



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

### **MEMBERSHIP OF THE FINANCE COMMITTEE**

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

*Notice is given of a meeting of the Finance Committee  
to be held on Tuesday 8 November 2011 at 9.30 am*

**VENUE:** Council Chambers, Fairlie

**BUSINESS:** As per agenda attached

**NATHAN HOLE**  
**ACTING CHIEF EXECUTIVE OFFICER**

3 November 2011



## AGENDA FOR TUESDAY 8 NOVEMBER 2011

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### I APOLOGIES

### II DECLARATIONS OF INTEREST

### III MINUTES

- Confirm and adopt as the correct records the Minutes of the meetings of the Finance Committee held on 23 August 2011 and 4 October 2011, including such parts as were taken with the Public Excluded.
- Receive the Minutes of the meeting of the Audit and Risk Subcommittee held on 6 September 2011.

#### MATTERS UNDER ACTION

### IV REPORTS

1. Pukaki Airport Committee – Chairman’s Report
2. Finance Report – September 2011
3. Review of Local Authority Remuneration Setting
4. Bancorp Quarterly Report
5. Mackenzie Tourism and Development Trustees Terms of Office
6. Annual Report 2010/2011 (to be tabled)
7. Summary of Annual Report
8. Pensioner Housing Policy

### VI PUBLIC EXCLUDED

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

1. Bluewater Resort
2. Mackenzie Tourism and Development Trust Remuneration
3. Request to Terminate Agreement “Deed for Payment of Water, Sanitary Sewage and Stormwater Contribution”

<b><u>General subject of each matter to be considered</u></b>	<b><u>Reason for passing this resolution in relation to each matter</u></b>	<b><u>Ground(s) under Section 48(1) for the passing of this resolution</u></b>
Bluewater Resort	Commercial Sensitivity	48(1)(a)(i)
Request to Terminate Agreement “Deed for Payment of Water, Sanitary Sewage and Stormwater Contribution”	Commercial Sensitivity	48(1)(a)(i)
Mackenzie Tourism and Development Trust Remuneration	To protect the privacy of persons	48(1)(a)(i)

This resolution is made in reliance on Section 48(1)(a)(i) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows: *Blue Water Resort* section 7(2)(b)(ii), *Request to Terminate Agreement “Deed for Payment of Water, Sanitary Sewage and Sotrmwater Contribution”*, section 7(2)(b)(ii), *Mackenzie Tourism and Development Trust Remuneration* section 7(2)(a)

**VII VISITOR:**

9.30 am          Bruce Anderson, Pukaki Airport Committee

# **MACKENZIE DISTRICT COUNCIL**

## **MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE SERVICE CENTRE, TWIZEL, ON TUESDAY 23 AUGUST 2011 AT 1.00 PM**

### **PRESENT:**

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

### **IN ATTENDANCE:**

Glen Innes (Chief Executive Officer)  
Paul Morris (Manager – Finance and Administration)  
Bernie Haar (Asset Manager) for part of the meeting  
Suzy Ratahi (Manager – Roading) for part of the meeting  
Rosemary Moran (Committee Clerk)

### **III MINUTES:**

Resolved that the minutes of the meeting of the Finance Committee held on Tuesday 5 July 2011, including such parts as were taken with the Public Excluded, be confirmed and adopted as the correct record of the meeting.

**Graeme Page/Annette Money**

### **V REPORTS:**

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

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

Resolved that the report be received.

**Annette Money/Evan Williams**

#### **Governance Activity**

Resolved that the total amount of the payment to correct an error on a s224 certificate issued in 2006 be charged to the Regulatory Activity rather than Governance.

**Graeme Page /John Bishop**

2 BANCORP QUARTERLY REPORT:

This report from the Manager – Finance and Administration was accompanied by the quarterly report form Bancorp Treasury Services to 30 June 2011.

Resolved that the report be received.

**Annette Money/Claire Barlow**

**THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2.22 PM**

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

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

# **MACKENZIE DISTRICT COUNCIL**

## **MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 4 OCTOBER 2011 AT 1.00 PM**

### **PRESENT:**

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

### **IN ATTENDANCE:**

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

### **I      APOLOGY:**

Resolved that an apology be received from Graeme Page.

**Evan Williams/Peter Maxwell**

### **II     REPORT:**

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

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

Resolved that the report be received.

**Annette Money/Claire Barlow**

It was requested that a report on vehicle replacement be developed for the next meeting.

**THE CHAIRMAN DECLARED THE MEETING CLOSED AT 2.22 PM**

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

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

# **MACKENZIE DISTRICT COUNCIL**

## **MINUTES OF A MEETING OF THE AUDIT AND RISK SUBCOMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY 6 SEPTEMBER 2011 AT 1.30 PM**

### **PRESENT:**

Peter Maxwell (Chairman)  
Claire Barlow (Mayor)  
Cr Graham Smith

### **IN ATTENDANCE:**

Paul Morris (Manager – Finance and Administration)  
Rosemary Moran (Committee Clerk)

The Chairman referred to the role of the Audit and Risk Committee and his conversation with Audit Director, Ian Lothian, who told him he viewed it as an additional avenue of communication between Audit New Zealand and the Council; a means of avoiding surprises.

He said in the past Council might not have been aware of some events. The Subcommittee would ensure that Council remained informed about what the auditors were doing. He noted that in time, and if required, the Subcommittee had the ability to access outside help if it needed to.

The Manager – Finance and Administration reminded the members that the Subcommittee's brief include the oversight not only of audit matters, but also of the risks in Council's operations. He referred to the recent report to Council on Insurance which included options for Council's consideration regarding the mitigation of risk of the financial impact of a natural disaster event occurring in or around the Mackenzie District.

He emphasised his support of the Subcommittee noting that its establishment had never been intended to relieve staff members of their responsibilities; rather it would enable Council's attention to be drawn formally to any audit or risk issues which needed to be addressed.

### **INTERIM MANAGEMENT REPORT ON THE AUDIT OF THE MACKENZIE DISTRICT COUNCIL FOR THE YEAR ENDED 30 JUNE 2011:**

This report is attached to this record as Appendix A.

The Committee scrutinised the report page by page and the following comments were made:

#### **Service Performance Control:**

In addressing the comment regarding the ineffectiveness of the service reporting environment, the Manager – Finance and Administration explained that the Plan included numerous performance measure but which were unable to be measured to the standard required by Audit NZ. He said such performance measures were no longer desired for the Annual Plan but it was not practical to change the existing regime because that would require

a costly and time consuming change to the Long Term Plan. He asked that the Council be accepting of the situation which would prevail for the current and the next Annual Report; the new Long Term Plan for 2012 would provide an opportunity to address the situation and would include robust and measureable performance measures.

Cr Smith noted that Audit NZ seemed to understand the situation. The Chairman agreed that the auditors knew what the Council was now aiming for in terms of performance measures.

### 1.1 **Governance:**

The Chairman referred to the absence of a formal record of Members' Interests pursuant to the Local Authorities (Members' Interests) Act 1968 and asked that elected members be given the opportunity to provide details of their interests by way of a form to be filled in if they so wished.

The Manager – Finance and Administration undertook to provide the members with a form.

### 1.6.1 **Draft Annual Plan 2011/12**

The Manager – Finance and Administration advised that the information which had been omitted from the Draft Annual Plan but included in the final version of the Annual Plan would be included in the Long Term Plan.

## 2. **Service Reporting**

It was noted that at its last meeting the Council had adopted a six-monthly service reporting regime.

### 3.1 **Segregation of Duties**

The Manager – Finance and Administration noted that while the Management Comment was that the PA's access to other system apart from Payroll and Creditors had been removed, in practice that had created problems. Consequently her access to some systems had been reinstated. He said the Auditors would be advised that because of limited staff resources, that segregation of duties would not go ahead.

### 3.2 **Use of Shared Passwords and**

### 3.3 **Review of System Access**

The Chairman noted the importance of ensuring there were clear paper trails with regard to system accesses.

## 5.4 **The Council Governance Role in the Completion of the Council Controlled Organisation (CCO) Statements of Intent (SoIs)**

The Manager – Finance and Administration said that because the Trust had not accepted the loan offer Council had not been in a position to provide the letter of comfort to Audit NZ that the entity remained a going concern.

He said he had advised the Audit Director of the situation and that the Council had revitalised the Trust and that the new trustees would be tasked to bring it back into solvency. He had said that if the situation meant that the Trust's Audit Report would be tagged, so be it.



**APPENDICES 1 AND 2**

- **STATUS OF MATTERS RAISED IN THE PREVIOUS MANAGEMENT REPORT:**
- **STATUS OF MATTERS RAISED IN PREVIOUS MANAGEMENT REPORT FOR SERVICE PERFORMANCE REPORTING:**

The Subcommittee noted each of the Matters, Recommendations and Outcomes of the outstanding matters and the matters which had been resolved

The Mayor left the meeting at 3.10 pm

The Manager – Finance and Administration commented that in terms of the report, it had been pleasing for him that the financial shortcomings were of a minor nature. He reiterated that on-going issues would relate to non-financial performance measures which couldn't be changed and that the next Long Term Plan would include fewer, better defined performance measures.

**THE CHAIRMAN DECLARED THE MEETING CLOSED AT 3.15 PM**

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

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

# PUKAKI AIRPORT BOARD

## CHAIRMAN'S REPORT – 30<sup>th</sup> September 2011

### Overview

We continue to receive some enquiry for the unsold sections and the new hanger has certainly sparked some interest, but there have been no further sales since our last report. The hanger project has some work to complete and some accounts not in but we expect the final cost to be very close to budget.

The fuel facility is creating much more landing activity but we believe we may be missing revenue from unpaid landing fees. We intend to beef up our camera surveillance and monitoring activity.

The cross wind runway is completed, and has received some trial use. All aviator comments regarding this new facility are very positive.

Aviation activity from Air Safaris at Pukaki was well down for the 2011 financial year. Other landing fee income was slightly higher.

Rental income is steadily increasing, and this year will be close to \$15,000, (from \$6,750 this financial year).

### Stages 1-4

One deposit paid sale has not yet been completed. The owner of this Lot has struck very hard times as a result of the Christchurch earthquake.

### Sewage

We took action in April regarding late payments for the second tranche of payments due. As a result there is now only one outstanding debt.

### Fuel Facility

Working with BP we completed the construction of this excellent new facility. This facility has generated more landing revenue and was completed well under budget. It has definitely generated more aviation activity.

### Subdivision Sales

In spite of a trickle of enquiry we have made no further sales since our last report to Council.

### Crosswind Runway

The grass runway is completed, grass is reasonably well established but it will need to be carefully nurtured. Some more seed, and a final heavy roll is planned as soon as possible. It is designed for light aircraft which currently have trouble with the easterly crosswind. It should attract additional income especially from student pilots on their cross country training. The runway has been registered with CAA and windsocks, marker board, and runway limit indicators are installed.

## Signage

With two active commercial operators on the airfield, the Board believes it is an appropriate time to establish airport identification and activity signage at each end of the airport as well as internal directional signage. The former may require a Resource Consent.

## Gravel Extraction and Top Soil Sales

The Board provided gravel from the airport gravel pit to assist the Alps to Ocean project. We continue to sell screened top soil which was surplus on completion of the subdivision.

## Finance

### REVISED FINANCIALS 30<sup>th</sup> Sept 2011

	20010/2011	2010/2011	2011/2012
<b>Opening Balance</b>	<b>\$433,000</b>	<b>\$433,000</b>	<b>+\$156,000</b>
	<b>Actuals Below To 30.9</b>	<b>Forecast In March To 30.6</b>	
<b><u>Revenue Statement</u></b>			
<b><i>Revenue:</i></b>			
Capital Revenue-land sales (stages1-4)			
Rebate Fuel installation	\$63,400	\$63,000	
Charges-(imputed in the 2010 year)		\$14,000	
Capital Revenue-land sales(stage 5 & 6 )			
Aviation, Rental Revenue, topsoil	\$15,901	\$13,000	\$19,000
Interest	\$11,000	\$10,000	\$3,000
<b>Total Land Sales and Revenue</b>	<b>+\$90,301</b>	<b>+\$100,000</b>	<b>\$21,000</b>
<b><i>Less Expenses:</i></b>			
Running Expenses	\$45,495	\$35,000	\$45,000
Capital Hanger	\$263,000	\$270,000	\$10,000
Retentions		\$5,000	
Crosswind Runway	\$37,600	\$36,000	\$2,000
Aircraft Park			
Repairs and Maintenance	\$8,178		
Rates	\$9,878		
ECAN water fees & Pump repairs	\$2,438		
<b>Total Expenses</b>	<b>-\$366,589</b>	<b>-\$346,000</b>	<b>-\$57,000</b>
<b><i>Net Surplus/(Deficit)</i></b>	<b>-\$276,288</b>	<b>-\$246,000</b>	<b>-\$36,000</b>
<b><u>Airport Reserve Balances</u></b>	<b>+\$156,712</b>	<b>+\$187,000</b>	<b>+\$120,000</b>
<b><i>Closing Balance</i></b>	<b>+\$156,712</b>	<b>+\$187,000</b>	<b>+\$120,000</b>

### Financial Highlights

The table above outlines the figures produced for Council in March 2011 (middle column), to June 30<sup>th</sup>. The left hand column outlines the actual figures to Sept. 30<sup>th</sup>.

There are 4 significant variances;

- The income for sewage connection fees under “charges” could not be brought to account as we had not appreciated that it had already been accrued and brought to account in the previous financial year and allowed for in the calculation of the Opening Balance.
- Running expenses were higher than forecast with a number of unexpected items like legal fees for new leases and the transfer of an old lease. Also unexpected were some late lodged accounts for advertising.
- Rates have nearly doubled.
- ECAN have increased their fees for water charges.

The expected Airport Reserve Closing Balance forecast for June 30<sup>th</sup> 2012 (right hand column above) is \$120,000.

Of course if the uncompleted contract is honored during the next 12 months that balance will be substantially higher.

## **Hangar**

The Board is very pleased with this new facility, and particularly pleased that in spite of some last minute changes to enable us to lease the “office” for accommodation, the project will be completed at a cost close to budget, and produce more revenue than expected. When Councilors next meet in Twizel we urge you to take time to arrange 10 minutes for a quick look at this new facility.

The Board would like to hold an Airport Opening function sometime and would value any input from Council.

## **Activity**

We are very pleased that Chris Rudge and Aviation Adventures have moved their operation to Pukaki Airfield from Omarama. Chris has come directly as a result of the hanger space and accommodation we have leased him. He has also purchased his own section and has ambitious long term plans for his operation.

## **Future**

While the real estate market remains subdued we will concentrate our efforts on maximizing revenue rather than selling more sections.

The Board is very satisfied with the progress we have made over the last 12 months in continuing to meet its commitment to Council to meet the goals of the Council’s Aviation Strategy. We believe that for this stage of the projects life there is no major additional development required in the short term. We need to protect the excellent infrastructure we have developed and steadily grow the revenue base.

Rick Ramsey has, as always, been a very willing work horse with the Hanger, CAA, and the Cross Wind Runway. John Bishop has also been closely involved with the Hanger project. Bruce Anderson has assisted me with Council liaison and financial control.

Derek Kirke

Chairman Pukaki Airport Board

## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** FINANCIAL REPORT – SEPTEMBER 2011

**MEETING DATE:** 8 NOVEMBER 2011

**REF:** FIN 1/2/1

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED:** ACTING CHIEF EXECUTIVE OFFICER

### **PURPOSE OF REPORT:**

Attached is the financial report for Council for the period ended September 2011.

### **STAFF RECOMMENDATIONS:**

1. That the report be received.

<b>PAUL MORRIS</b>	<b>NATHAN HOLE</b>
<b><u>MANAGER – FINANCE &amp; ADMINISTRATION</u></b>	<b><u>ACTING CHIEF EXECUTIVE</u></b>

**GOVERNANCE ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	12,822	13,238	13,155	83	X	52,617	52,617	0	
Members Costs	56,402	65,001	67,287	2,286	✓	269,126	269,126	0	
Administration	11,141	4,675	7,549	2,874	✓	48,426	48,426	0	
Capital Reserve Interest Paid	57	45	57	12	✓	225	225	0	
Council Staff Support Costs	105,783	110,205	110,205	0		440,815	440,815	0	
Total Operating Expenditure	186,204	193,165	198,253	5,088		811,209	811,209	0	
Operating Revenue									
Total Rates	186,204	193,145	198,253	5,108	✓	811,209	811,209	0	
Other Income	0	20	0	20	✓	0	0	0	X
Total Operating Revenue	186,204	193,165	198,253	5,088		811,209	811,209	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	(8,115)	(5,131)	(5,131)			(5,131)	(5,131)		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
Total Rates	0	0	0	0		0	0	0	
Total Capital Revenue	0	0	0	0		0	0	0	
CLOSING BALANCE	(8,115)	(5,131)	(5,131)			(5,131)	(5,131)		

**Variance Analysis**

No significant variances from budget

**WATER ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>(36,182)</b>	<b>22,879</b>	<b>22,879</b>		<b>22,879</b>	<b>22,879</b>	
<b>Operating Expenditure</b>							
Consultancy	0	2,565	1,785	780 X	7,124	7,124	0
Administration	4,329	3,446	3,907	461 ✓	11,032	11,032	0
Capital Reserve Interest Paid	9,738	11,496	15,456	3,960 ✓	61,819	61,819	0
General Maintenance	46,693	60,681	88,992	28,311 ✓ 1	355,945	355,945	0
Council Staff Support Costs	28,734	28,830	28,830	0	115,324	115,324	0
<b>Total Operating Expenditure</b>	<b>89,493</b>	<b>107,018</b>	<b>138,970</b>	<b>31,952</b>	<b>551,244</b>	<b>551,244</b>	<b>0</b>
<b>Operating Revenue</b>							
Total Rates	86,383	97,487	110,275	12,788 ✓	436,471	436,471	0
Other Income	7,846	5,853	26,127	20,274 X	104,511	104,511	0
<b>Total Operating Revenue</b>	<b>94,229</b>	<b>103,340</b>	<b>136,402</b>	<b>33,062</b>	<b>540,982</b>	<b>540,982</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(31,446)</b>	<b>19,201</b>	<b>20,311</b>		<b>12,617</b>	<b>12,617</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>79,237</b>	<b>340,721</b>	<b>420,720</b>		<b>340,721</b>	<b>420,720</b>	
<b>Capital Expenditure</b>							
Fairlie	33,847	2,213	534	1,679 X	205,608	205,608	0
Tekapo	0	0	801	801 ✓	3,201	3,201	0
Twizel	4,338	396	0	396 X	223,986	223,986	0
Rural	2,100	2,838	4,998	2,160 ✓	20,000	20,000	0
Vested Assets from Developers	0	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>40,285</b>	<b>5,448</b>	<b>6,333</b>	<b>885</b>	<b>452,795</b>	<b>452,795</b>	<b>0</b>
<b>Capital Revenue</b>							
Total Rates	79,896	94,194	89,182	5,012 ✓	356,913	356,913	0
Capital Reserve Interest Received	7,304	6,560	6,687	127 X	26,992	26,992	0
Financial Contributions	1,290	50,678	0	50,678 ✓ 2	0	0	0
Upgrade Contributions	0	0	0	0	0	0	0
Vested Assets from Developers	0	0	0	0	0	0	0
Rural	0	30,000	0	30,000 ✓	0	0	0
<b>Total Capital Revenue</b>	<b>88,490</b>	<b>181,433</b>	<b>95,869</b>	<b>85,564</b>	<b>383,905</b>	<b>383,905</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>127,441</b>	<b>516,707</b>	<b>510,256</b>		<b>271,831</b>	<b>351,830</b>	

**Variance Analysis**

1. Lower than anticipated contractor costs in Tekapo (\$4,320) and Twizel (\$5,998) as well as lower than anticipated electricity costs in Twizel (\$8,981)
2. Bluewater Financial contributions from bond held by Council

