proceeds from the Old Library Cafe fire of \$505,000. Council expects to commence repairs in the 2012/13 year. Council impaired, in the 2011/12 year, the value of the Old Library building totalling \$166,000. Contributions (including Reserve Contributions) total \$416,000 compared to a budget of \$33,000. This is due to developers in Twizel furthering their subdivision and payment by a developer in Tekapo. These types of revenue are dependent on the level of economic activity during the year.

Other gains/losses recorded a loss of \$920,000. This relates mainly to real estate sales but includes reduction in value of forestry assets (\$191,000) and Councils investment portfolio (\$65,000). Real estate losses attributable mainly to the sale of the Tekapo Camping Ground amounted to \$697,000. This should be compared to real estate sales budget of \$1,726,000. The actual include the value of land sold at \$2,555,000 while the budget, prepared for management purposes did not. The sale price of the land recorded was \$1,850,000 compared to a budget of \$1,726,000.

Member expenses were \$278,000; \$24,000 below the budget of \$302,000 due mainly to lower than expected loss incurred in relation to water zone committees. Expenses paid to the members of the Pukaki Airport Board were lower than budgeted by \$9,000 as the fees paid to those members were reduced to reflect the organisation moving to a less development-focused body. However, this was offset by unbudgeted members fees (\$9,000) paid to the Mackenzie Tourism & Development trust) for the period.

Employment expenses of \$1,598,000 were \$185,000 below budget due mainly to staff taking parental leave during the year and not being able to be replaced and the change in solid waste delivery resulting in solid waste staff being made redundant in October 2011.

Consultancy expenses of \$629,000 were \$247,000 more than the budget of \$382,000. The main increases relate to the appointment of CINTA Research to undertake the first of an annual survey to measure customer satisfaction totalling \$21,000 and \$101,000 increase in budget to undertake preliminary development expenses for the Tekapo lake front land and \$30,000 due to valuation costs for land and building revaluations for the 2011 year.

Administrative costs are \$891,000; \$281,000 above the budget of \$610,000. The main areas are due to the cost of the Long-Term Plan audit. \$101,000 compared to budget of \$25,000. Council in the intervening years between long-term plans provide for a share of the costs over the three year cycle. \$50,000 would have been budgeted in 2010 and 2011. The balance of \$26,000 is due to additional costs associated with auditing the document after consultation due to the large number of submissions. Audit costs are \$38,000 above budget. Council insurance costs of \$140,000 are \$38,000 higher than the budget of \$102,000. This is an obvious market reaction to the situation in Christchurch.

Roading expenses are \$1,163,000 which is \$93,000 below budget of \$1,256,000. Bridge maintenance costs were lower than budget by \$27,000 along with lower than anticipated street cleaning costs of \$26,000, street lighting electricity costs of \$8,000 and street lighting maintenance costs of \$24,000. Sealed pavement maintenance costs were higher than budget by \$100,000. However, this was offset by a reduction in unsealed pavement maintenance costs of \$102,000. Snow and ice control exceeded budget by \$27,000 due to snowfalls at the beginning and end of the financial year.

Loss on sale and assets written off and asset impairment were \$317,000 and \$278,000 respectively. The loss on sale of \$317,000 relates to the write off of the contribution to the Mackenzie Library which was erroneously capitalised. The cost in relation to the asset impairment is made up of two components – the first being the reduction in value of Councils carbon credit assets \$45,000, the second being the impairment of the loan to the Mackenzie Tourism and Development trust by \$233,000.



The activity net operating deficit for the year was \$590,000. By adding back all of the extraordinary items such as:

Reduction in Council's Forestry Value	\$191,000
Reduction in Council's Investment Portfolio	\$65,000
Assets written off	\$317,000
Asset impairment	\$278,000
Book Value Land Sold	\$2,555,000
Operating Deficit	(\$590,000)
Total	\$2,816,000

A more accurate comparison to the budgeted surplus of \$1,313,000 can be made.