**SEWERAGE ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	0	0	0		0	0	
<b>Operating Expenditure</b>							
Consultancy	0	0	0	0 ✓	0	0	0 ✓
Administration	2,229	515	2,445	1,930 ✓	9,266	9,266	0
Capital Reserve Interest Paid	6,977	6,122	5,610	512 X	22,433	22,433	0
General Maintenance	32,393	22,799	29,958	7,159 ✓ 1	153,447	153,447	0
Council Staff Support Costs	22,080	22,014	22,014	0	88,045	88,045	0
<b>Total Operating Expenditure</b>	<b>63,680</b>	<b>51,450</b>	<b>60,027</b>	<b>8,577</b>	<b>273,191</b>	<b>273,191</b>	<b>0</b>
<b>Operating Revenue</b>							
Burkes Pass Sewer Rates	1,619	1,051	1,185	134 ✓	4,579	4,579	0 ✓
Fairlie Sewer Rates	14,384	11,264	14,481	3,217 ✓	68,439	68,439	0 ✓
Tekapo Sewer Rates	31,324	27,598	26,076	1,522 X	121,167	121,167	0 ✓
Twizel Sewer Rates	16,353	11,537	18,285	6,748 ✓	79,006	79,006	0 ✓
Total Rates	63,680	51,450	60,027	8,577 ✓	273,191	273,191	0
Other Income	0	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>63,680</b>	<b>51,450</b>	<b>60,027</b>	<b>8,577</b>	<b>273,191</b>	<b>273,191</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	(2,776)	86,077	86,077		86,077	86,077	
<b>Capital Expenditure</b>							
Fairlie	130,872	0	0	0	0	0	0
Tekapo	0	0	0	0	0	0	0
Twizel	19,734	563	0	563 X	50,000	50,000	0
Vested Assets from Developers	0	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>150,606</b>	<b>563</b>	<b>0</b>	<b>563</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>
<b>Capital Revenue</b>							
Total Rates	55,399	60,943	57,630	3,313 X	220,002	220,002	0
Capital Reserve Interest Received	5,034	4,542	6,003	1,461 X	24,015	24,015	0
Financial Contributions	0	106,019	0	106,019 ✓ 2	0	0	0
Upgrade Contributions	0	0	0	0	0	0	0
Vested Assets from Developers	0	0	0	0	0	0	0
<b>Total Capital Revenue</b>	<b>60,433</b>	<b>171,505</b>	<b>63,633</b>	<b>107,872</b>	<b>244,017</b>	<b>244,017</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(92,949)</b>	<b>257,019</b>	<b>149,710</b>		<b>280,094</b>	<b>280,094</b>	

**Variance Analysis**

1. Lower than anticipated contractor costs across the 4 sewer activities has resulted in this favourable variance
2. Bluewater Financial contributions converted from Bond held by Council



**STORMWATER ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011	Forecast	Full Year to 30 June 2012	
	YTD Actual			Variance Note		Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Consultancy	0	0	0	0 ✓	0	0	0 ✓
Administration	546	310	1,100	790 ✓	2,631	2,631	0
General Maintenance	3,141	3,049	3,414	365 ✓	13,660	13,660	0
Council Staff Support Costs	5,787	5,781	5,781	0	23,121	23,121	0
<b>Total Operating Expenditure</b>	<b>9,475</b>	<b>9,140</b>	<b>10,295</b>	<b>1,155</b>	<b>39,412</b>	<b>39,412</b>	<b>0</b>
Operating Revenue							
Total Rates	7,398	7,721	7,475	246 X	28,126	28,126	0
Capital Reserve Interest Received	2,077	1,419	2,820	1,401 X	11,286	11,286	0
<b>Total Operating Revenue</b>	<b>9,475</b>	<b>9,140</b>	<b>10,295</b>	<b>1,155</b>	<b>39,412</b>	<b>39,412</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	

CAPITAL RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011	Forecast	Full Year to 30 June 2012	
	YTD Actual			Variance Note		Budget	Variance Note
OPENING BALANCE	233,210	268,877	268,877		268,877	268,877	
Capital Expenditure							
Fairlie	0	0	0	0	0	0	0
Tekapo	0	0	0	0	0	0	0
Twizel	0	0	0	0	0	0	0
Vested Assets from Developers	0	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital Revenue							
Total Rates	14,814	14,040	14,040	0	56,149	56,149	0
Financial Contributions	0	0	0	0	0	0	0
Upgrade Contributions	0	0	0	0	0	0	0
Vested Assets from Developers	0	0	0	0	0	0	0
<b>Total Capital Revenue</b>	<b>14,814</b>	<b>14,040</b>	<b>14,040</b>	<b>0</b>	<b>56,149</b>	<b>56,149</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>248,024</b>	<b>282,917</b>	<b>282,917</b>		<b>325,026</b>	<b>325,026</b>	

**Variance Analysis**

No significant variances from budget

**ROADING ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(108,501)</b>	<b>23,066</b>	<b>23,066</b>		<b>23,066</b>	<b>23,066</b>		
<b>Operating Expenditure</b>								
Labour	19,689	21,968	27,657	5,689 ✓	110,622	110,622	0	
Consultancy	7,386	8,169	16,263	8,094 ✓	65,046	65,046	0	
Administration	3,381	559	1,212	653 ✓	4,847	4,847	0	
Capital Reserve Interest Paid	28	(233)	144	377 ✓	574	574	0	
General Maintenance	6,876	2,500	2,484	16 X	9,938	9,938	0	
Roading	274,309	277,273	313,986	36,713 ✓	1,255,925	1,255,925	0	
Council Staff Support Costs	74,748	76,035	76,035	0	304,126	304,126	0	
<b>Total Operating Expenditure</b>	<b>386,417</b>	<b>386,271</b>	<b>437,781</b>	<b>51,510</b>	<b>1,751,078</b>	<b>1,751,078</b>	<b>0</b>	
<b>Operating Revenue</b>								
Fairlie Works & Services Rates	23,606	4,190	10,168	5,978 ✓	45,138	45,138	0	
Tekapo Works & Services Rates	20,584	9,233	14,248	5,016 ✓	56,047	56,047	0	
Twizel Works & Services Rates	20,611	23,284	21,117	2,167 X	70,895	70,895	0	
Rural Works & Services Rates	126,541	73,571	141,685	68,114 ✓	492,106	492,106	0	
Total Rates	193,341	110,278	187,219	76,941 ✓	664,185	664,185	0	
Other Income	174,098	261,079	217,154	43,925 ✓	953,286	953,286	0	
Council Staff Support Income	32,250	32,322	32,322	0	129,284	129,284	0	
<b>Total Operating Revenue</b>	<b>399,689</b>	<b>403,679</b>	<b>436,695</b>	<b>33,016</b>	<b>1,746,755</b>	<b>1,746,755</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(95,229)</b>	<b>40,474</b>	<b>21,980</b>		<b>18,743</b>	<b>18,743</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>959,362</b>	<b>937,928</b>	<b>937,928</b>		<b>937,928</b>	<b>937,928</b>		
<b>Capital Expenditure</b>								
Fairlie	3,338	0	0	0	63,680	63,680	0	
Tekapo	3,730	0	0	0	84,492	84,492	0	
Twizel	11,476	6,587	10,000	3,413 ✓	163,388	163,388	0	
Rural	36,891	92,783	103,902	11,119 ✓	1,292,664	1,292,664	0	
Professional Services Business Unit	0	0	0	0	0	0	0	
<b>Total Capital Expenditure</b>	<b>55,435</b>	<b>99,369</b>	<b>113,902</b>	<b>14,533</b>	<b>1,604,224</b>	<b>1,604,224</b>	<b>0</b>	
<b>Capital Revenue</b>								
Total Rates	23,837	49,267	57,795	8,528 ✓	826,503	826,503	0	
Council Staff Support Income	303	138	138	0	557	557	0	
Fairlie	1,903	0	0	0	17,410	17,410	0	
Tekapo	2,126	0	0	0	29,426	29,426	0	
Twizel	6,542	0	0	0	46,347	46,347	0	
Rural	21,028	50,103	56,107	6,004 ✓	704,539	704,539	0	
Professional Services Business Unit	0	0	0	0	0	0	0	
<b>Total Capital Revenue</b>	<b>55,738</b>	<b>99,507</b>	<b>114,040</b>	<b>14,533</b>	<b>1,624,781</b>	<b>1,624,781</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>959,665</b>	<b>938,066</b>	<b>938,066</b>		<b>958,485</b>	<b>958,485</b>		

Variances

**ROADING ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011		Forecast	Full Year to 30 June 2012		
	YTD Actual			Variance	Note		Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(108,501)</b>	<b>23,066</b>	<b>23,066</b>			<b>23,066</b>	<b>23,066</b>		
<b>Operating Expenditure</b>									
<i>Fairlie Roding</i>									
Subsidised	25,976	14,794	20,643	5,849	✓	82,542	82,542	0	
Unsubsidised	5,572	2,933	4,788	1,855	✓	19,148	19,148	0	
<i>Tekapo Roding</i>									
Subsidised	24,678	27,584	24,744	2,840	X	98,978	98,978	0	
Unsubsidised	6,979	2,325	3,798	1,473	✓	15,180	15,180	0	
<i>Twizel Roding</i>									
Subsidised	24,835	33,312	29,346	3,966	X	117,409	117,409	0	
Unsubsidised	7,864	8,026	9,546	1,520	✓	38,187	38,187	0	
<i>Rural Roding</i>									
Subsidised	213,773	229,119	262,317	33,198	✓	1,049,264	1,049,264	0	
Unsubsidised	26,856	21,621	21,621	0		86,478	86,478	0	
Professional Roding Business Unit	49,883	46,557	60,978	14,421	✓	243,892	243,892	0	
<b>Total Operating Expenditure</b>	<b>386,417</b>	<b>386,271</b>	<b>437,781</b>	<b>51,510</b>		<b>1,751,078</b>	<b>1,751,078</b>	<b>0</b>	
<b>Operating Revenue</b>									
Fairlie Works & Services Rates	23,606	4,190	10,168	5,978	✓	45,138	45,138	0	
Tekapo Works & Services Rates	20,584	9,233	14,248	5,016	✓	56,047	56,047	0	
Twizel Works & Services Rates	20,611	23,284	21,117	2,167	X	70,895	70,895	0	
Rural Works and Services Rates	128,541	73,571	141,685	68,114	✓	492,106	492,106	0	
Other Income	174,098	261,079	217,154	43,925	✓	953,286	953,286	0	
Professional Roding Business Unit	32,250	32,322	32,322	0		129,284	129,284	0	
<b>Total Operating Revenue</b>	<b>399,689</b>	<b>403,679</b>	<b>436,695</b>	<b>33,016</b>		<b>1,746,755</b>	<b>1,746,755</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(95,229)</b>	<b>40,474</b>	<b>21,980</b>			<b>18,743</b>	<b>18,743</b>		

**FAIRLIE ROADING**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

✓

OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011	Variance	Note	Full Year to 30 June 2012		
	YTD Actual						Forecast	Budget	Variance
OPENING BALANCE	0	0	0				0	0	
<b>Operating Expenditure</b>									
Interest on Capital Reserves	28	(233)	144	377	✓		574	574	0
Roadings									
Subsidised									
Drainage Mtce - St Cleaning	95	729	0	729	X		0	0	0
Drain Mtce - St Clean - Transi	3,211	3,120	3,114	6	X		12,451	12,451	0
Traffic Svcs Mtce - Pav Mkings	0	0	0	0			0	0	0
St Lighting - Elec	1,116	1,596	1,680	84	✓		6,719	6,719	0
St Lighting - Elec - Transit	1,169	1,672	1,596	76	X		6,380	6,380	0
St Lighting - Mtce	1,013	482	1,656	1,174	✓		6,618	6,618	0
St Lighting - Mtce - Transit	8,586	210	1,260	1,050	✓		5,041	5,041	0
Sealed Pavement Mtce	741	197	1,509	1,312	✓		6,032	6,032	0
Unsealed Pavement Mtce	741	267	267	0	X		1,064	1,064	0
Routine Drainage Mtce	4,114	0	4,785	4,785	✓		19,143	19,143	0
Environ Mtce - Snow & Ice Cont	4,486	4,886	1,251	3,635	X	1	5,000	5,000	0
Enviro Mtce - Vegetation Contr	0	0	807	807	✓		3,225	3,225	0
Enviro Mtce - Other	0	276	363	87	✓		1,450	1,450	0
Traffic Svcs Mtce - Signs EMPs	0	68	1,065	997	✓		4,256	4,256	0
Network & Asset Management	0	0	0	0			0	0	0
Total Subsidised	25,271	13,504	19,353	5,849	✓		77,379	77,379	0
Unsubsidised									
Fairlie Footpaths	3,066	478	1,956	1,478	✓		7,820	7,820	0
Total Unsubsidised	3,066	478	1,956	1,478	✓		7,820	7,820	0
Total Direct Roadings Costs	28,337	13,982	21,309	7,327	✓		85,199	85,199	0
Council Staff Support Costs									
Charges - Roadings Prof Svcs	705	1,290	1,290	0			5,163	5,163	0
Charges - Roadings Prof Svcs	507	618	618	0			2,472	2,472	0
Professional Roadings Services	1,212	1,908	1,908				7,635	7,635	0
Charges - Admin District	1,044	1,158	1,158	0			4,636	4,636	0
Charges - Asset Management	927	912	912	0			3,646	3,646	0
Total Council Staff Support Costs	3,183	3,978	3,978	0			15,917	15,917	0
<b>Total Operating Expenditure</b>	<b>31,548</b>	<b>17,727</b>	<b>25,431</b>	<b>7,704</b>			<b>101,690</b>	<b>101,690</b>	<b>0</b>
<b>Operating Revenue</b>									
Fairlie Works & Services Rates	23,606	4,190	10,168	5,978	✓		45,138	45,138	0
Other Income									
Transit-Street Lights & Clean	0	2,456	2,856	400	X		11,421	11,421	0
Transfund New Zealand	8,412	8,748	10,451	1,703	X		54,721	54,721	0
LTNZ Capital subsidy	(1,903)	0	0				(17,410)	(17,410)	0
NZTA Operational Subsidy	6,509	8,748	10,451	1,703	X		37,311	37,311	0
Petroleum Tax	1,434	2,333	1,956	377	✓		7,820	7,820	0
Total Other Income	7,943	13,537	15,263	1,726	X		56,552	56,552	0
Council Staff Support Income				0					0
<b>Total Operating Revenue</b>	<b>31,548</b>	<b>17,727</b>	<b>25,431</b>	<b>7,704</b>			<b>101,690</b>	<b>101,690</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>				<b>0</b>	<b>0</b>	

CAPITAL RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011	Variance	Note	Full Year to 30 June 2012		
	YTD Actual						Forecast	Budget	Variance
OPENING BALANCE	8,039	43,218	43,218				43,218	43,218	
<b>Capital Expenditure</b>									
Subsidised Capital									
Traffic Svcs Renewal - Signs EMP	3,338	0	0	0			10,640	10,640	0
Sealed Road Resurfacing	0	0	0	0			21,600	21,600	0
Total Subsidised Capital	3,338	0	0	0			32,240	32,240	0
Unsubsidised Capital									
Streetscape Improvements	0	0	0	0			18,000	18,000	0
Footpaths - Surfacing	0	0	0	0			31,440	31,440	0
Total Unsubsidised	0	0	0	0			49,440	49,440	0
<b>Total Capital Expenditure</b>	<b>3,338</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>81,680</b>	<b>81,680</b>	<b>0</b>
<b>Capital Revenue</b>									
Fairlie Works & Services Rates	1,435	0	0	0			64,270	64,270	0
Vested Assets	0	0	0	0			0	0	0
NZTA Subsidies	1,903	0	0	0			17,410	17,410	0
<b>Total Capital Revenue</b>	<b>3,338</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>81,680</b>	<b>81,680</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>8,039</b>	<b>43,218</b>	<b>43,218</b>				<b>43,218</b>	<b>43,218</b>	

**Variance Analysis**

- Costs incurred to date relating to snow and Ice grit and removal of same

**TEKAPO ROADING**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

OPERATING RESERVE STATEMENT	Last Year			Sep 2011	Forecast	Full Year to 30 June 2012		Note
	YTD Actual	Actual	Budget	Variance		Budget	Variance	
OPENING BALANCE	0	0	0		0	0		
Operating Expenditure								
Interest on Capital Reserve	0	0	0	0	0	0	0	
Roading								
Subsidised								
Drain Mtce - St Clean	3,861	556	4,047	3,491 ✓	16,192	16,192	0	
Drain Mtce - St Clean - Transi	2,084	1,614	2,532	918 ✓	10,129	10,129	0	
Traffic Svcs Mtce - Pav Mkings	0	0	1,197	1,197 ✓	4,788	4,788	0	
Street Lighting - Electricity	1,940	2,341	2,499	158 ✓	10,000	10,000	0	
St Lighting - Elec - Transit	240	289	354	65 ✓	1,412	1,412	0	
Street Lighting - Maintenance	3,733	590	5,001	4,411 ✓	20,000	20,000	0	
St Lighting - Mtce - Transit	458	65	1,053	988 ✓	4,206	4,206	0	
Sealed Pavement Mtce	1,701	67	1,230	1,163 ✓	4,919	4,919	0	
Unsealed Pavement Maintenance	667	134	249	115 ✓	1,000	1,000	0	
Drainage Mtce - Other	642	0	345	345 ✓	1,383	1,383	0	
Environmental Maintenance	0	0	0	0	0	0	0	
Enviro Mtce - Snow & Ice Contr	7,793	20,153	3,000	17,153 X 1	12,000	12,000	0	
Enviro Mtce - Vegetation Contr	618	0	912	912 ✓	3,653	3,653	0	
Enviro Mtce - Other	247	48	501	453 ✓	2,000	2,000	0	
Traffic Svcs Mtce - Signs EMPs	95	34	132	98 ✓	532	532	0	
Network & Asset Management	0	0	0	0	0	0	0	
Total Subsidised	24,078	25,892	23,052	2,840 X	92,214	92,214	0	
Unsubsidised								
Tekapo Footpaths	4,006	345	1,677	1,332 ✓	6,703	6,703	0	
New Year Road Sweep	0	0	141	141 ✓	559	559	0	
Total Unsubsidised	4,006	345	1,818	1,473 ✓	7,262	7,262	0	
Total Direct Rooding Costs	28,084	26,237	24,870	1,367 X	99,476	99,476	0	
Council Staff Support Costs								
Charges - Rooding Prof Svcs	600	1,692	1,692	0	6,764	6,764	0	
Charges - Rooding Prof Svcs	1,443	402	402	0	1,608	1,608	0	
Professional Rooding Services	2,043	2,094	2,094	0	8,372	8,372	0	
Charges - Asset Management	957	942	942	0	3,772	3,772	0	
Charges - Admin District	573	636	636	0	2,538	2,538	0	
Total Council Staff Support Costs	3,573	3,672	3,672	0	14,682	14,682	0	
Total Operating Expenditure	31,657	29,909	28,542	1,367	114,158	114,158	0	
Operating Revenue								
Tekapo Works & Services Rates	20,584	9,233	14,248	5,016 ✓	56,047	56,047	0	
Other Income								
Transit-Street Lights & Clean	0	1,968	1,404	564 ✓	5,618	5,618	0	
Transfund New Zealand	12,055	16,803	11,477	5,326 ✓	76,277	76,277	0	
	(2,126)	0	0		(29,426)	(29,426)	0	
NZTA Operational Subsidy	9,929	16,803	11,477	5,326 ✓	46,851	46,851	0	
Petroleum Tax	1,050	1,708	1,197	511 ✓	4,783	4,783	0	
Interest Earned on Capital Rsv	95	198	216	18 X	859	859	0	
Total Other Income	11,073	20,677	14,294	6,383 ✓	58,111	58,111	0	
Total Operating Revenue	31,657	29,909	28,542	1,367	114,158	114,158	0	
CLOSING BALANCE	0	0	0		0	0		