Note 31– Events after Balance Date

Council, as a result of public consultation through its Long-Term Plan 2012-2022, has decided to cease funding the Mackenzie Tourism & Development Trust as the vehicle used to provide Tourism and Development services in the Mackenzie. Council has appointed a working party of interested people to develop a way forward for delivery of the tourism and development activity. In the meantime, Council has appointed Christchurch and Canterbury Marketing for one year to undertake the role performed by the Trust.

Council has also provided an extra \$55,000 in loan money to the Mackenzie Tourism & Development Trust at the end of July 2012.

Note 32 –Surplus Property

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
12,283	12,283	Opening Balance	12,985	12,985
1,074	1,074	Less Transfer from Operational Land	(701)	(701)
372	372	Less Disposals/Change in valuation	(2,545)	(2,545)
12,985	12,985	Closing Balance Land	9,739	9,739
		Investment Eversley Sewerage Scheme		
256	256	Opening Balance	239	239
10	10	Additions	-	-
266	266		239	239
27	27	Less repayments	9	9
239	239	Closing balance Eversley Sewerage Scheme	230	230
13,224	13,224	Total surplus property	9,969	9,969
		consists of:		
1,305	1,305	Inventory	3,834	3,834
9,269	9,269	Surplus Property held for Sale (PPE)	6,030	6,030
2,650	2,650	Less Current portion Property intended for Disposal	105	105

In 2011, some surplus properties were reclassified as inventory and Property & Plant & Equipment in accordance with reporting standards.

Note 33 – Inventories

Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's		Council Actual 2011/12 \$000's	Group Actual 2011/12 \$000's
44	69	Held for Distribution	11	20
1,305	1,305	Commercial Inventory Land Developed for Sale	3,834	3,834
1,349	1,374		3,845	3,854

The Council has developed land for future sale and costs capitalised to date are not expected to be recovered until after 30 June 2012 in line with the expected business operating cycle for this activity.

No inventories are pledged as security for liability.

Council Structure

Council Structure
Division of Responsibility between Council and Management
Community Board Structure
Organisational Chart

Council Structure

Governance, Management and Employees

Role of the Council

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

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

Structure of the Council

Following a review of its representation and subsequent determinations by the Local Government Commission, the Council has, since 2004 been made up of a Mayor and six Councillors elected from two wards.

Council has three Committees - Finance, Operations and Planning Committees. All Councillors are members of each committee with the following Councillors appointed to chair the meetings:

- Cr Smith – Chair of Finance Committee
- Cr Page – Chair of Projects and Strategies Committee
- Cr Bishop – Chair of Planning Committee.

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

Council has three subcommittees – Audit & Risk, Solid Waste and Tekapo Property. The Audit & Risk Subcommittee is a subset of the Finance Committee and consists of the Mayor, Deputy Mayor and one Councillor. The Solid Waste Subcommittee consists of 3 Councillors and Councils Management Team and is a subset of the Projects & Strategies Committee. Tekapo Property consists of 1 Councillor, 2 staff and 2 outside appointments. The Tekapo Property Subcommittee is a subset of the Finance Committee.

The Chair of the Audit & Risk Subcommittee is Cr Maxwell while the Chair of the Solid Waste Subcommittee is Cr Page. The Chair of the Tekapo Property Subcommittee is Cr Maxwell.

Council Operations

The Council has appointed a Chief Executive Officer to be in charge of Council operations and delegated certain powers of management to him as required under Section 119c(1)(a) of the

Local Government Act 1974. The Chief Executive has in turn appointed senior managers and support staff to manage each of the Council's significant activities.

Appointed Boards of Council

At 30 June 2012 there were two Boards of Council; the Forestry Board and the Pukaki Airport Board.

The Mackenzie Forestry Board is made up of four Councillors.

The Pukaki Airport Board consists of independent business people and one Councillor.

The Forestry Board and the Pukaki Airport Board all meet regularly.

Community Boards

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

Division of Responsibility between Council and Management

Governance Framework

Independent Election

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

Communication/Reporting;

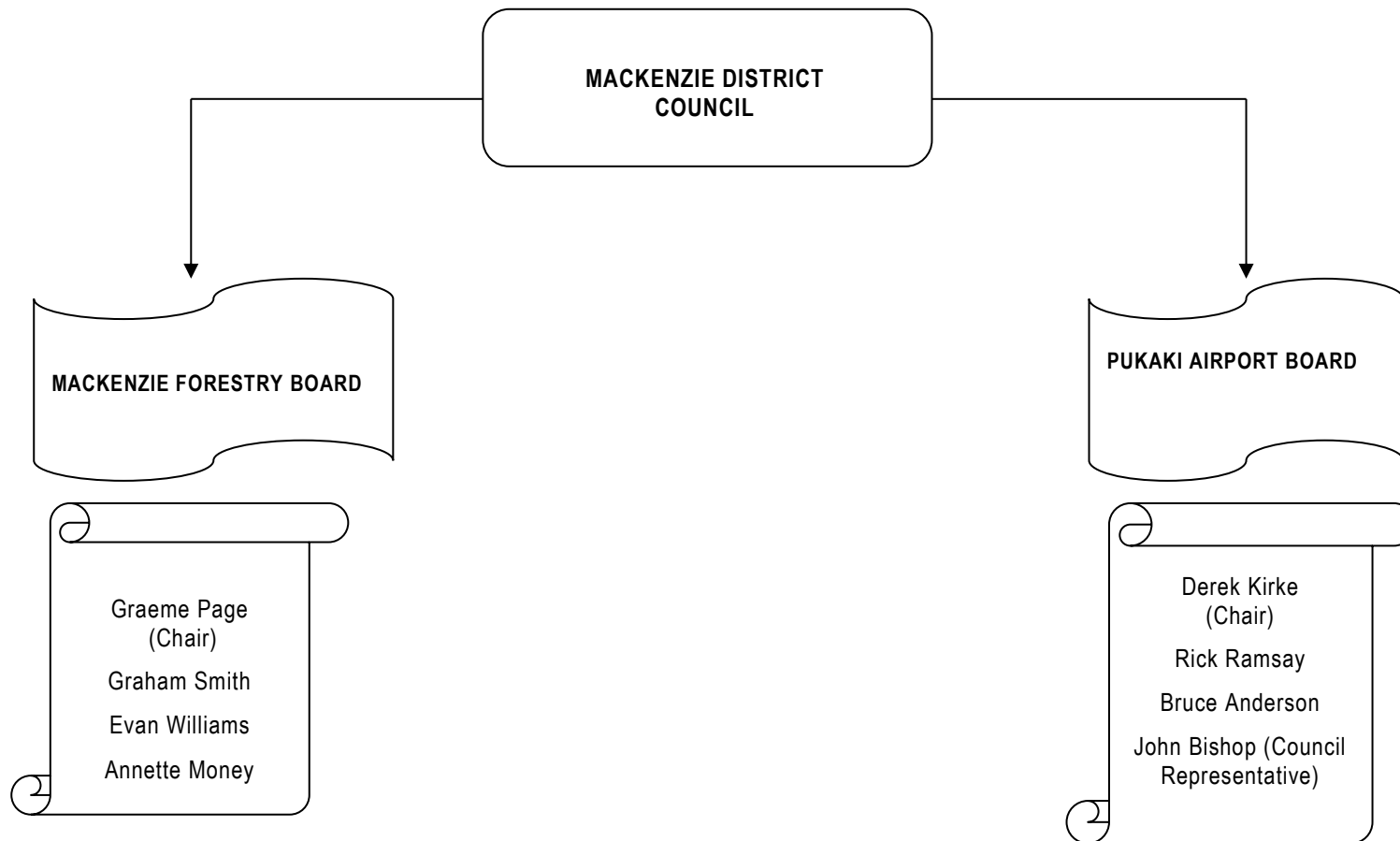
Council holds regular meetings to ensure that the affairs of the authority are being conducted in accordance with its legislative mandate and Council objectives. The Council also monitors through its Chief Executive Officer, whether staff adhere to the principles of “good citizenship” and high standards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