CAPITAL RESERVE STATEMENT	Last Year			Variance	Forecast	Variance		Note
	YTD Actual	Actual	Budget	Variance		Budget	Variance	
OPENING BALANCE	21,039	38,373	38,373		38,373	38,373		
Capital Expenditure								
Subsidised Capital								
Sealed Road Resurfacing	0	0	0	0	0	0	0	
Traffic Svcs Renewal - St Light	3,730	0	0	0	2,128	2,128	0	
Signs	0	0	0	0	1,064	1,064	0	
Reseals	0	0	0	0	51,300	51,300	0	
Total Subsidised Capital	3,730	0	0	0	54,492	54,492	0	
Unsubsidised Capital								
Footpaths - Surfacing	0	0	0	0	30,000	30,000	0	
Total Unsubsidised	0	0	0	0	30,000	30,000	0	
Total Capital Expenditure	3,730	0	0	0	84,492	84,492	0	
Capital Revenue								
Tekapo Works & Services Rates	1,604	0	0	0	55,066	55,066	0	
Vested Assets	0	0	0	0	0	0	0	
NZTA Subsidy	2,126	0	0	0	29,426	29,426	0	
	3,730	0	0	0	84,492	84,492	0	
	21,039	38,373	38,373		38,373	38,373		

**Variance Analysis**

1. Major snow and ice events in Tekapo in the first three months of the year.

**TWIZEL ROADING**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
<b>OPENING BALANCE</b>	0	0	0			0	0		
<b>Operating Expenditure</b>									
Interest on Capital Reserve	0	0	0	0		0	0	0	
Roading Subsidised									
Drainage Mtce - St Cleaning	7,196	5,159	7,980	2,821	✓	31,920	31,920	0	
Traffic Svcs Mtce - Pav Mkings	0	0	2,925	2,925	✓	11,704	11,704	0	
St Lighting - Electricity	5,446	6,199	6,249	50	✓	25,000	25,000	0	
St Lighting - Elec - Transit	32	38	36	2	X	148	148	0	
Street Lighting - Maintenance	5,593	4,184	3,750	434	X	15,000	15,000	0	
St Lighting - Mtce - Transit	56	42	186	144	✓	745	745	0	
Sealed Pavement Mtce	1,719	4,182	3,825	357	X	15,304	15,304	0	
Unsealed Pavement Maintenance	667	802	516	286	X	2,064	2,064	0	
Routine Drainage Mtce	719	1,500	453	1,047	X	1,809	1,809	0	
Environmental Maintenance	0	0	0	0		0	0	0	
Enviro Mtce - Snow & Ice Contr	1,742	8,532	354	8,178	X 1	1,418	1,418	0	
Enviro Mtce - Vegetation Contr	0	0	354	354	✓	1,418	1,418	0	
Enviro Mtce - Other	0	265	354	89	✓	1,418	1,418	0	
Traffic Svcs Mtce - Signs EMPs	0	204	159	45	X	638	638	0	
Network & Asset Management	0	0	0	0		0	0	0	
Total Subsidised	23,170	31,107	27,141	3,966	X	108,586	108,586	0	
Unsubsidised									
Twizel Footpaths	2,158	1,831	3,351	1,520	✓	13,406	13,406	0	
Total Unsubsidised	2,158	1,831	3,351	1,520	✓	13,406	13,406	0	
Total Direct Roading Costs	25,328	32,937	30,492	2,445	X	121,992	121,992	0	
Council Staff Support Costs									
Charges - Roading Prof Svcs	1,665	2,205	2,205	0		8,823	8,823	0	
Charges - Roading Prof Svcs	561	981	981	0		3,926	3,926	0	
Professional Roading Services	2,226	3,186	3,186	0		12,749	12,749	0	
Charges - Asset Management	3,930	3,867	3,867	0		15,464	15,464	0	
Charges - Admin District	1,215	1,347	1,347	0		5,391	5,391	0	
Total Council Staff Support Costs	7,371	8,400	8,400	0		33,604	33,604	0	
<b>Total Operating Expenditure</b>	<b>32,699</b>	<b>41,337</b>	<b>38,892</b>	<b>2,445</b>		<b>155,596</b>	<b>155,596</b>	<b>0</b>	
<b>Operating Revenue</b>									
Twizel Works & Services Rates	20,611	23,284	21,117	2,167	X	70,895	70,895		
Interest on Capital Reserve	252	246	1,077	831	X	4,310	4,310	0	
Transit-Street Lights & Clean	0	47	222	175	X	893	893	0	
NZTA Operational Subsidy	9,400	13,796	12,741	1,055	✓	64,554	64,554	0	
Petroleum Tax	2,437	3,965	3,735	230	✓	14,944	14,944	0	
Total Other Income	12,089	18,053	17,775	278	✓	84,701	84,701	0	
<b>Total Operating Revenue</b>	<b>32,699</b>	<b>41,337</b>	<b>38,892</b>	<b>2,445</b>		<b>155,596</b>	<b>155,596</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Variance	Note	Forecast	Budget	Variance	Note
<b>OPENING BALANCE</b>	32,148	54,445	54,445			54,445	54,445		
<b>Capital Expenditure</b>									
Subsidised Capital									
Signs	0	0	0	0		0	0	0	
Reseals	0	0	0	0		0	0	0	
Traffic Svcs Renwl - Signs EMP	11,476	0	0	0		2,128	2,128	0	
Sealed Road Resurfacing	0	0	0	0		83,700	83,700	0	
Total Subsidised Capital	11,476	0	0	0		85,828	85,828	0	
Unsubsidised Capital									
Footpaths - Surfacing	0	6,587	10,000	3,413	✓	77,560	77,560	0	
Vested Assets	0	0	0	0		0	0	0	
Total Unsubsidised	0	6,587	10,000	3,413	✓	77,560	77,560	0	
<b>Total Capital Expenditure</b>	<b>11,476</b>	<b>6,587</b>	<b>10,000</b>	<b>3,413</b>		<b>163,388</b>	<b>163,388</b>	<b>0</b>	
<b>Capital Revenue</b>									
Twizel Works & Services Rates	4,935	6,587	10,000	3,413	✓	117,041	117,041	0	
Vested Assets	0	0	0	0		0	0	0	
NZTA Subsidy	6,542	0	0	0		46,347	46,347	0	2
	<b>11,476</b>	<b>6,587</b>	<b>10,000</b>	<b>3,413</b>		<b>163,388</b>	<b>163,388</b>	<b>0</b>	
	<b>32,148</b>	<b>54,445</b>	<b>54,445</b>			<b>54,445</b>	<b>54,445</b>		

**Variance Analysis**

- Costs incurred to date relating to snow and ice grit and removal of same

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

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Full Year to 30 June 2012 Variance Note		
<b>OPENING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Operating Expenditure</b>							
Capital Reserve Interest Paid	0	0	0	0	0	0	0
Roading							
Subsidised							
Struct Mice - Bridges	8,217	28,906	21,279	7,627 X	85,120	85,120	0
Struct Mice - Cattle Stops	4,164	0	5,853	5,853 ✓	23,408	23,408	0
St Lighting - Electricity	106	152	210	58 ✓	845	845	0
St Lighting - Elec - Transit	266	380	564	184 ✓	2,250	2,250	0
St Lighting - Mice	258	297	798	501 ✓	3,192	3,192	0
St Lighting - Mice - Transit	549	630	1,596	966 ✓	6,384	6,384	0
Sealed Pavement Mice	6,780	27,945	25,638	2,307 X	102,555	102,555	0
Unsealed Pavement Mice	104,368	63,055	101,346	38,291 ✓	405,384	405,384	0
Drainage Mice - Other	14,276	9,307	21,279	11,972 ✓	85,120	85,120	0
Enviro Mice - Snow & Ice Contr	15,934	48,281	12,501	35,780 X 1	50,000	50,000	0
Enviro Mice - Vegetation Contr	9,856	12,832	16,251	3,419 ✓	65,000	65,000	0
Enviro Mice - Other	18,671	3,992	9,999	6,007 ✓	40,000	40,000	0
Traffic Svcs Mice - Signs EMPs	9,116	8,340	20,001	11,661 ✓	80,000	80,000	0
Emergency reinstatement	0	0	0	0	0	0	0
Network and Asset Management	0	0	0	0	0	0	0
Total Subsidised Rounding	192,560	204,117	237,315	33,198 ✓	949,258	949,258	0
Internal Charges							
Professional Rounding Business Unit	27,072	25,272	25,272	0	101,085	101,085	0
Charges - Asset Management	15,447	15,198	15,198	0	60,789	60,789	0
Charges - Admin District	5,550	6,153	6,153	0	24,610	24,610	0
Total Internal Charges	48,069	46,623	46,623	0	186,484	186,484	0
<b>Total Operating Expenditure</b>	<b>240,629</b>	<b>250,740</b>	<b>283,938</b>	<b>33,198</b>	<b>1,135,742</b>	<b>1,135,742</b>	<b>0</b>
<b>Operating Revenue</b>							
Rural Works & Services Rates	128,541	73,571	141,685	68,114 ✓	492,106	492,106	0
Other Income							
Transit-Street Lights & Clean	0	426	2,160	1,734 X	8,634	8,634	0
Other Income	0	25,000	0	25,000 ✓	0	0	0
Transfund New Zealand	122,446	187,256	184,257	2,998 ✓	1,271,775	1,271,775	0
Transfer Capital Reserve	(21,028)	(50,103)	(56,107)	✓	(738,539)	(738,539)	0
NZTA Operating Subsidy	101,418	137,153	128,150	9,003 ✓	533,236	533,236	0
Petroleum Tax	4,452	7,244	6,477	767 ✓	25,903	25,903	0
Other Income	0	0	0	0	0	0	0
Capital Reserve Interest	6,218	7,346	5,466	1,880 ✓	21,863	21,863	0
Other Income	112,088	177,169	142,253	34,916 ✓	589,636	589,636	0
<b>Total Operating Revenue</b>	<b>240,629</b>	<b>250,740</b>	<b>283,938</b>	<b>33,198</b>	<b>1,081,742</b>	<b>1,081,742</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(54,000)</b>	<b>(54,000)</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Full Year to 30 June 2012 Variance Note		
<b>OPENING BALANCE</b>	<b>893,603</b>	<b>799,465</b>	<b>799,465</b>		<b>799,465</b>	<b>799,465</b>	
<b>Capital Expenditure</b>							
Subsidised							
Unsealed Road Metalling	1,703	59,904	87,144	27,240 ✓	348,576	348,576	0
Pavement rehabilitation	0	0	0	0	139,144	139,144	0
Struc Com Repl - Bridges Cstop	3,529	4,934	3,723	1,211 X	14,896	14,896	0
Projects	0	0	0	0	100,000	100,000	0
Drainage Renewals - Culverts	1,884	17,396	13,035	4,361 X	52,136	52,136	0
Traffic Svcs Renwl - Signs EMPs	9,343	10,386	0	10,386 X	0	0	0
Signs	20,431	0	0	0	75,000	75,000	0
Associated improvements	0	0	0	0	4,256	4,256	0
Minor Improvements	0	162	0	162 X	253,000	253,000	0
Reseals	0	0	0	0	380,656	380,656	0
Total Subsidised	36,891	92,783	103,902	11,119 ✓	1,367,664	1,367,664	0
Unsubsidised							
Sealing Past Houses	0	0	0	0	25,000	25,000	0
Total Unsubsidised	0	0	0	0	25,000	25,000	0
<b>Total Capital Expenditure</b>	<b>36,891</b>	<b>92,783</b>	<b>103,902</b>	<b>11,119</b>	<b>1,392,664</b>	<b>1,392,664</b>	<b>0</b>
<b>Capital Revenue</b>							
Rural Works & Services Rates	15,863	39,897	44,678	4,781 X	613,096	613,096	0
Upgrade Contributions	0	0	0	0	20,000	20,000	0
NZTA Subsidies	21,028	50,103	56,107	6,004 X	738,539	738,539	0
<b>Total Capital Revenue</b>	<b>36,891</b>	<b>89,999</b>	<b>100,785</b>	<b>10,786</b>	<b>1,371,634</b>	<b>1,371,634</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>893,603</b>	<b>796,682</b>	<b>796,348</b>		<b>778,435</b>	<b>778,435</b>	

**Variance Analysis**

1. Snow, Ice, Flooding, and wind events in the first 3 months of the year have contributed to this unfavourable variance

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

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Full Year to 30 June 2012		Variance	Note
OPENING BALANCE	(108,501)	23,066	23,066			23,066	23,066		
Operating Expenditure									
Labour	19,689	21,968	27,657	5,689	✓	110,622	110,622	0	
Consultancy				0				0	
RAMM	5,183	5,549	8,298	2,749	✓	33,186	33,186	0	
Legal	0	0	0	0		0	0	0	
Other Consultancy Services	2,203	2,620	7,965	5,345	✓	31,860	31,860	0	
Total Consultancy	7,386	8,169	16,263	8,094	✓	65,046	65,046	0	
Administration									
Advertising	752	253	213	40	X	850	850	0	
Tools & Equipment	191	124	141	17	✓	564	564	0	
Insurance	2,372	0	399	399	✓	1,593	1,593	0	
Other Expenses	0	92	0	92	X	0	0	0	
Publications & Legislation	0	0	87	87	✓	352	352	0	
Subscriptions	0	0	240	240	✓	956	956	0	
Tolls & Rentals	66	90	132	42	✓	532	532	0	
Total Administration	3,381	559	1,212	653	✓	4,847	4,847	0	
Capital Reserve Interest									
Interest on Capital Reserve	0	0	0	0		0	0	0	
Total Capital Reserve Interest	0	0	0	0		0	0	0	
General Maintenance									
Vehicle Expenses	6,876	2,500	2,484	16	X	9,938	9,938	0	
General Maintenance	6,876	2,500	2,484	16	X	9,938	9,938	0	
Council Support Costs				0				0	
Charges - Admin District	6,888	7,575	7,575	0		30,300	30,300	0	
Charges - Council Bldg Fairlie	846	894	894	0		3,570	3,570	0	
Charges - CEO Department	2,265	2,265	2,265	0		9,063	9,063	0	
Charges - Info Tech Support	2,553	2,628	2,628	0		10,506	10,506	0	
Council Staff Support Costs	12,552	13,362	13,362	0		53,439	53,439	0	
Total Operating Expenditure	49,883	46,557	60,978	14,421		243,892	243,892	0	
Operating Revenue									
Transfund New Zealand	30,906	31,643	28,101	3,542	✓	112,409	112,409	0	
Other Income	0	0	(531)	531	✓	(2,124)	(2,124)	0	
Total Other Income	30,906	31,643	27,570	4,073	✓	110,285	110,285	0	
Council Staff Support Income									
Total Council Staff Support Income	32,250	32,322	32,322	0		129,284	129,284	0	
Total Operating Revenue	63,156	63,965	59,892	4,073		239,569	239,569	0	
CLOSING BALANCE	(95,229)	40,474	21,980			18,743	18,743		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Full Year to 30 June 2012		Variance	Note
OPENING BALANCE	4,532	2,427	2,427			2,427	2,427		
Capital Expenditure									
Plant & Equipment	0	0	0	0		0	0	0	
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
Council Staff Support Income	303	138	138	0		557	557	0	
Total Capital Revenue	303	138	138	0		557	557	0	
CLOSING BALANCE	4,835	2,565	2,565			2,984	2,984		

**Variance Analysis**



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

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Actual	Budget	Full Year to 30 June 2012 Variance Note
OPENING BALANCE	41,824	9,910	9,910		9,910	9,910	
Operating Expenditure							
Labour	54,766	51,779	55,983	4,204 ✓	223,927	223,927	0
Consultancy	0	3,075	1,056	2,019 X	4,227	4,227	0
Administration	4,823	4,398	5,491	1,093 ✓	13,118	13,118	0
Capital Reserve Interest Paid	5,571	4,294	4,776	482 ✓	19,095	19,095	0
General Maintenance	111,388	84,360	94,029	9,669 ✓	494,102	494,102	0
Council Staff Support Costs	33,312	35,160	35,160	0	140,597	140,597	0
Total Operating Expenditure	209,860	183,065	196,495	13,430	895,066	895,066	0
Operating Revenue							
Total Rates	74,293	69,804	90,276	20,472 ✓	338,668	338,668	0
Other Income	62,754	57,643	59,982	2,339 X	239,928	239,928	0
Council Staff Support Income	22,497	22,833	22,833	0	91,312	91,312	0
Total Operating Revenue	159,545	150,280	173,091	22,811	669,908	669,908	0
CLOSING BALANCE	(8,491)	(22,875)	(13,494)		(215,248)	(215,248)	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Actual	Budget	Full Year to 30 June 2012 Variance Note
OPENING BALANCE	(621,833)	(498,984)	(498,984)		(498,984)	(498,984)	
Capital Expenditure							
Resource Recovery Parks	0	0	0	0	0	0	0
Organic Waste	0	0	0	0	0	0	0
Total Capital Expenditure	0	0	0	0	0	0	0
Capital Revenue							
Total Rates (Funded Depn)	12,123	15,870	15,870	0	63,491	63,491	0
Council Staff Support Income	9	231	231	0	927	927	0
Total Capital Revenue	12,132	16,101	16,101	0	64,418	64,418	0
CLOSING BALANCE	(609,701)	(482,883)	(482,883)		(434,566)	(434,566)	

**Variance Analysis**

No significant variances from budget

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

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Actual	Budget	Full Year to 30 June 2012 Variance Note
OPENING BALANCE	41,824	26,239	26,239		26,239	26,239	
Operating Expenditure by Activity							
Management	22,792	30,842	25,269	5,573 X	101,069	101,069	0
Refuse Collection	20,471	21,217	21,972	756 ✓	175,844	175,844	0
Closed Landfills	1,344	2,093	3,418	1,325 ✓	9,540	9,540	0
Resource Recovery Parks	63,796	54,815	63,990	9,175 ✓	251,236	251,236	0
Hardfill Sites	1,090	1,144	1,935	791 ✓	7,738	7,738	0
Residual Waste	60,232	58,085	59,592	1,507 ✓	238,359	238,359	0
Recycling	12,124	6,648	9,603	2,955 ✓	38,422	38,422	0
Organics	28,012	8,222	10,716	2,494 ✓	72,858	72,858	0
Total Operating Expenditure	209,859	183,065	196,495	13,430	895,066	895,066	0
Operating Revenue							
Targeted Rates (Townships)	23,368	33,371	32,844	527 X	131,385	131,385	0
Rural Works and Services	138	0	141	141 ✓	564	564	0
General Rates	50,787	36,433	57,291	20,858 ✓	206,719	206,719	0
Other Income	62,754	57,643	59,982	2,339 X	239,928	239,928	0
Internal Council Income	22,497	22,833	22,833	0	91,312	91,312	0
Total Operating Revenue	159,545	150,280	173,091	22,811	669,908	669,908	0
CLOSING BALANCE	(8,491)	(6,546)	2,835	9,382	(198,919)	(198,919)	0

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

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Labour	28,917	35,936	35,862	74	X	143,437	143,437	0	
Members Costs				0				0	
Consultancy	0	16,203	10,547	5,656	X 1	12,878	12,878	0	
Administration	1,120	8,941	9,338	397	✓	18,869	18,869	0	
Capital Reserve Interest Paid	2	(3)	3	6	✓	9	9	0	
General Maintenance	7,001	7,000	7,197	197	✓	28,784	28,784	0	
Council Staff Support Costs	20,673	21,756	21,756	0		87,021	87,021	0	
Total Operating Expenditure	57,713	89,832	84,703	5,129		290,998	290,998	0	
Operating Revenue									
Total Rates	9,022	17,417	35,620	18,203	✓	94,668	94,668	0	
Other Income	47,941	71,666	48,333	23,333	✓	193,330	193,330	0	
Council Staff Support Income	750	750	750	0		3,000	3,000	0	
Total Operating Revenue	57,713	89,832	84,703	5,129		290,998	290,998	0	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	(607)	607	607			607	607		
Capital Expenditure									
Total Capital Expenditure	0	0	0	0		0	0	0	
Capital Revenue									
General Rates	0	0	0	0		0	0	0	
Total Capital Revenue	0	0	0	0		0	0	0	
CLOSING BALANCE	(607)	607	607			607	607		

**Variance Analysis**

1 Includes costs associated with BCA accreditation. Half of the cost was budgeted for last year and will be funded from the reserve.