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

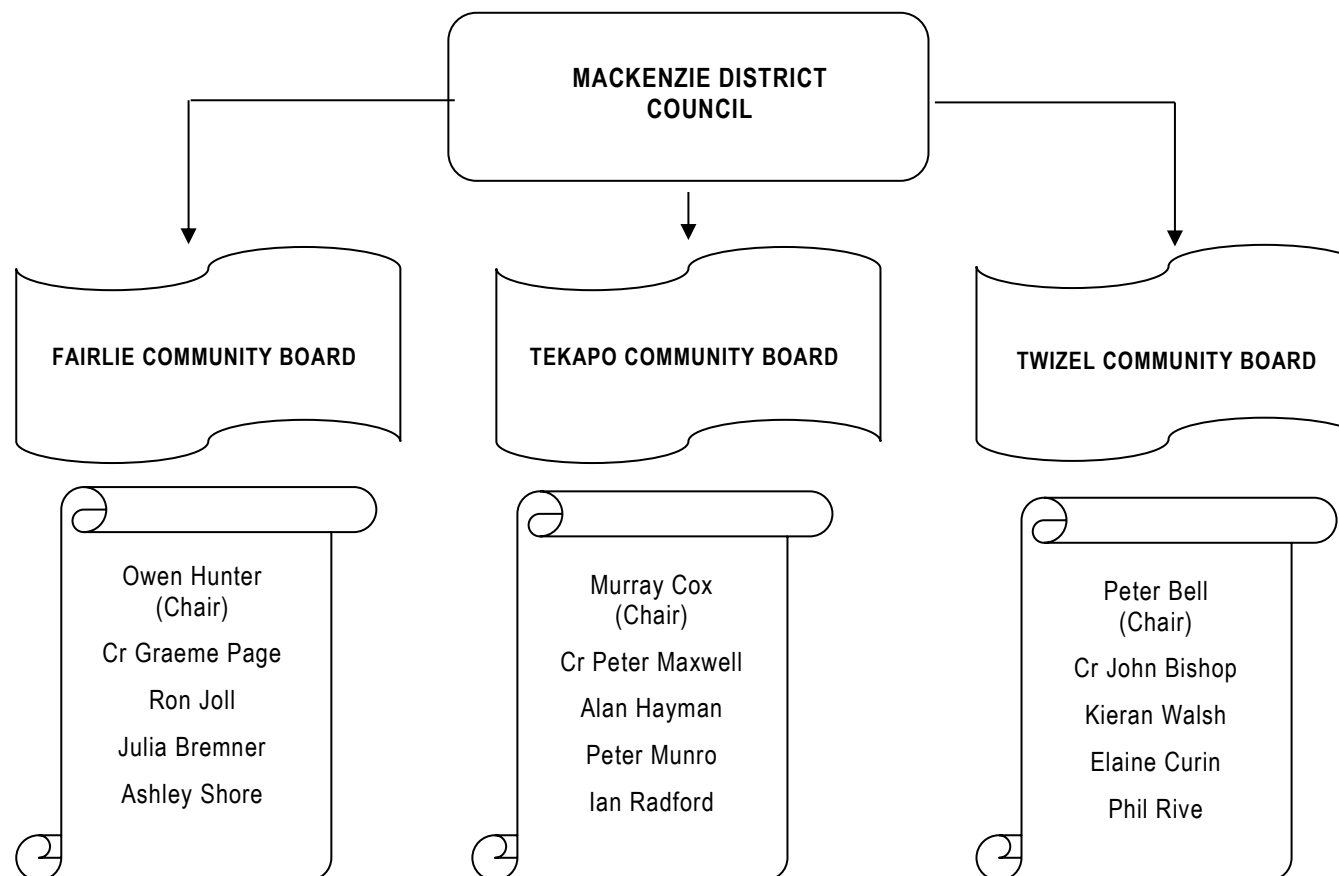
Legislative Compliance

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

Council Committee Structure (as at June 2012)



Community Board Structure (as at June 2012)



Organisational Chart (as at June 2012)