**RESOURCE MANAGEMENT ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>(8,745)</b>	<b>(788,094)</b>	<b>(788,094)</b>		<b>(788,094)</b>	<b>(788,094)</b>	
<b>Operating Expenditure</b>							
Labour	41,279	53,838	53,661	177 X	214,636	214,636	0
Members Costs				0			0
Consultancy	13,560	32,736	23,622	9,114 X	94,496	94,496	0
Administration	3,527	1,470	5,004	3,534 ✓	20,020	20,020	0
Capital Reserve Interest Paid	2,529	(1)	0	1 ✓	0	0	0
General Maintenance	4,648	1,000	3,051	2,051 ✓	12,197	12,197	0
Roading				0			0
Council Staff Support Costs	30,507	32,100	32,100	0	128,407	128,407	0
<b>Total Operating Expenditure</b>	<b>96,050</b>	<b>121,144</b>	<b>117,438</b>	<b>3,706</b>	<b>469,756</b>	<b>469,756</b>	<b>0</b>
<b>Operating Revenue</b>							
General Rates	71,001	90,718	89,502	1,216 X	358,018	358,018	0 ✓
Fairlie Works & Services Rates				0 ✓			0 ✓
Tekapo Works & Services Rates				0 ✓			0 ✓
Twizel Works & Services Rates				0 ✓			0 ✓
General Rates	71,001	90,718	89,502	1,216 X	358,018	358,018	0
Other Income	17,798	23,174	20,685	2,489 ✓	82,738	82,738	0
Subdivision Reserve Contribtn	0	0	0	0	0	0	0
Council Staff Support Income	7,251	7,251	7,251	0	29,000	29,000	0
<b>Total Operating Revenue</b>	<b>96,050</b>	<b>121,144</b>	<b>117,438</b>	<b>3,706</b>	<b>469,756</b>	<b>469,756</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(8,745)</b>	<b>(788,094)</b>	<b>(788,094)</b>		<b>(788,094)</b>	<b>(788,094)</b>	
	0	0	0	3,706	0	0	0

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>(82,788)</b>	<b>158</b>	<b>158</b>		<b>158</b>	<b>158</b>	
<b>Capital Expenditure</b>							
Computers	0	0	0	0 ✓	0	0	0 ✓
Plan Change 15	5,659	0	0	0 ✓	0	0	0 ✓
Plan Change 13	92,944	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>98,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Revenue</b>							
General Rates	33	21	21	0	85	85	0
Transfer Funding from General Res	0	0	0	0 X	0	0	0 X
Subdivision Res Contn Received	21,603	18,116	5,001	13,115 ✓ 2	20,000	20,000	0
Subdivision Res Contn Transferred	(21,603)	(18,116)	(5,001)	13,115 X	(20,000)	(20,000)	0
<b>Total Capital Revenue</b>	<b>33</b>	<b>21</b>	<b>21</b>	<b>0</b>	<b>85</b>	<b>85</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(181,358)</b>	<b>179</b>	<b>179</b>		<b>243</b>	<b>243</b>	

**Variance Analysis**

1. Includes legal costs associated with Bluewater to complete the transfer of bond monies held to Financial Contributions (\$3,800), appeals for various consents (\$5,677.50)
2. Reserve Contributions received via transfer of Bluewater bond.

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

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Labour	5,962	6,660	5,043	1,617 X	20,172	20,172	0
Administration	17,574	6,282	6,608	326 ✓	26,253	26,253	0
Capital Reserve Interest Paid	677	157	897	740 ✓	3,595	3,595	0
General Maintenance	67,479	73,490	76,989	3,499 ✓	164,667	164,667	0
Council Staff Support Costs	4,776	5,286	5,286	0	21,145	21,145	0
<b>Total Operating Expenditure</b>	<b>96,468</b>	<b>91,875</b>	<b>95,090</b>	<b>3,215</b>	<b>236,894</b>	<b>236,894</b>	<b>0</b>
Operating Revenue							
Total Rates	96,258	89,087	82,324	6,763 X	152,266	152,266	0
Other Income	62	2,643	12,580	9,937 X	83,884	83,884	0
Capital Reserve Interest Received	149	146	186	40 X	744	744	0
<b>Total Operating Revenue</b>	<b>96,468</b>	<b>91,875</b>	<b>95,090</b>	<b>3,215</b>	<b>236,894</b>	<b>236,894</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	(76,167)	(3,587)	(3,587)		(3,587)	(3,587)	
Capital Expenditure							
Animal Control	0	192	282	90 ✓	1,128	1,128	0
Rural Fire Control	4,200	66,750	70,949	4,199 ✓	89,084	89,084	0
<b>Total Capital Expenditure</b>	<b>4,200</b>	<b>66,942</b>	<b>71,231</b>	<b>4,289</b>	<b>90,212</b>	<b>90,212</b>	<b>0</b>
Capital Revenue							
Total Rates	8,055	5,520	5,520	0	22,084	22,084	0
<b>Total Capital Revenue</b>	<b>8,055</b>	<b>5,520</b>	<b>5,520</b>	<b>0</b>	<b>22,084</b>	<b>22,084</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(72,312)</b>	<b>(65,009)</b>	<b>(69,298)</b>		<b>(71,715)</b>	<b>(71,715)</b>	

**Variance Analysis**

No significant variances from budget

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

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>2,053</b>	<b>378,274</b>	<b>378,274</b>		<b>378,274</b>	<b>378,274</b>	
<b>Operating Expenditure</b>							
Labour	3,341	2,439	3,797	1,358 ✓	63,678	63,678	0
Consultancy	0	0	0	0	0	0	0
Administration	159,217	156,264	148,752	7,512 X	194,959	194,959	0
Capital Reserve Interest Paid	10,698	8,282	9,531	1,249 ✓	38,128	38,128	0
General Maintenance	152,623	230,030	241,638	11,608 ✓	966,467	966,467	0
Council Staff Support Costs	47,283	47,088	47,088	0	188,296	188,296	0
<b>Total Operating Expenditure</b>	<b>373,163</b>	<b>444,103</b>	<b>450,806</b>	<b>6,703</b>	<b>1,451,528</b>	<b>1,451,528</b>	<b>0</b>
<b>Operating Revenue</b>							
Total Rates	331,352	354,160	358,198	4,038 ✓	1,017,573	1,017,573	0
Other Income	24,891	59,044	61,064	2,020 X	327,587	327,587	0
Building Maintenance Reserve	(16,836)	(1,155)	(5,373)	4,218 ✓	34,834	34,834	0
Capital Reserve Interest Received	202	214	1,524	1,310 X	6,087	6,087	0
<b>Total Operating Revenue</b>	<b>339,609</b>	<b>412,263</b>	<b>415,413</b>	<b>3,150</b>	<b>1,386,081</b>	<b>1,386,081</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(31,500)</b>	<b>346,434</b>	<b>342,881</b>		<b>312,827</b>	<b>312,827</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
<b>OPENING BALANCE</b>	<b>(853,421)</b>	<b>(492,441)</b>	<b>(492,441)</b>		<b>(492,441)</b>	<b>(492,441)</b>	
<b>Capital Expenditure</b>							
Parks, Reserves & Township Maint	49,319	0	0	0	0	0	0
Community Halls	2,132	0	0	0	0	0	0
<b>Total Capital Expenditure</b>	<b>51,451</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Revenue</b>							
Total Rates	1,380	492	492	0	1,963	1,963	0
Capital Reserve Interest Received	392	274	390	116 X	1,555	1,555	0
Funding from Land Subdivision Res	25,000	0	0	0	0	0	0
<b>Total Capital Revenue</b>	<b>26,772</b>	<b>20,766</b>	<b>882</b>	<b>19,884</b>	<b>3,518</b>	<b>3,518</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(878,099)</b>	<b>(471,675)</b>	<b>(491,559)</b>		<b>(488,923)</b>	<b>(488,923)</b>	

**Variance Analysis**

No significant variances from budget

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

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	0	0	0			0	0		
Operating Expenditure									
Administration	19,023	16,105	19,344	3,239	√	24,360	24,360	0	√
Grants	68,371	74,165	80,873	6,708	√	119,979	119,979	0	√
Capital Reserve Interest Paid	0	0	0	0		0	0	0	
General Maintenance	45,343	53,601	56,502	2,901	√	226,003	226,003	0	
Council Staff Support Costs	12,348	11,697	11,697	0		46,753	46,753	0	
<b>Total Operating Expenditure</b>	<b>145,085</b>	<b>155,568</b>	<b>168,416</b>	<b>12,848</b>		<b>417,095</b>	<b>417,095</b>	<b>0</b>	
Operating Revenue									
Total Rates	111,125	122,582	142,171	19,589	√	312,116	312,116	0	
Building Maintenance Reserve	11,510	9,971	4,749	5,222	√	19,000	19,000	0	
Other Income	21,977	22,553	20,915	1,638	√	83,644	83,644	0	
Capital Reserve Interest Received	472	462	582	120	X	2,335	2,335	0	
<b>Total Operating Revenue</b>	<b>145,085</b>	<b>155,568</b>	<b>168,416</b>	<b>12,848</b>		<b>417,095</b>	<b>417,095</b>	<b>0</b>	
CLOSING BALANCE	0	0	0			0	0		

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
OPENING BALANCE	49,807	78,638	78,638			78,638	78,638		
Capital Expenditure									
Pensioner Housing	0	0	0	0		0	0	0	
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	
Capital Revenue									
Total Rates	5,409	5,736	5,736	0		22,943	22,943	0	
<b>Total Capital Revenue</b>	<b>5,409</b>	<b>5,736</b>	<b>5,736</b>	<b>0</b>		<b>22,943</b>	<b>22,943</b>	<b>0</b>	
CLOSING BALANCE	55,216	84,374	84,374			101,581	101,581		

**Variance Analysis**

No significant variances from budget

**COMMERCIAL ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	374,670	364,795	364,796		364,795	364,796	
Operating Expenditure							
Labour	0	0	0	0 ✓	0	0	0 ✓
Members Costs	(1,350)	12,500	12,500	0	32,798	32,798	0
Consultancy	4,542	55,904	25,152	30,752 X 1	100,620	100,620	0
Administration	51,682	48,537	45,079	3,458 X	55,504	55,504	0
Capital Reserve Interest Paid	(44,136)	27,942	30,882	2,940 ✓	123,530	123,530	0
General Maintenance	67,094	87,033	62,013	25,020 X 2	248,068	248,068	0
Council Staff Support Costs	31,233	34,536	34,536	0	138,150	138,150	0
Total Operating Expenditure	109,065	266,452	210,162	56,290	698,670	698,670	0
Operating Revenue							
Total Rates	11,197	(162,371)	(179,724)	17,353 X	(718,896)	(718,896)	0
Capital Reserve Interest Received	(27,591)	(31,156)	(35,298)	4,142 ✓	(141,193)	(141,193)	0
Other Income	(671,388)	68,946	27,119	41,827 ✓	1,991,018	1,991,018	0
Total Operating Revenue	(687,781)	(124,581)	(187,903)	63,322	1,130,929	1,130,929	0
CLOSING BALANCE	(422,175)	(26,238)	(33,269)		797,054	797,055	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	156,202	507,528	507,528		507,528	507,528	
Capital Expenditure							
Pukaki Airfield	0	0	0	0	0	0	0
Total Capital Expenditure	0	0	0	0	0	0	0
Capital Revenue							
Total Rates	0	0	0	0 ✓	0	0	0 ✓
Capital Reserve Interest Received	3,120	2,170	2,952	782 X	11,806	11,806	0 X
Forestry	239,365			0 X	0	0	0 X
Pukaki Airfield	448,600			0 X			0 X
Total Capital Revenue	691,085	2,170	2,952	782	11,806	11,806	0
CLOSING BALANCE	847,288	509,698	510,480		519,334	519,334	

**Variance Analysis**

1. Additional costs in relation to the subdivision plan for Tekapo camping ground (\$14,000) as well as unbudgeted but approved costs associated with the Tekapo town centre project (\$24,000).
2. Relates to payment of Tourism Trust rates in advance due to cash flow issues.

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

✓

OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Labour	213,062	262,411	260,943	1,468 X	953,774	953,774	0
Consultancy	41,665	39,603	26,004	13,599 X <sup>1</sup>	103,990	103,990	0
Administration	65,938	31,796	67,032	35,236 ✓	255,201	255,201	0
Capital Reserve Interest Paid	0	0	0	0	0	0	0
General Maintenance	49,254	59,314	60,615	1,301 ✓	242,426	242,426	0
Roading	0	0	0	0	0	0	0
Council Staff Support Costs	83,541	66,144	66,144	0	264,550	264,550	0
<b>Total Operating Expenditure</b>	<b>453,460</b>	<b>459,268</b>	<b>480,738</b>	<b>21,470</b>	<b>1,819,941</b>	<b>1,819,941</b>	<b>0</b>
Operating Revenue							
Rates				0			0
Other Income	25,634	50,827	22,935	27,892 ✓	91,730	91,730	0
Building Maintenance Reserve	0	7,023	3,453	3,570 ✓	13,805	13,805	0
Capital Reserve Interest Received	0	0	0	0	0	0	0
Council Staff Support Income	436,770	432,060	432,060	0	1,728,097	1,728,097	0
<b>Total Operating Revenue</b>	<b>462,404</b>	<b>489,910</b>	<b>458,448</b>	<b>31,462</b>	<b>1,833,632</b>	<b>1,833,632</b>	<b>0</b>
<b>SURPLUS/(DEFICIT)</b>	<b>8,945</b>	<b>30,642</b>	<b>(22,290)</b>		<b>13,691</b>	<b>13,691</b>	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	(8,833)	(15,956)	(15,956)		(15,956)	(15,956)	
Capital Expenditure							
Administration	11,273	0	663	663 ✓	22,655	22,655	0
Information Technology Department	10,498	35,102	40,819	5,717 ✓	51,277	51,277	0 ✓
<b>Total Capital Expenditure</b>	<b>21,771</b>	<b>35,102</b>	<b>41,482</b>	<b>6,380</b>	<b>73,932</b>	<b>73,932</b>	<b>0</b>
Capital Revenue							
Council Staff Support Income	14,877	678	678	0	2,707	2,707	0
<b>Total Capital Revenue</b>	<b>14,877</b>	<b>678</b>	<b>678</b>	<b>0</b>	<b>2,707</b>	<b>2,707</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(15,727)</b>	<b>(50,381)</b>	<b>(56,760)</b>		<b>(87,181)</b>	<b>(87,181)</b>	

**Variance Analysis**

1. Includes unbudgeted legal costs in relation to High Country Health (\$4,332) and Mackenzie Tourism and Development loan documentation and Trustee issues (\$6,056)



**VEHICLE ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	0	0	0		0	0	
Operating Expenditure							
Contractors	8,589	3,852	3,255	597 X	13,020	13,020	0 ✓
Insurance	2,010	942	942	0 ✓	3,750	3,750	0 ✓
Interest	1,281	892	822	70 X	3,289	3,289	0 ✓
Licences	2,240	1,251	546	705 X	2,161	2,161	0 ✓
Fuel	29,891	7,871	10,041	2,170 ✓	40,174	40,174	0 ✓
Total Operating Expenditure	44,011	14,808	15,606	798	62,394	62,394	0
Operating Revenue							
Operating Expense Recoveries	62,636	19,890	18,590	1,300 X	114,102	114,102	0 ✓
Total Operating Revenue	62,636	19,890	18,590	1,300	114,102	114,102	0
Over/(Under) Recovery	18,625	5,082	2,984		51,708	51,708	

CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance Note	Forecast	Full Year to 30 June 2012 Budget	Variance Note
OPENING BALANCE	(129,879)	(115,995)	(115,995)		(115,995)	(115,995)	
Capital Expenditure							
Total Capital Expenditure	0	0	0	0	0	0	0
Capital Revenue							
Council Support Inc (Funded Depn)	(4,159)		0	0 ✓	0	0	0 ✓
Council Support Inc (Funded Depn)	0	0		0 ✓			0 ✓
Recoveries Funded Depn	(5,756)	4,410	4,410	0 ✓	20,591	20,591	0 ✓
Surplus Recoveries/(Deficit)	18,625	5,082	2,984	2,098 ✓	51,708	51,708	0 X
Total Capital Revenue	12,869	9,492	7,394	2,098	72,299	72,299	0
CLOSING BALANCE	(117,010)	(106,503)	(108,601)		(43,696)	(43,696)	

**Variance Analysis**

**OVERALL OPERATING ACTIVITY**  
**FINANCIAL REPORT FOR SEPTEMBER 2011**

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OPERATING RESERVE STATEMENT	Last Year	Actual	Budget	Sep 2011	Variance Note	Forecast	Full Year to 30 June 2012	
	YTD Actual						Budget	Variance Note
<b>OPENING BALANCE</b>	<b>205,681</b>	<b>10,830</b>	<b>10,831</b>			<b>10,830</b>	<b>10,831</b>	
<b>Operating Expenditure</b>								
Labour	379,837	448,268	456,101	7,833	✓	1,782,863	1,782,863	0
Members Costs	55,052	77,501	79,787	2,286	✓	301,924	301,924	0
Consultancy	67,152	158,255	104,696	53,559	X	389,443	389,443	0
Administration	412,902	357,463	403,734	46,271	✓	804,465	804,465	0
General Maintenance	593,933	684,857	726,882	42,025	✓	2,915,704	2,915,704	0
Capital Reserve Interest Paid	(7,861)	58,104	67,353	9,249	✓	269,399	269,399	0
Plant Under Recovery	0	0	0	0		0	0	0
Roading	274,309	277,199	313,989	36,790	✓	1,255,934	1,255,934	0
Council Support Costs	500,894	496,702	496,632	70	X	1,986,350	1,986,350	0
<b>Total Operating Expenditure</b>	<b>2,276,218</b>	<b>2,558,351</b>	<b>2,649,174</b>	<b>90,823</b>		<b>9,706,082</b>	<b>9,706,082</b>	<b>0</b>
<b>Operating Revenue</b>								
General Rates	516,900	328,532	411,792	83,260	✓	1,226,774	1,226,774	0 ✓
Fairlie Works & Services Rates	103,826	81,305	85,800	4,495	✓	305,610	305,610	0 ✓
Tekapo Works & Services Rates	74,681	53,370	78,870	25,501	✓	199,433	199,433	0 ✓
Twizel Works & Services Rates	172,857	211,166	201,630	9,536	X	643,019	643,019	0 ✓
Albury Refuse Rates	3,249	3,403	3,357	46	X	13,428	13,428	0 ✓
Rural Works & Services Rates	199,560	139,453	202,121	62,668	✓	551,713	551,713	0 ✓
Water Rates	86,383	97,487	110,275	12,788	✓	436,471	436,471	0 ✓
Sewer Rates	63,680	51,450	60,027	8,577	✓	273,191	273,191	0 ✓
Refuse Rates	20,119	29,968	29,487	481	X	117,957	117,957	0 ✓
Total Rates	1,241,254	996,134	1,183,360	187,226	✓	3,767,595	3,767,595	0
Building Maintenance Reserve	(5,326)	15,840	2,829	13,011	✓	67,639	67,639	0
Plant Over Recoveries	18,625	5,082	2,984	2,098	✓	51,708	51,708	0
Net Capital Reserve Interest Received	(24,691)	(28,916)	(30,186)	1,270	✓	(120,741)	(120,741)	0
Other Income	(288,386)	623,447	516,894	106,553	✓	4,151,656	4,151,656	0
Other Reserve Funding	0	0	0	0		0	0	0
Council Staff Support Income	499,518	495,216	495,216			1,980,693	1,980,693	
<b>Total Operating Revenue</b>	<b>1,440,995</b>	<b>2,106,803</b>	<b>2,171,097</b>	<b>64,294</b>		<b>9,898,550</b>	<b>9,898,550</b>	<b>0</b>
<b>CLOSING BALANCE</b>	<b>(629,542)</b>	<b>(440,718)</b>	<b>(467,246)</b>			<b>203,298</b>	<b>203,299</b>	

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

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CAPITAL RESERVE STATEMENT	Last Year YTD Actual	Actual	Budget	Sep 2011 Variance	Note	Forecast	Full Year to 30 June 2012 Budget	Variance	Note
<b>OPENING BALANCE</b>	<b>(669,415)</b>	<b>1,204,436</b>	<b>848,014</b>			<b>848,014</b>	<b>848,014</b>		
<b>Capital Expenditure</b>									
Water	40,285	5,448	6,333	885	✓	452,795	452,795	0	
Sewerage	150,606	563	0	563	X	50,000	50,000	0	
Stormwater	0	0	0	0		0	0	0	
Roading	55,435	99,369	113,902	14,533	✓	1,604,224	1,604,224	0	
Solid Waste	0	0	0	0		0	0	0	
Resource Management	98,603	0	0	0		0	0	0	
Regulatory Services	4,200	66,942	71,231	4,289	✓	90,212	90,212	0	
Community Services	0	0	0	0		0	0	0	
Recreational Facilities	51,451	0	0	0		0	0	0	
Commercial Activities	0	0	0	0		0	0	0	
Corporate Services	21,771	35,102	41,482	6,380	✓	73,932	73,932	0	
Vested Assets from Developers	0	0	0	0		0	0	0	
<b>Total Capital Expenditure</b>	<b>422,351</b>	<b>207,425</b>	<b>232,948</b>	<b>25,523</b>		<b>2,271,163</b>	<b>2,271,163</b>	<b>0</b>	
<b>Capital Revenue</b>									
Total Rates (Funded Depn)	200,947	1,346,158	246,286	1,099,872	X	1,570,133	1,570,133	0	
Indirect Funded Depreciation	15,189	1,047	1,047	0		4,191	4,191	0	
Land Subdivision Reserve	25,000	0	0	0		0	0	0	
Water	1,290	80,678	0	80,678	✓	0	0	0	
Sewerage	7,786	122,605	13,272	109,333	✓	42,572	42,572	0	
Stormwater	0	0	0	0		0	0	0	
Roading	55,738	99,507	114,040	14,533	X	1,624,781	1,624,781	0	
Community Services	0	0	0	0		0	0	0	
Recreational Facilities	0	20,000	0	20,000	✓	0	0	0	
Commercial Activities	687,965	0	0	0		0	0	0	
Vested Assets from Developers	0	0	0	0		0	0	0	
<b>Total Capital Revenue</b>	<b>993,916</b>	<b>1,669,995</b>	<b>374,645</b>	<b>1,295,350</b>	✓	<b>3,241,677</b>	<b>3,241,677</b>	<b>0</b>	
<b>CLOSING BALANCE</b>	<b>(97,851)</b>	<b>2,667,006</b>	<b>989,711</b>			<b>1,818,528</b>	<b>1,818,528</b>		

**Variance Analysis**

## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**SUBJECT:** REVIEW OF LOCAL AUTHORITY REMUNERATION SETTING

**MEETING DATE:** 8 NOVEMBER 2011

**REF:**

**FROM:** TONI MORRISON, SENIOR POLICY PLANNER

**ENDORSED BY:** ACTING CHIEF EXECUTIVE OFFICER

### **PURPOSE OF REPORT:**

To advise the Council of the proposal to review how the Remuneration Authority goes about setting remuneration for elected members of local authorities, and seek any feedback.

### **STAFF RECOMMENDATIONS:**

1. That the report be received.
2. That the Finance Committee advise staff of any comments or feedback that they wish to be submitted in response to the Discussion Document.

**TONI MORRISON**  
**SENIOR POLICY PLANNER**

## **ATTACHMENTS:**

- A. Discussion Document *Review of Local Authority Remuneration Setting*, Remuneration Authority, undated.
- B. Memorandum to Local Government Chief Executives re Remuneration review - Mike Reid, Local Government New Zealand, 30 September 2011

## **BACKGROUND:**

The Remuneration Authority is presently undertaking a review of the current system which sets remuneration for elected members of local authorities, including community boards.

The Authority has released the attached discussion document (refer Attachment A) and seeks feedback on the two proposals presented within it, by **10 November 2011**.

Once feedback has been received, the option that is decided upon will be in place and implemented by 1 March 2012, to be in place for the 2012/2013 year.

## **POLICY STATUS:**

Not applicable.

## **SIGNIFICANCE OF DECISION REQUESTED:**

If the Council considers the system of setting remuneration is relatively significant, then any decision to give feedback at this stage may be important. This is because it seems that this is the only opportunity for providing direct input in to the review, prior to the implementation of a new system in March next year. However there is a working party of local government representatives which will continue to work with the Remuneration Authority on finalising the preferred option, so where the Council's interests are in common with other Councils, these could be said to be represented in the process by that Working Party.

## **ISSUES AND OPTIONS:**

### **Current System**

At present the Remuneration Authority (RA) sets a total remuneration pool for a council. The model used by the RA to assist in determining the cost of governance and representation for each council incorporates 4 criteria:—

- population:
- operational expenditure:
- net assets controlled:
- rate of population change.

The number of elected members is not included in the criteria.

The model provides the Authority with a ranking order of the relative size of the governance and representation responsibility of each council. These factors are then applied and a sum of money (the indicative pool) is allocated to individual councils. Based on recommendations

made by each council, it then allocates that pool of money to that council's individual elected members. The current system therefore provides the Councils with considerable discretion in setting remuneration.

### **Review of the Current System**

The review is considered necessary as this system has been in place for 10 years, and has experienced a number of problems, including:

- Lack of equity in what elected members earn between councils of similar size
- Problems created by the decision that half community board salaries should come from the councillors' pool
- Difficulties in maintaining relativities between councils
- Problems with the interim period following each election and the time taken to gazette remuneration schemes

The review is supported by LGNZ. The following two options have been developed to address these issues.

<h3><b>Proposal 1 Amended Pool System</b></h3>
--

This is similar to the approach used in the past. It works as follows:

- A pool is determined for each authority (either a single pool for both Council and Community Boards, or an individual pool for each);
- Councils recommend allocation of the pool for RA approval;
- The RA may set minimum salaries and/or specify standard Councillor positions.

#### **Determining the size of the pool:**

- A method would be applied to rank councils by 'size', which would reflect the extent and complexity of the council's business.
- Another method would then be applied to determine a fair pool size (by assessing a fair salary for councilors, multiplying by the number of councillors, and adding a margin for additional responsibilities).
- Adjustments would be made as necessary.
- The RA would then consult with the council and set remuneration.
- The RA could issue guidelines as to use/amount of meeting fees, minimum salaries, and/or additional salaries/remuneration for additional responsibilities.

#### **Positives:**

- Allows the council to arrange their governance arrangements and councillor roles as they see fit; retains discretion/autonomy;
- Addresses some of the issues with the current system (there would be a separate pool for each council, based on the jobs of the elected members, rather than a single pool for all councils).
- A separate pool for Community Boards can be provided for.

#### **Issues:**

- Takes time after each election to decide the structure of governance and thus remuneration;
- The perception by some in the community that councillors are deciding their own remuneration;
- Ongoing administration is more complex for the RA

<b>Proposal 2 Specified Salary System</b>
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The RA would set a base salary for each type of position in a local authority. A similar approach would be taken to community board positions. There would be an additional pool for additional or one-off responsibilities such as district plan reviews.

Base salary would be based on the job size and the proportion full time that is assessed as being needed for the positions responsibilities to be effectively carried out. In terms of Community Boards, this would take in to account the population base and the level of delegation to each Community Board.

**Positives:**

- Establishes relativities between local authorities - Councillors with similar job sizes would be paid the same, and perceived greater fairness between councils;
- Community board remuneration may be fairer;
- Certainty of outcome immediately after the election;
- Removes the perception that Councillors set own salaries;
- Administratively more simple (once established).

**Issues:**

- Limits discretion for the Council to arrange salaries and positions to best meet their circumstances
- Very large and complex task for RA to 'job size' across councils and responsibilities; will likely be costly to Councils for the RA to set this up
- Loss of flexibility in local governance arrangements

**CONSIDERATIONS:**

Councils pay all costs associated with administering the work of the RA. The specified salary model requiring job evaluation across all councils is likely to be very expensive to establish. It will provide certainty and relativity across councils, but is likely to result in less autonomy and flexibility in setting individual governance arrangements for councils than the alternative pool model.

The RA discussion paper has also been circulated to Community Boards for consideration at their most recent meetings in October. Staff have not received any additional feedback subsequently. At those meetings, the nature of the discussions was limited but there seemed to be a general sense that Community Board members did not consider their remuneration sufficient for the roles they fulfill. No particular preferences were expressed for either of the two proposed systems for reform outlined in the Remuneration Authority discussion paper.

**ASSESSMENTS OF OPTIONS:**

Refer above, and to attached documents.

**CONCLUSION:**

The Remuneration Authority has put together the attached discussion paper on a review of the remuneration system for elected members, including community boards.

Also attached is a memorandum with specific responses to the review by LGNZ (Attachment B). The Council may simply decide that this reflects your position adequately. However if Councillors have any additional comments to make at this stage of the review, staff will submit those to the Working Group.



# Review of Local Authority Remuneration Setting

## Discussion Document

## Responses to this Discussion Document

Local Authorities are invited to respond to this discussion document – see section 8 for questions for responses.

Only one response from each council or board, please.

Responses may be sent to one of the following:

### A. To Local Government New Zealand (this is the preferred place to send responses)

Local Government New Zealand has offered to collate the responses it receives.

Responses should be sent to:

**Mike Reid, Manager Governance**  
[mike.reid@lgnz.co.nz](mailto:mike.reid@lgnz.co.nz)

### B. To Representatives

To any of the following representatives of local government with whom the Remuneration Authority is consulting:

**Richard Kempthorne, Mayor of Tasman**  
[richard.kempthorne@tasman.govt.nz](mailto:richard.kempthorne@tasman.govt.nz)

**Adrienne Staples, Mayor of South Wairarapa**  
[themayor@swdc.govt.nz](mailto:themayor@swdc.govt.nz)

**Dave Cull, Mayor of Dunedin**  
[mayor@dcc.govt.nz](mailto:mayor@dcc.govt.nz)

**Brendan Duffy, Mayor of Horowhenua**  
[mayor@horowhenua.govt.nz](mailto:mayor@horowhenua.govt.nz)

**Mick Lester, Chair Community Board Executive Committee**  
[mglester@clear.net.nz](mailto:mglester@clear.net.nz)

**Brian Lester, Chief Executive Ashburton**  
[brianl@adc.govt.nz](mailto:brianl@adc.govt.nz)

**Kevin Lamb, Administration Manager, Waimakariri District Council**  
[kevin.lamb@wmk.govt.nz](mailto:kevin.lamb@wmk.govt.nz)

### C. The Remuneration Authority

Responses should be sent to:

[info@remauthority.govt.nz](mailto:info@remauthority.govt.nz)

## Introduction

This discussion document has been prepared by the Remuneration Authority to facilitate a review of how the Authority goes about setting remuneration for elected members of local authorities in a way that meets the requirements of the Local Government Act and the Remuneration Authority Act.

The Remuneration Authority is consulting with representatives of local government in order to gain their input and insights into the review.

It is expected that a final proposal will be prepared following that consultation. The final decisions, of course, will be made by the Remuneration Authority.

This document:

1. Examines the need for a review
2. Outlines the expected consultation process
3. Sets out a timetable for the review
4. Outlines historic and current processes for setting residual pools for local authorities, noting any issues
5. Outlines historic and current processes for setting remuneration for Mayors of Territorial and Unitary Councils and Chairs of Regional Councils, noting any issues
6. Explains two broad options for future determinations of remuneration for elected members (excluding Mayors and Chairs) with high-level pros and cons for each option
7. Examines in more detail each option, including possible ways of implementing each
8. Outlines inputs which would be helpful from local government representatives.

The obligations of the Remuneration Authority for the setting of salaries and allowances for local authority elected members, as set out in the Remuneration Authority Act and the Local Government Act, are summarised in Appendix A.

## 1. Why Review?

The current pool system of setting remuneration for local authority elected members was established in 2001/02 after consultation with local authority representatives.

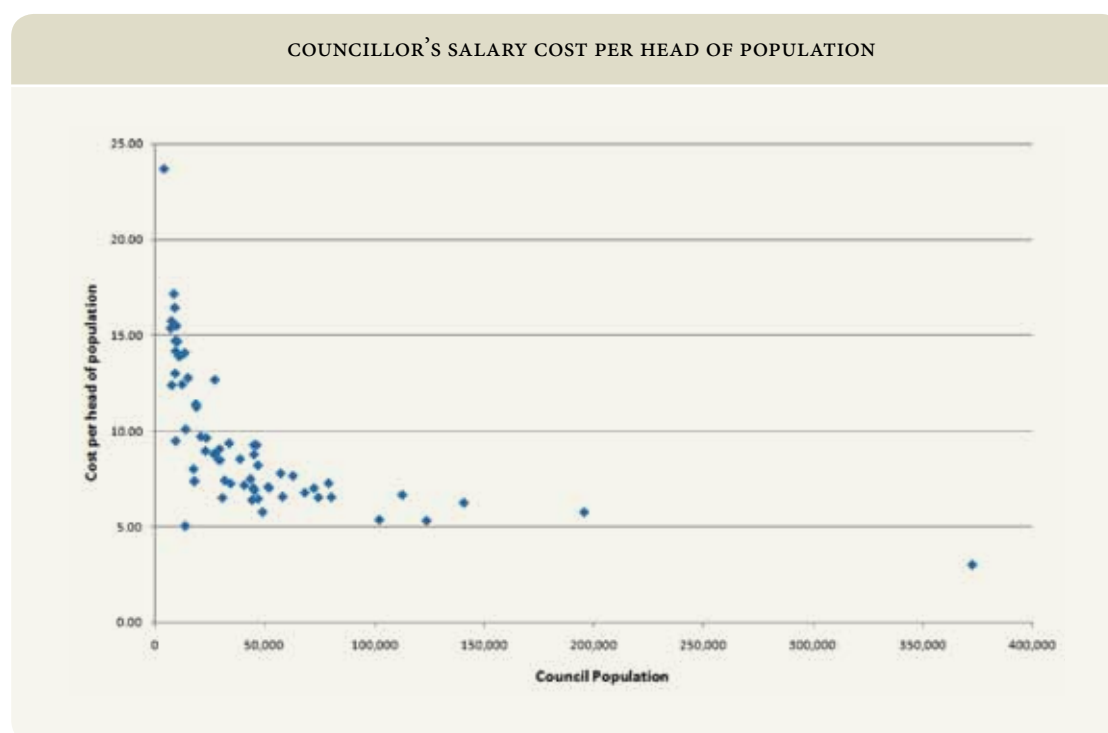
Under the system a pool is established each year for each local authority and the allocation of the pool to each elected member position is determined by the Remuneration Authority after considering representations from each authority.

It is appropriate to examine, from time to time, the outworking of any approach to remuneration setting and to ask whether the system employed is producing the 'right' answers and whether any unexpected or perceived unfair results are being produced.

Some analysis of the outworking of the current approach has been carried out. The analysis shows a variety of salaries for different councillors and Community Board members, in which it is difficult to see the reflection of a fair remuneration for the job. This is illustrated in some information drawn from the 2010/11 Determinations (post election).

### ■ Councillor salary cost per head of population

The following chart shows the total councillor salary cost (ie including supplements for additional responsibilities) per head of the local authority's population against the local authority's population base:



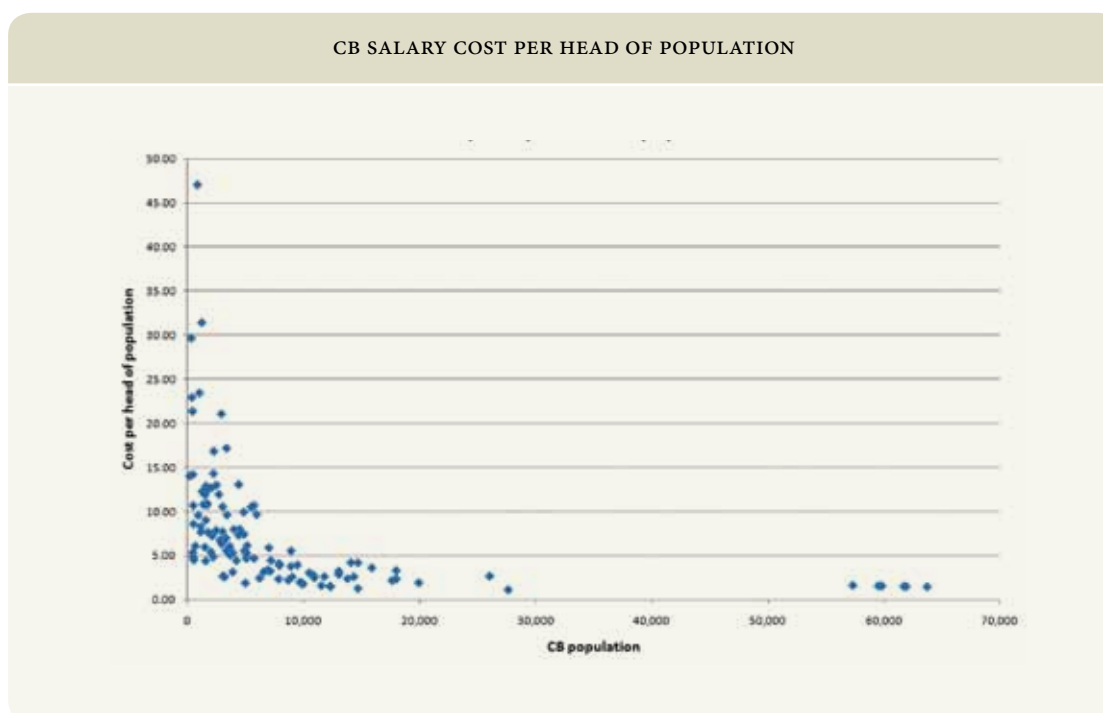
Some details are shown in the table below:

Council	Total Population	Number of Councillors	Population per Councillor	Cost per head of population
Christchurch	372,500	13	28,654	\$3.05
Far North	58,000	9	6,444	\$6.59
Tauranga	112,600	10	11,260	\$6.68
Queenstown – Lakes	27,140	10	2,714	\$12.69
Wairoa	8,420	6	1,403	\$17.17

This shows that ratepayers in different territories can be paying significantly different amounts for councillors' services. In particular, ratepayers in smaller territories are paying much more than ratepayers in larger territories.

### ■ Community Boards

The following chart shows the same information for Community Boards (an outlier has been excluded from this chart):



Some details are shown in the table below:

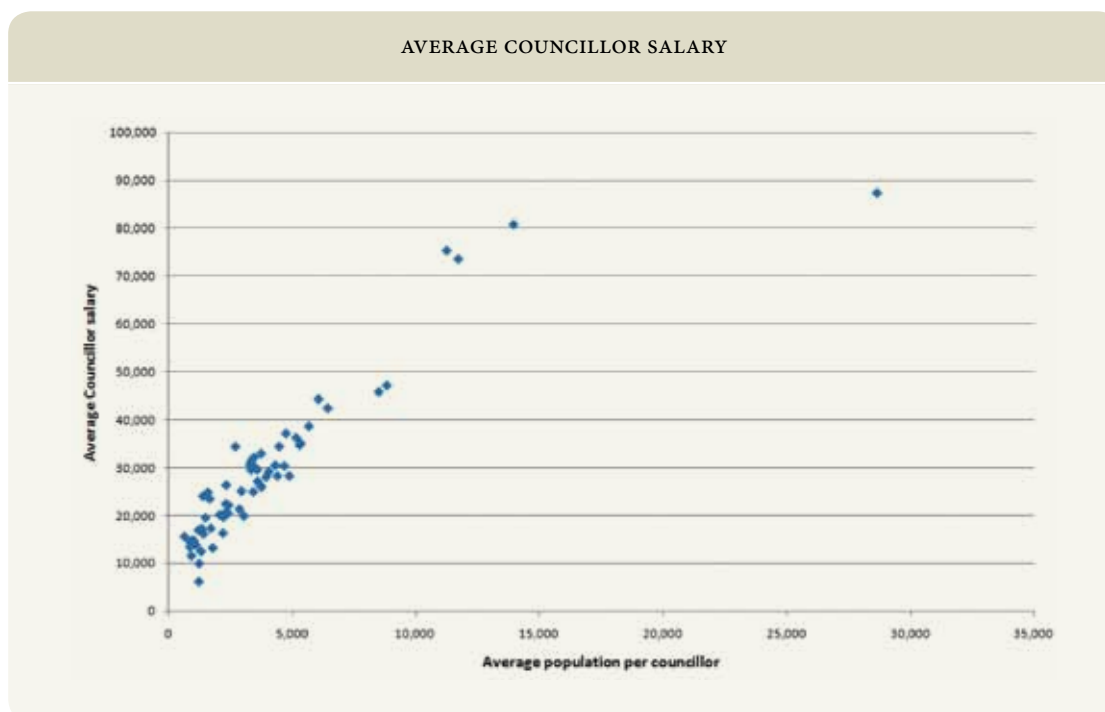
Community Board	Total CB Population	Number of CB Members	Population per CB Member	Cost per head of population
Greytown	3,050	6	763	\$2.65
Bay of Islands – Whangaroa	26,000	7	4,333	\$2.65
Lyttelton – Mount Herbert	5,710	6	1,142	\$10.66
Taupiri	460	8	77	\$10.67
Ahuriri	1,200	6	240	\$31.41

Clearly there are wide differences in remuneration levels between Community Boards. Some of the differences may be explained by different degrees of delegation given to different Community Boards, or different representational expectations between Boards. However, there do not seem to be any universal delegation or representational guidelines for Community Boards and the Remuneration Authority has no knowledge of levels of delegation or representational responsibilities for individual Community Boards. This leads to concerns that remuneration for the members of various Community Boards might not be reflecting a fair rate of pay for the job.

Most councils pay 50% of Community Board salaries from the pool, and some meet all Community Board salaries from inside the pool. There are no rules or guidelines set down anywhere to cover how Community Board salaries are to be funded.

### ■ Councillor salaries

The next chart shows average councillor salary (including additions for extra duties) against average population per councillor:



Some details are shown in the table below:

Council	Population per Councillor	Base Councillor salary <sup>1</sup>	Average Councillor salary <sup>2</sup>
Whakatane District	3,434	\$23,748	\$24,983
Taupo District	3,362	\$30,988	\$31,553
Kapiti Coast District	4,891	\$23,403	\$28,320
Napier City	4,761	\$34,000	\$37,178

This shows that there are wide differences between councillors' salaries for what appear to be similar-sized responsibilities.

## ■ Conclusion

The current pool system is giving results that seem to be counter intuitive.

It is also opportune to examine whether the current system is providing a fair remuneration for elected members, and the extent to which the Remuneration Authority should be involved in the allocation of the pools (if they are retained).

1. Base Councillor Salary is the salary paid to a councillor with no additional responsibilities

2. Average Councillor Salary is the total salaries paid to all councillors divided by the number of councillors

## 2. Outline of Consultation Process (with timetable)

Activity	By Whom	Target Completion Date
Produce discussion document ready for discussion with representatives	Remuneration Authority	30 August 2011
Decide on representatives and advise Remuneration Authority (with details of main contact point)	Local Government NZ	15 August 2011
Meetings between Remuneration Authority and representatives, to outline issues, present discussion document, and discuss issues	Remuneration Authority and representatives	September 2011
Distribute discussion document to all local authorities, with request for any feedback by 10 November	Remuneration Authority	10 September 2011
Preparation of Preferred Option with details of how it will work and sample remuneration results	Remuneration Authority	30 October 2011
Review Preferred Option and feedback from constituencies	Representatives	15 November 2011
Meeting between Remuneration Authority and representatives to finalise details of Preferred Option	Remuneration Authority and representatives	30 November 2011
Implementation of Preferred Option for the 2012/13 year	Remuneration Authority	1 March 2012

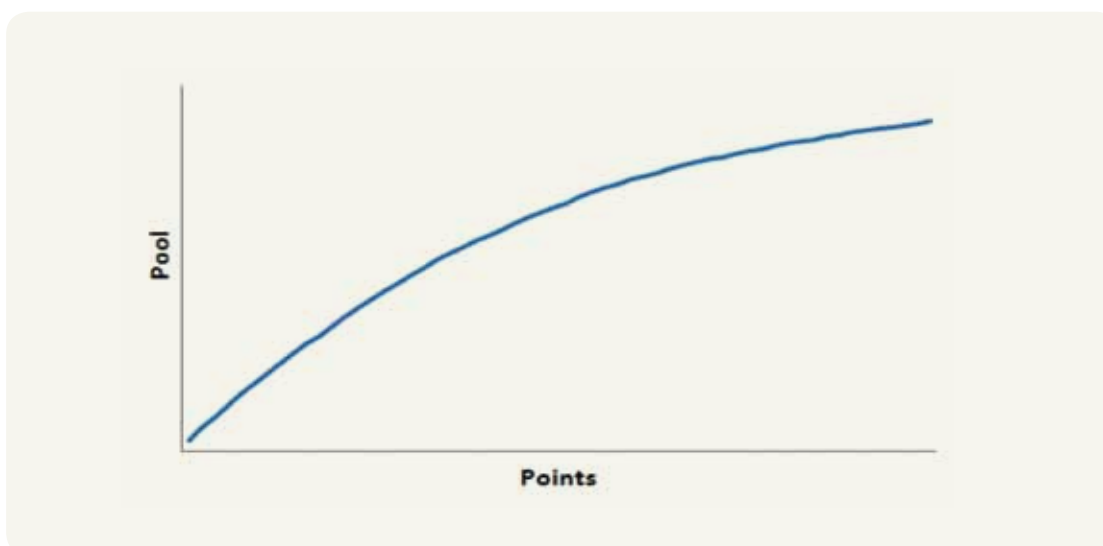
During the process the Remuneration Authority will keep the Local Government Minister and officials apprised of the process and its progress.

The timetable is tight but is achievable with full cooperation between all parties.



### 3. Outline of Current Process for Residual Pools

The residual pool is set each year by reference to the population, expenses, and net assets ('statistics') of each authority. Points are allocated using weights for each statistic. The size of the pool for each authority is derived from the points allocated to the authority using an algorithm<sup>3</sup>. The algorithm increases the pool size by tranches of points, where the higher points' tranches result in lower allocations to the pool. This produces a relationship between points and pool size as illustrated in the following graph:



An additional statistic (Capital) is used for Regional Councils.

Change factors, which recognise growth or decline in population (over the last five years) above or below the average for all authorities, are applied to the points before they are used to determine the pool.

A loading is applied for Unitary Authorities to recognise their dual responsibilities.

The weights used have remained unchanged over the years.

These are:

	Territorial and Unitary Authorities	Regional Authorities
Population	50%	30%
Expenses	33%	30%
Net Assets	17%	5%
Capital		35%

3. An algorithm is a set of instructions, sometimes called a procedure or a function, which is used to perform a certain task.

The algorithm for converting points to pool size has remained basically unchanged, apart from increasing the pool size in each tranche each year to reflect movement in wages. As an example, the algorithm used to convert points to residual pool amounts for the 2011/12 year was:

Points		Residual Pool
From	To	
0	11,245	61,300 plus (points – 0) times 6.22
11,245	31,235	131,215 plus (points – 11,245) times 5.33
31,235	63,594	237,719 plus (points – 31,235) times 5.22
63,594	127,189	406,636 plus (points – 63,594) times 4.65
127,189	190,783	702,361 plus (points – 127,189) times 3.82
190,783	254,377	945,441 plus (points – 190,783) times 3.09
254,377	317,971	1,142,002 plus (points – 254,377) times 2.47
317,971	381,566	1,299,002 plus (points – 317,971) times 1.88
381,566	445,160	1,418,310 plus (points – 381,566) times 1.31
445,160	508,754	1,501,794 plus (points – 445,160) times 1.13
508,754	572,349	1,573,753 plus (points – 508,754) times 0.88
572,349	1,224,899	1,629,616 plus (points – 572,349) times 0.88

Until 2010, the total number of points for all councils was equal to the total population for all councils divided by the population percentage. As a result the total number of points was equal to twice the population (for Territorial and Unitary Authorities), as adjusted each year. Because the basic algorithm remained unchanged, pool sizes increased each year by both the increase in population and the wage movement adjustment. This may have distorted pool sizes, both overall and relatively.

From 2010 the figure for total points was kept constant and the algorithm adjusted by movements in wage growth only. There were further adjustments to the algorithm to compensate for the removal of the Auckland councils from the pool-setting process.

The method of determining and applying the change factors was also changed from 2010 to better reflect perceived additional remuneration needs for councils whose population movement was other than average.

Total pools are advised to each local authority, which then makes recommendations to the Remuneration Authority regarding allocation of the pool between various elected member positions.

Some councils apply part of the pool to the payment of meeting fees. The daily rates for meeting fees and the maximum fees payable vary considerably between councils.

## ■ Issues Arising

1. Councils with the same pool sizes but different numbers of councillors have different per councillor salaries
2. The existence of Community Boards does not affect the points or residual pool size so that Councils with Community Boards have lower councillor salaries
3. Generally, 50% of Community Board salaries are met from the pool – is this ideal?
4. Do the current residual pools enable the payment of reasonable salaries for councillors and Community Board members?
5. Should there be separate pools for councillors and Community Board members?
6. Rates set for meeting fees, and maximum amounts, vary considerably between councils
7. Should meeting fees be allowed? If so, should there be a standard rate or rates?
8. Recommendations about how the pools should be allocated between positions of increased responsibility vary considerably between councils – should there be some standardisation?
9. Should the Remuneration Authority set minimum councillor salaries (depending on council size) and thereby possibly limit the amounts available for additional responsibilities?
10. Should the Remuneration Authority specify standard positions for additional responsibilities?
11. Should there be some extra allowances (over and above the pools) for district planning meetings?
12. Are there conflicts of interest for councillors in setting their own allocation from the pool?

## 4. Outline of Current Process for Mayors and Chairs

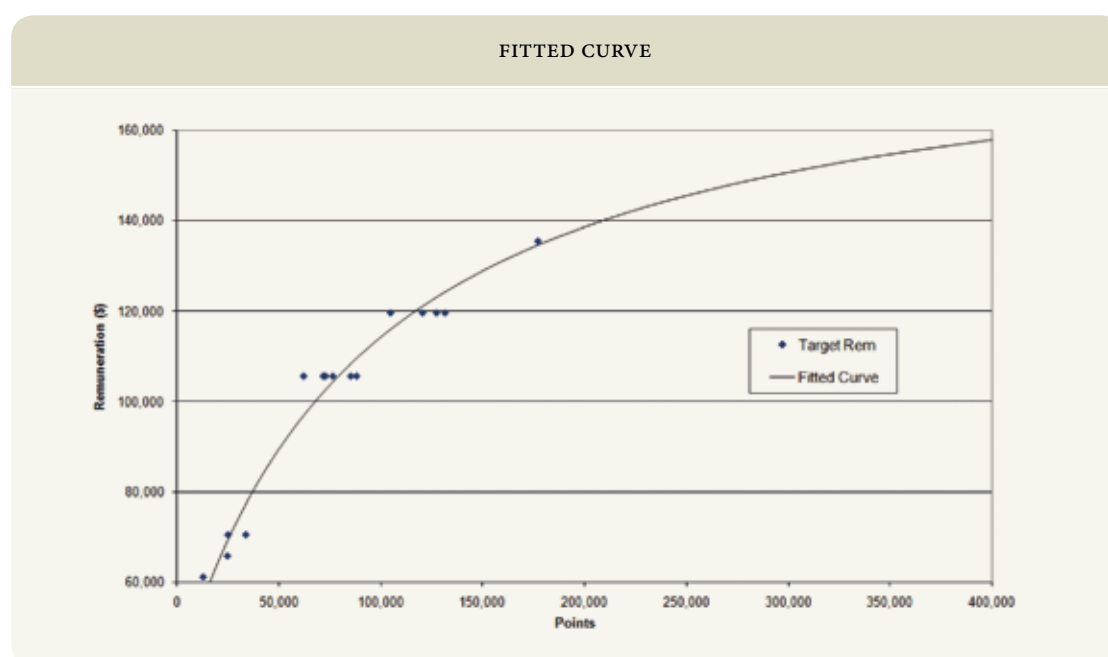
A system similar to that used for setting residual pools (see above) was used up to 2010.

From the 2010/11 year the system was revised.

The revised system:

- Identifies sample councils (both Territorial and Regional) for which the mayoral and chair positions have been independently job sized
- Sets target remuneration for those sample councils by reference to the Remuneration Authority's standard remuneration scales (which are reviewed annually) and the proportion full time deemed for each sample position
- Assigns points for each sample position, using the same statistics as are used for the residual pools (Population, Net Assets, Expenses and, for Regional Chairs, Capital)
- Finds a curve (or formula) that gives the best fit<sup>4</sup> of points and target remuneration for the sample councils. For Territorial and Unitary councils the weights for each statistic are the same as those used for the residual pools. For Regional councils the weights are varied for each statistic to enhance the best fitting process
- The formula for the curve is then used to determine remuneration for all positions by assigning points using the optimum weights for the statistics.

As an example, the sample points and fitted curve are shown for Territorial and Unitary councils for the 2011/12 year:



We are comfortable with this revised system for mayors and chairs. It is likely that we will use the enhanced Regional system for Territorial and Unitary councils in future years.

4. Two candidate curves are used – a rectangular hyperbola with offset and a power curve with offset. Curve fitting is done using Excel Solver Add-in. Goodness of fit is measured by use of the R2 statistic.

## ■ Issues Arising

1. The need to ensure that suitable sample councils are identified, given they must represent all councils and must cover the range of the size of councils
2. The need to ensure regularly that the positions are correctly sized for the sample councils
3. The need to ensure regularly that the proportion of full-time work a position is deemed to have is fair and reasonable
4. Are salary reductions for the provision of mayoral or chair cars fair and reasonable?
5. Could the Remuneration Authority allow changes to cars (or usage) during the year, within set bands, without the need to adjust salaries?

## 5. Options for the Future

Two broad options have been identified for setting remuneration for councillors and Community Board members.

### ■ Pool Approach:

This is similar to the approach used in the past. It has the following key features:

- A pool is determined for each authority (either a single pool or one pool for councillors and one for Community Board members)
- Councils recommend the allocation of the pool for Remuneration Authority approval
- The Remuneration Authority may set minimum councillor salaries and/or specify standard councillor positions.

Pros and cons for this approach are:

Pros:

- Allows councils the flexibility to arrange their councillor roles to best meet their particular circumstances
- It is a system many are used to.

Cons:

- Councillors with similar-sized responsibilities in different councils may be paid markedly different salaries
- 'One size fits all' for councils with differing numbers of councillors or Community Boards may not be the best way
- Can be administratively complicated.

### ■ Specified Salary Approach:

This approach would have the following key features:

- The Remuneration Authority would specify the base councillor salary for each council, based on an estimate of relative council size
- The Remuneration Authority would specify the base Community Board salary for each Community Board, based on an estimate of relative Community Board size
- The Remuneration Authority may allocate an amount for each council that could be used to increase councillors' salaries to recognise increased responsibilities, or be used for meeting fees.

Pros and cons for this approach are:

Pros:

- Councillors with similar job sizes would be paid the same
- Perceived greater fairness between councils
- Community Board members' pay may be fairer.

Cons:

- Removes some ability for councils to arrange their salaries and positions to best meet their particular circumstances
- Some councillors' salaries might have to 'mark time' or be reduced if the salaries are higher than the set base salary
- The Remuneration Authority would need to job-size more positions and to assess the proportion to which those positions are full time
- It might be difficult for the Remuneration Authority to assess the time and degree of complexity relating to the governance and representational aspect of councillors' jobs.

## 6. Pool Approach

### ■ How it will work

A pool approach would have the following features:

- A method to rank councils by 'size'. The 'size' will reflect the extent and complexity of the council's business. This can be done by job-sizing selected councils on the basis of the job size if the whole of the council's governance were carried out by a single person. Statistics (eg population, expenses) for the selected councils can then be used to find a combination of the statistics ('points formula') which gives roughly the same number of points for each council of the same size. The 'points formula' is then applied to all councils so that each council has a number of points allocated to it
- A method to determine a fair pool size in relation to points. This can be done, for sample councils, by assessing a fair salary for the councillors (taking into account the size of the job and assessed proportion to which the position is full-time), multiplying by the number of councillors and adding a margin for additional responsibilities to get a fair amount for each council's pool. An algorithm can then be found which translates the points for each of the sample councils to give the fair pool amount. The algorithm is then applied to the points for each council
- There may be some adjustments to the resulting pools to recognise:
  - a. Significant changes in an individual council's population base
  - b. The presence or otherwise of Community Boards
  - c. Efficiencies or additional responsibilities of Unitary Councils
  - d. Additional work of councils in years when there are District Planning reviews
- The Remuneration Authority may set some guidelines on minimum salaries and/or additional remuneration for additional responsibilities
- There may be some guidelines on the use and amount of meeting fees
- The Remuneration Authority will determine remuneration after considering recommendations by councils.
- The Remuneration Authority may issue some guidelines on appropriate additional salaries for sample positions with additional responsibilities.

### ■ Issues

Issues to be addressed for the pool approach:

1. How to establish 'correct' pool size and 'correct' relativities:
  - a. Build up from councillor job sizes and Remuneration Authority standard pay scales?
  - b. How should correct full-time proportions for councillors in different councils be assessed?
  - c. How much extra should be available for additional responsibilities?
  - d. Separate pools for Community Boards?
  - e. What proportion of Community Board salaries should come from the pool?
2. What statistics to use to establish 'correct' relativities between councils:
  - a. Population, assets, expenses?
  - b. What weights?
3. How to translate points to pool size:
  - a. Stepped algorithm or smooth curve?
  - b. Need to review whole process regularly to ensure it still remains fair and reasonable.
4. Should the Remuneration Authority set minimum councillor salaries for each council?

5. Should the Remuneration Authority set standard salaries and positions' descriptions for positions of responsibility?
6. Should meeting fees be allowed? Should rates and caps be standardised?
7. Should there be extra pool amounts for years in which district plans are reviewed?
8. Should there be some recognition of varying governance and representational roles between councils? How?
9. Should the representational roles of Community Boards be recognised by reducing the representational component of salaries for councillors whose wards include Community Boards? How?
10. Should a change multiplier continue to be used to recognise population growth (or decline) outside the average?
  - a. Does change in population numbers really make a difference to size of job or time required to do job?
  - b. What formula should be used to recognise growth or decline outside the average?
11. How should the additional responsibilities of Unitary Councils be addressed?
  - a. Use a Unitary multiplier (currently 1.25)?
12. How should the transition to new system be managed?
  - a. Minimum pools?



## 7. Specified Salary Approach

### ■ How it will Work

A Specified Salary approach would be likely to have the following features:

- The Remuneration Authority would set the base salary for each councillor for each local authority. The base salary is likely to be based on the job size and the proportion full time that is assessed as being needed for the position's responsibilities to be effectively carried. Research to date has indicated that there are about three different job sizes across all local authorities and the proportion full time ranges from 20% (equivalent to one day a week on average) to 80% (equivalent to 4 days a week on average). The relativities between local authorities (job size and proportion full time) will need to be determined.
- The Remuneration Authority will set the base salary for each Community Board member. The base salary is likely to take into account the population base of the Community Board and the level of delegation to the Community Board.
- An additional pool will be allocated to each local authority to enable the payment of additional salaries for additional responsibilities. It is possible that part of that pool could be used for meeting fees. The additional pool is likely to be based on a fixed percentage of the total of the base councillors' and community board members' salaries.
- The Remuneration Authority will determine the additional salaries and/or the meeting fees' rules after considering representations from the local authorities.

### ■ Issues

Issues to be addressed for the Specified Salaries approach:

1. Identification of sample councils from which to job size standard councillor positions and full-time proportions
2. What statistics are to be used to establish 'correct' relativities between councils:
  - a. Population, assets, expenses?
  - b. What weights?
3. Should the representational roles of Community Boards be recognised by reducing the representational component of salaries for councillors whose wards include Community Boards? How?
4. How much extra (over and above standard salaries) should be allowed for additional responsibilities?
5. Should the Remuneration Authority set standard salaries and position descriptions for positions of responsibility?
6. Should there be some recognition of varying governance and representational roles between councils? How?
7. Should there be some recognition of population growth (or decline) outside the average?
  - a. How?
8. Should meeting fees be allowed?
  - a. Standard rate?
  - b. Standard cap?
9. Should there be extra pool amounts for years in which district plans are reviewed?
  - a. How much?
10. How should the additional responsibilities of Unitary Councils be accommodated?
  - a. Use a Unitary multiplier (currently 1.25)?
11. How should the transition to a new system be managed?
  - a. Minimum pools?

## 8. Questions to which Responses are Sought

It will be helpful to the Remuneration Authority if respondents give their views on the following (as well as views on any other relevant matters):

1. Preferred approach – Pool or Specified Salary? Reasons?
2. The best ways of establishing relativities between local authorities
3. Appropriate local authorities to use as representational samples
4. Proportion full time appropriate for local authorities of differing sizes
5. Should meeting fees be allowed? Set rate and cap?
6. Should allowance be made for the extra work generated by planning reviews in the years in which District Plans are reviewed? How?
7. If the Pool approach is chosen:
  - a. Should the Remuneration Authority set a minimum salary for councillors?
  - b. Should the Remuneration Authority set a minimum salary for Community Board members?
  - c. What are the best statistics to measure relativities between councils? Population? Expenses? Assets? Capital?
  - d. Should pool size be set independently of the existence of Community Boards?
  - e. What portion of community board salaries should be met from the pool?
  - f. Should pool size be adjusted for abnormal population growth or decline?
  - g. What is the best way to recognise the additional responsibilities of Unitary Councils?
8. If the Specified Salary approach is chosen:
  - a. Should standard salaries reflect the existence of Community Boards (ie be reduced if there are Community boards)?
  - b. How much extra money should be allowed for additional responsibilities and/or meeting fees?
  - c. Should the Remuneration Authority set standard salaries and positions' descriptions for positions of responsibility
  - d. Should standard salaries be adjusted for abnormal population growth or decline?
  - e. What is the best way to recognise the additional responsibilities of Unitary Councils?

## Appendix A

### ■ Remuneration Authority's Obligations

The Local Government Act, Schedule 7 section 6, provides that:

1. The Remuneration Authority must determine the remuneration, allowances, and expenses payable to elected members
2. The Remuneration may do one or more of the following things:
  - a. Fix –
    - i. Scales of salaries
    - ii. Scales of allowances
    - iii. Ranges of remuneration
    - iv. Different forms of remuneration
  - b. Prescribe –
    - v. Rules for the application of those scales, ranges, or different forms of remuneration
    - vi. Rules for reimbursing expenses incurred by elected members
  - c. Differentiate –
    - vii. Between persons occupying different positions in different local authorities or community boards
    - viii. Between persons occupying equivalent positions in the same local authorities or community boards
    - ix. Make determinations that apply to individuals, or groups occupying equivalent positions
3. Section 19 of the Remuneration Authority Act applies.

The Remuneration Authority Act has the following provisions which apply to determinations made under the local Government Act:

Sections 18 and 18 A require the Authority when making determinations to have regard to, or to take into account:

- a. The need to achieve fair relativity with levels of remuneration achieved elsewhere
- b. The need to be fair to both –
  - a. The people whose remuneration is being determined, and
  - b. Taxpayers or ratepayers
- c. The need to recruit and retain competent people
- d. The requirements of the position concerned
- e. The conditions of service for those whose remuneration is being determined and conditions of employment for comparable positions
- f. Any prevailing adverse economic conditions.

Section 19 covers the frequency of determinations and adjustments to determinations.





Ref: LG09

## MEMORANDUM

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**Date:** 30 September 2011

**To:** Local Government Chief Executives

**From:** Mike Reid, Principal Policy Adviser, *Local Government New Zealand*

**Subject:** Remuneration Review

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The Remuneration Authority has recently initiated its long awaited review of the process for setting elected members' remuneration with the publication of a discussion document. The deadline for comment is the 10 November 2011 and *Local Government New Zealand* has established a working party to liaise with and provide feedback to the Authority.

In order to assist councils respond to the questions in the Discussion Document we have prepared this memo outlining our initial thinking (the Discussion Document is available from *Local Government New Zealand's* website at [www.lgnz.co.nz](http://www.lgnz.co.nz)).

If you have specific views on the issues raised in the Discussion Paper, or issues which, for one reason or another, have not been included, please do not hesitate to let me or one of the working party know. Members of the working party are:

Richard Kempthorne Mayor of Tasman <a href="mailto:richard.kempthorne@tasman.govt.nz">richard.kempthorne@tasman.govt.nz</a> PB 4 Richmond 7050	Adrienne Staples Mayor of South Wairarapa <a href="mailto:themayor@swdc.govt.nz">themayor@swdc.govt.nz</a> PO Box 6 Martinborough 5741
Dave Cull Mayor of Dunedin <a href="mailto:mayor@dcc.govt.nz">mayor@dcc.govt.nz</a> PO Box 5045 Dunedin 9058	Brendan Duffy Mayor of Horowhenua <a href="mailto:mayor@horowhenua.govt.nz">mayor@horowhenua.govt.nz</a> PB 4002 Levin 5540
Mick Lester Chair Community Board Executive Committee <a href="mailto:mglester@clear.net.nz">mglester@clear.net.nz</a> c/- PO Box 1214 Wellington 6140	Brian Lester Chief Executive Ashburton <a href="mailto:brianl@adc.govt.nz">brianl@adc.govt.nz</a> PO Box 94 Ashburton 7740
Kevin Lamb Administration Manager Waimakariri District Council <a href="mailto:levin.lamb@wmk.govt.nz">levin.lamb@wmk.govt.nz</a> PB 1005 Rangiora 7440	



## PROBLEMS WITH THE CURRENT SYSTEM

The current pool system has been in place for approximately 10 years. In comparison to the previous approach for setting elected members' remuneration it provides councils with considerably more discretion but over time has experienced a number of problems which have been identified by the Authority itself, for example:

- Lack of equity in what elected members earn between councils of similar size
- Problems created by the decision that half community board salaries should come from the councillors' pool
- Difficulties in maintaining relativities between councils
- Problems with the interim period following each election and the time taken to gazette remuneration schemes

To address these problems the Remuneration Authority has developed two options on which it is seeking the sector's views, an amended pool option and the option of specified salaries.

### **Question: which is better, pool or specified salary?**

Both approaches have the potential to address the problems created by the current remuneration model.

#### *Advantages with the pool model:*

The primary advantage of the pool model for councils is in having the freedom to develop bespoke governance arrangements and pay elected members accordingly.

There are however some downsides:

- 1 the time taken for new councils post elections to decide their governance and thus remuneration requirements
- 2 the perception held by some in the community that elected members are deciding their own remuneration
- 3 ongoing administration is more complex and time consuming for the Remuneration Authority.

#### *Advantages of the specified salary model*

- 1 Certainty of income immediately after election
- 2 Once relativities are determined the system should be less complex than the pool.

Disadvantages arise from the difficulty of developing a system that reflects the diversity of local government's governance arrangements. It is a complex task for the Remuneration Authority to distinguish between committee chairs with wide delegations and those with no delegations, or community boards with wide powers and those with none.

## ADDITIONAL QUESTIONS

### ***Determining community board salaries given different levels of delegation***

Whether calculating a separate pool for community boards or individual board salaries the two critical considerations are likely to be the populations serviced by the boards and their levels of delegation.

Q: what is the best method for distinguishing and categorising levels of delegation?

Q: are there other factors apart from population and delegations that need to be considered?

***Population is a major factor in determining the demands placed on an elected member.*** Currently the Remuneration Authority uses the 'normally resident' population in its formula. However, those districts which are popular holiday areas find their populations expand greatly over summer or winter (e.g. Queenstown Lakes DC) placing significant demands on elected members.

Q: Is there a way of calculating both normally resident and holiday populations to ensure elected members from 'holiday' towns are treated equitably?

**The pool system was introduced to provide councils with greater flexibility.** In recent years councils have experimented with different ways of organising their governance arrangements, such as doing away with committees and having individual portfolio holders.

Q: How important is this freedom to design bespoke or custom-made governance arrangements to councils?



## DISCUSSION DOCUMENT QUESTIONS

### Option 1 an amended pool system (Section 6)

The amended pool option attempts to keep the flexibility that councils have with the current pool system while addressing the problems identified above. Two key points with this option that appear to be an improvement are:

- Separate pool for each council rather than a single pool for all councils: should remove the problem caused by some councils growing faster than others and thus taking a bigger proportion of the existing pool.
- Pool calculated by sizing an elected member's job and multiplying that figure by the number of councillors: should make it easier for councils to review the number of elected members when undertaking representation reviews.

### Major Issues

1	How to establish correct pool size and relativities	Yes: build up from job sizing and the number of councillors Yes: separate pools for community boards as they provide an additional level of governance Yes: provide up to 5% of the salary pool for allocation to "extra" duties No: community boards salaries should be fully funded from their own pool
2	What statistics should be used to establish the correct relativities between councils?	Population and expenses (remove assets from the formula). The relativity should be 60% population and 40% expenses.
3	How to translate points to pool size	Regularly review to ensure outcomes are fair and reasonable
4	Should the Authority set minimum councillor salaries for each council	Probably not necessary
5	Should the Authority set standard salaries and position descriptions for positions of authority?	No, councils are too different, although discretionary templates would be helpful
6	Should meeting fees be allowed?	Yes, with standardised caps
7	Should there be some extra pool amounts for years when the district plan is reviewed?	Yes, but not just for district plan hearing committees, it could also fund portfolio holders and committee chairs.
8	Should there be some recognition of varying governance and	Yes: proportions will vary between territorial and regional councils. Territorial councils have a greater amount of representational responsibilities while

	representation roles?	regional councils have a larger governance component.
9	Should the representation role of community boards be recognised by reducing that component of councillor salaries?	No: community boards should be treated as a separate level of representation altogether.
10	Should there be a change multiplier to recognise the additional work in fast growing or declining councils?	No, but it is worth exploring whether some accommodation can be made for those councils which experience extreme population changes over the holiday periods.
11	How should the additional responsibilities of Unitaries be accommodated	Plus 25% seems a fair addition where councillors are less than full time
12	Transition	Minimum pools seems fine

In summary the amended pool option has the ability to address a number of the problem areas identified by councils while also providing councils with discretion to determine appropriate governance frameworks and remuneration.

## Option 2 Specified salary approach (section 7)

The specified salary approach requires the Remuneration Authority to set a base salary for each type of position in each local authority. A similar approach would be taken with regard to community board positions. In addition a pool would be available for additional one-off responsibilities such as district plan reviews with recommendations signed off by the Authority.

### Major Issues

1	Identification of sample councils from which to job size standard positions	Look for a representative sample of small large, rural urban, North and South Island.
2	What statistics should be used to establish the correct relativities between councils?	Population and expenses with a 60/40 ratio
3	Should the representation roles of community boards be recognised by reducing the representation roles of councillors?	No – size community board jobs separately
4	How much extra should be allowed for additional responsibilities?	5% of remuneration budget
5	Should the Authority set standard salaries and position descriptions?	Discretionary templates would be helpful
6	Should there be some recognition of varying governance and representation roles?	Yes – between territorial councils and regional councils.
7	Should there be a change multiplier to recognise the additional work in fast growing or declining councils?	No – makes the formula and the analysis too complicated.
8	Should meeting fees be allowed?	Difficult in a specified salary model, will only work in a pool system which allows councillors to split their income between salaries and meeting fees.
9	Should there be extra pool amounts for the year in which district plans are reviewed?	Yes
10	How should the additional responsibilities of Unitaries be accommodated	Yes – with an additional 25% where councillors are less than full time

11	Transition	Minimum pools

The specified salary approach should address many of the problems created by the current remuneration model however it does require the Remuneration Authority itself to gather considerable information about the different jobs within different councils.

A further problem faced by the Remuneration Authority with the specified salary model is how to decide how many committee chairs councils should be allowed and whether portfolio holders should be paid more than normal councillors. This may require the Authority to still approve council proposals.

### Additional questions (section 8)

1	Preferred approach and why	(See below)
2	The best way of establishing relativities	Take a bottom up approach based on the number of councillors, job sizing and degree of full time commitment (hours worked).
3	Appropriate councils to use as samples	(See Attachment)
4	Proportion of full time appropriate for local authorities of different sizes	Should be determined by the use of a formula based on population and expenditure of each council
5	Should meeting fees be allowed	Yes, some councils continue to find them valuable – and yes a cap would make sense. Salaries should be reduced by the proportion spent on meeting fees.
6	Should allowance be made for extra work like district plan reviews?	Yes, we recommend that 5% of the pool be made available for topping up the pay of elected members (including community board members) given additional responsibilities, such s a district plan review
7	<b>If a pool approach is taken?</b>	
a	Should the Authority set a minimum salary for councillors	Not necessary as the pool is determined on the basis of a generic full time wage with individual elected members paid a percentage of the full time wage, depending on the size of the job.
b	Should the Authority set a minimum salary for community board members?	The same approach could be used as that taken with councillors.
c	What are the best statistics for measuring relativities between councils?	Relativities should be based on a combination of population and expenditure with a weighting towards population.
d	Should pool size be set	Yes – we need to treat community boards as an

	independently of community boards?	additional level of governance.
e	What proportion of community board salaries should be met from the pool?	All community board salaries should be met from outside the councillor pool.
f	Should the pool size be adjusted for abnormal growth decline?	No
g	What is the best way to recognise additional responsibilities of unitary authorities?	A 25% top up where they are not full time.
8	<b>If a specific salary approach is taken</b>	
a	Should salaries be reduced where a council has community boards?	No, community boards are an additional level of governance.
b	How much extra money should be available for additional responsibilities?	The equivalent of 5% of the total salary bill.
c	Should the Authority set standard job specifications for positions of responsibility	Under this system yes.
d	Should standard salaries be adjusted for abnormal growth decline?	No, however adjustment might be justified for those councils experiencing extreme population changes over holiday seasons.
e	What is the best way to recognise the additional responsibilities of unitary authorities	Adjust the number of hours councillors are paid for

## **ATTACHMENT 1: APPROPRIATE COUNCILS TO USE AS SAMPLE**

Finding a sample of councils means achieving a mix according to population, degree of urban or rural characteristics; type of council such as territorial, regional and unitary and a selection from both islands. For example:

- Carterton District Council
- Central Hawkes Bay District Council
- Christchurch City Council
- Dunedin City Council
- Grey District Council
- Hurunui District Council
- Marlborough District Council
- New Plymouth District Council
- Porirua City Council
- Ruapehu District Council
- Southland District Council
- Stratford District Council
- Waipa District Council
- Wellington City Council
- Western Bay of Plenty District Council
- Napier City Council
- Environment Waikato
- Otago regional Council

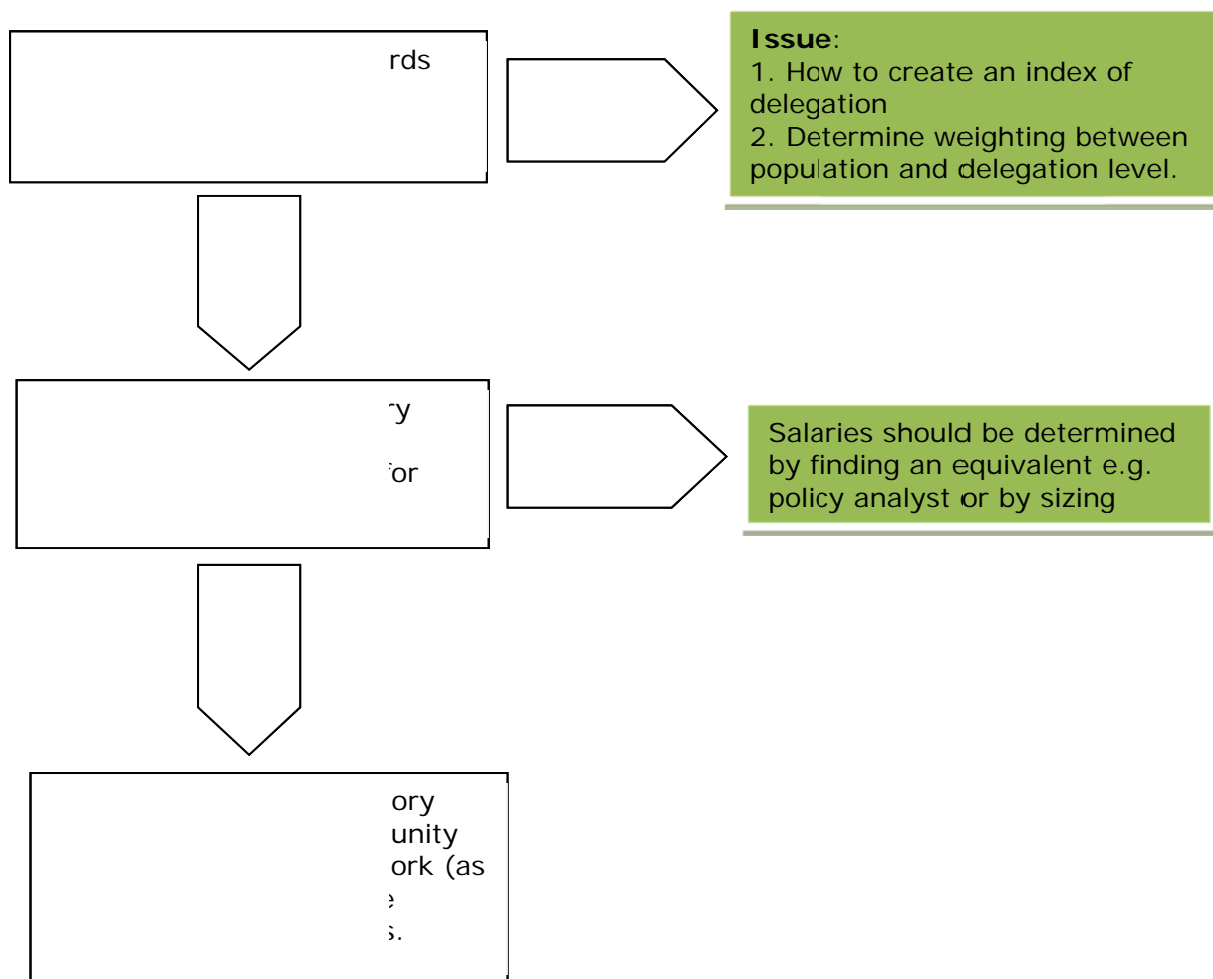
### **Community Boards**

We suggest that a sample of community boards should reflect differences between urban and rural and the level of delegations, for example:

- Hastings rural community board
- Thames Coromandel
- South Taranaki
- Christchurch
- Waikato District
- Wanaka community board

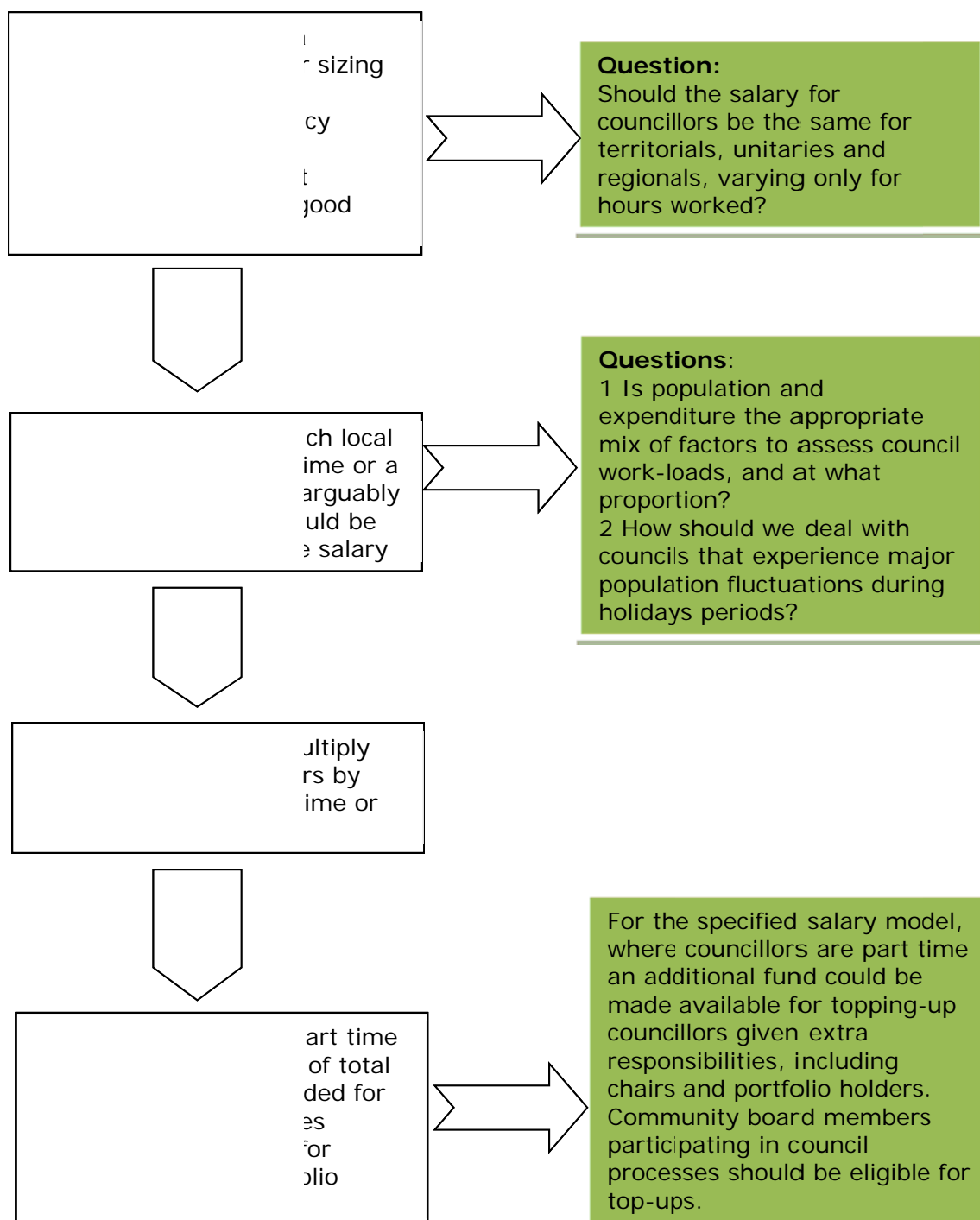
## ATTACHMENT 2

## Process for setting community board remuneration



## ATTACHMENT 3

## Process for setting councillor remuneration





## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

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

**MEETING DATE:** 8 NOVEMBER 2011

**REF:** FIN 9/1/9

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**ENDORSED BY:** ACTING CHIEF EXECUTIVE OFFICER

### **PURPOSE OF REPORT:**

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

### **STAFF RECOMMENDATIONS:**

1. That the report be received.

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

**NATHAN HOLE**  
**ACTING CHIEF EXECUTIVE**

## **ATTACHMENTS:**

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

## **PARTICULAR POINTS TO NOTE:**

### **Comparison with the Benchmark**

The Council's portfolio increased in value by 1.51%, whereas the benchmark portfolio increased in value by 1.86% over the quarter, therefore the Council's Portfolio underperformed compared to the benchmark. There are a number of reasons why Councils portfolio underperformed the benchmark index summarized as follows;

- The credit spreads for the Morgan Stanley 2012 and Merrill Lynch 2013 bonds increased quite sharply during the quarter. A credit spread is the spread between treasury Securities and Non-Treasury Securities that are identical in all respects except quality rating, effectively measuring the riskiness of a Non-Treasury Security to a Treasury Security. The reason for the increase in credit spreads was due to concerns about the US banking systems exposure to European and, in particular, Greek sovereign debt.
- The price for Deutsche Bank 2014 Floating Rate Note declined slightly while prices for similar duration securities increased in price.
- The overall duration of Councils portfolio did not increase until late in the quarter with the purchase of the new issue ANZ National Bank 2018 bond.

### **Movements in the Portfolio**

The portfolio stands at \$6.25 Million. The portfolio increased by \$0.602 million over the period. Details of the purchases are as follows:

- Bought \$0.50million of ANZ/National Bank maturing Sept 2018 with coupon of 6.08% at a yield of 5.96%
- Bought \$0.102million of ASB (Sub Debt) Bonds maturing November 2012 with a coupon of 8.77% at a yield of 5.00%.

At the end of September the weighted average running yield of Councils bond portfolio was 6.74%.

### **Policy Adherence**

- All financial market investments comply with the counterparty exposure limits as outlined in the Treasury Policy.
- All investments are readily tradable (liquid) on the secondary market.
- The duration of MDC's portfolio at 2.38 years is well within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.06 years.
- Assets category percentages are as follows (excluding the call deposit):
  - Corporates 20%
  - Registered Banks 64%
  - Local Authorities 16%

### **Financial Market Movements**

There were no movements in the Official Cash rate during the period.

# QUARTERLY PORTFOLIO REPORT

*PREPARED FOR*



*For the 3 months ending 30 September 2011*

**PREPARED BY BANCORP TREASURY SERVICES LIMITED**



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

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**PORTFOLIO REPORT  
FOR  
MACKENZIE DISTRICT COUNCIL**

**FOR THE THREE MONTHS TO 30 SEPTEMBER 2011**

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

The MDC's Long Term Funds Portfolio, on an open to close valuation basis with coupons received during the quarter included, increased in value over the quarter by 1.51%.

MDC Portfolio value 30 June 2011	<u>\$ 6,011,122</u>
MDC Portfolio value 30 September 2011	\$ 6,599,938
Add coupon payments	\$ 111,452
Net Purchases/Sales/Maturities	<u>\$ -609,501</u>
<b>Total</b>	<b><u>\$ 6,101,889</u></b>
Change in Effective Cash Value	+ 1.51%

The benchmark portfolio of fixed interest investments, on an open to close valuation basis with coupons received during the quarter included, increased in value by 1.86%.

Benchmark Portfolio Value 30 June 2011	<u>\$ 9,507,130</u>
Benchmark Portfolio Value 30 September 2011	\$ 9,610,771
Add Coupon Payments	<u>\$ 73,250</u>
<b>Total</b>	<b><u>\$ 9,684,021</u></b>
Percentage Change in Effective Cash Value	+ 1.86%

## PORTFOLIO ACTIVITY

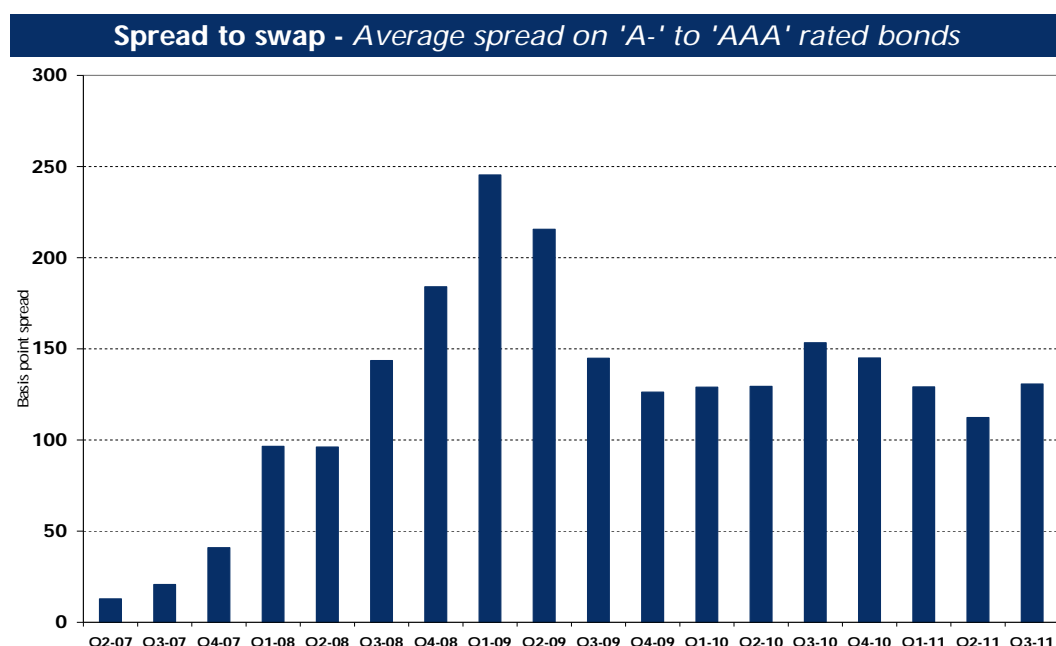
A summary of the performance of MDC's Long Term Funds Portfolio ("LTFP") during the September 2011 quarter is as follows.

- MDC's portfolio underperformed the benchmark index, increasing in value by 1.51% compared to the benchmark portfolio's increase of 1.86%.
- The running yield of the portfolio as at 30 September was 6.74%, well above the current 90 day bank bill rate of 2.85%.
- The nominal value of the portfolio increased by \$602,000 to \$6.25 million, during the quarter.

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
30 June 2011	2.50%	2.66%	2.89%	3.36%	3.76%	4.37%	5.16%
30 Sept 2011	2.50%	2.85%	2.92%	3.11%	3.34%	3.78%	4.51%
Change	Nil%	+0.19%	+0.03%	-0.25%	-0.42%	-0.59%	-0.65%

During the quarter, the yield curve flattened with short term rates moving up slightly while medium and longer term swap rates fell. The extent of the fall was more pronounced the further out along the yield curve the comparison was done. At the beginning of July, the market barometer of the steepness of the yield curve, that is, the spread between the 2 year swap rate and the 10 year swap rate was 180 basis points, by the end of the quarter it had decreased to 140 basis points. The main impetus for the contraction in the spread was the fall in longer term rates which was a result of the ongoing problems in Europe and the United States.

During the September 2011 quarter, credit spreads on the New Zealand bond market increased slightly, from an average of 112 basis points to 131 basis points, as the worsening global economic outlook resulted in credit markets around the world 'tightening up'. The increase in the credit spreads is depicted in the graph on the next page which shows the average spread for all NZD denominated bonds (with the exception of the supra-nationals) rated between 'A-' and 'AAA' since the second quarter of 2007.



Despite MDC's portfolio having a longer duration (2.38 years) than the benchmark index (2.06 years), the MDC portfolio underperformed the benchmark index during the quarter. The underperformance was due to three main reasons, as follows:-

- The credit spreads for the Morgan Stanley 2012 and Merrill Lynch 2013 bonds increased quite sharply during the quarter, by 70 basis points and 157 basis points respectively. This resulted in the outright yields for these bonds increasing over the quarter whereas the yields for other bonds with a similar maturity actually declined during the same period. Neither of these bonds is in the benchmark index. The reason for the increase in the credit spreads for these two bonds was due to concerns about the US banking systems exposure to European and, in particular, Greek sovereign debt. While this is a valid concern we do not see the need to liquidate these bonds at present, as a comprehensive plan is being formulated to solve the European/Greek debt issue (see next section).
- The price for the Deutsche Bank 2014 Floating Rate Note ("FRN") declined slightly during the quarter, from 95.27 to 93.88 (please note that as the Deutsche Bank is a FRN it trades at a price not a yield). Again, this decrease occurred over a period when other securities of a similar duration increased in price.
- While the duration of the portfolio was increased during the quarter with the purchase of the new issue ANZNational Bank 2018 bond, the increase did not occur until late in September by which time yields had fallen. A purchase was not made earlier in the quarter due to a lack of suitable investments.

There were no maturities during the quarter, however the nominal value of MDC's portfolio increased by \$602,000 up to \$6,250,000 due to two purchases being made, details of which are below.

- \$102,000 of ASB (sub debt) November 2012 bonds at a yield of 5.00%. The purchase increased the nominal amount of the holding of this bond to \$500,000.
- \$500,000 of ANZNational Bank September 2018 bonds at a yield of 6.08%.

### **GLOBAL MARKETS OVERVIEW**

By the end of the September quarter, world markets were spooked by the prospect that another recession might be imminent. Eurozone debt concerns continued to bubble with the fate of Greece hanging in the balance. As it stood there appeared to be two options for the beleaguered country, the first one being that Greece actually defaults on its debt obligations, with bondholders having to take a 'haircut' on their holdings of Greek sovereign debt. This would however have huge implications for European banks (who hold significant amounts of Greek debt) and which presumably would result in them needing to recapitalise their balance sheets, with assistance for this coming from the IMF and the EU. The second outcome is that Greece is simply not allowed to default, with French President Nicolas Sarkozy firmly of the view that this is the only option. Sarkozy stated that there is "*no credible alternative*" to giving aid to Greece, suggesting an expansion of the EUR440 billion European Financial Stability Facility to help deal with the problem.

Events in Europe overshadowed those in the US over the latter part of the quarter. However the US Federal Reserve ("Fed") in recognition of the deteriorating fiscal and economic situation adopted a two pronged

response, in an attempt to provide further stimulus to an economy which is groaning under the weight of a whopping USD1.6 trillion deficit annual deficit. Firstly at its August meeting it pledged to keep interest rates low *"at least through mid-2013"*, this replaced the previous *"for an extended period"* wording. Secondly in September it announced 'Operation Twist' which involves selling short dated Treasury bonds and buying long dated bonds, the objective being to reduce long term lending rates.

Price action for US 10 year Treasury bonds during the quarter reflected the safe haven buying patterns of nervous investors, who somewhat paradoxically regard the US Treasury bond market as a place to seek sanctuary in these challenging economic times. The benchmark US 10 year bond rate fell from 3.18% at the beginning of July to 1.91% by the end of September, reaching a low of 1.67% on 23 September. The previous low reached near the height of the GFC in late 2008 was 2.12%, thus providing a clear indication of the extent of the world's problems.

### **NEW ZEALAND OVERVIEW**

New Zealand was not immune to the fallout from the current global financial slowdown. This was recognised by the Reserve Bank of New Zealand ("RBNZ") when it released the September *Monetary Policy Statement* ("MPS"). Significantly, the MPS it excluded the reference made in the July *OCR Review* to the possibility of unwinding March's emergency 50 basis point rate cut which followed February's Christchurch earthquake.

The RBNZ noted *"global economic risks have increased"* and *"there is now a real risk that global economic activity slows sharply."* Specifically, with regard to monetary policy the RBNZ stated *"if recent global developments have only a mild impact on the New Zealand economy, it is likely that the OCR will need to increase. For now, given the recent intensification in global economic and financial risks, it is prudent to continue to hold the OCR at 2.5 percent."*

The GDP data for the June quarter certainly backed up the RBNZ's pessimistic outlook with the New Zealand economy growing by a meagre 0.1% for the quarter and 1.4% for the year. Market expectations had centred on an increase of 0.5%, with the RBNZ projection slightly above this at 0.6%. Business confidence has also taken a hit with the latest NBNZ business confidence survey showing a sharp decline with optimists down to 34.4% from 47.6% in the previous report.

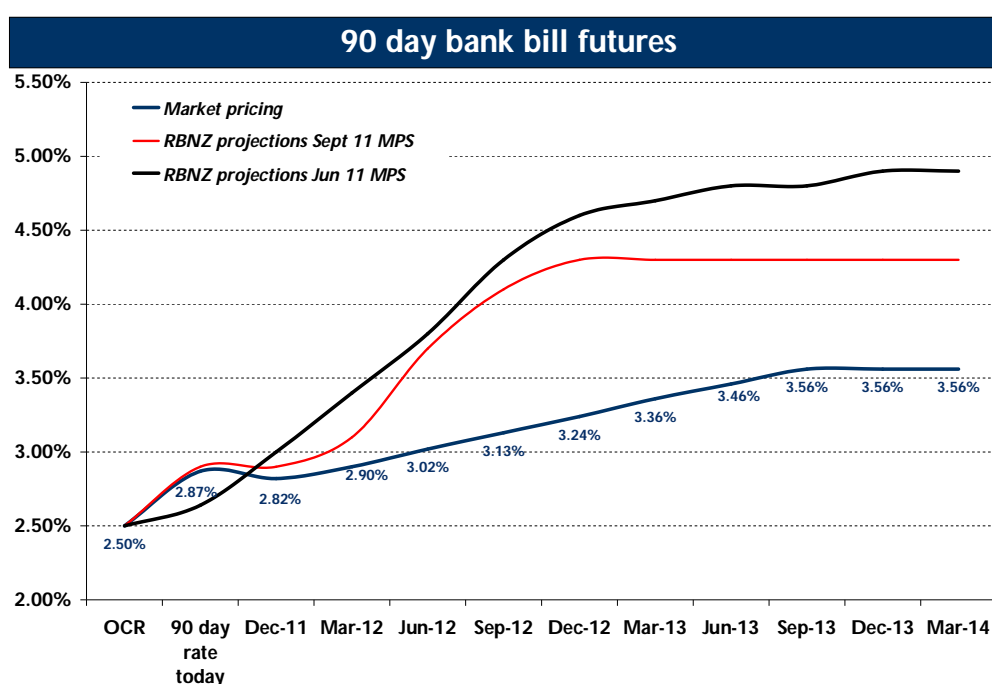
In the most recent blow to the New Zealand economy, ratings agencies Fitch Ratings ("Fitch") and Standard and Poor's ("S&P") lowered the country's credit rating at the end of September. Fitch came out first, downgrading New Zealand's long term rating from 'AA+' to 'AA', with a stable outlook, stating it is unlikely New Zealand will be able to reduce its current account deficit over the next few years in a sustainable way. S&P were quick to follow, cutting the long term foreign currency rating from 'AA+' to 'AA', and noting that that there is a likelihood that household and corporate debt will continue to rise, at the same time as earthquake related spending pressures and fiscal stimulus to support growth strain the government's ability to curb borrowing.

Medium and longer term interest rates in New Zealand followed the global trend lower, with the 5 year swap rate finishing the quarter at 3.78% and the 10 year rate at 4.51%, although these levels were some way off the lows of 3.62% and 4.28% respectively seen in late September, especially for the 10 year swap rate.

## **NEW ZEALAND OUTLOOK**

With little optimism around either the local or international recoveries, the RBNZ appears likely to sit on the sidelines for the foreseeable future. Inflation pressures remain muted and the rocky outlook certainly provides no justification for pre-emptive moves by the RBNZ. The interest rate outlook is all but flat over the next twelve months with current pricing in the Overnight Index Swap market showing that there is only a 48% chance of a 25 basis point hike in the OCR in June and that it is not until October that a 25 point hike is fully priced in.

The chart below shows the 90 day bank bill futures market pricing, depicting the RBNZ's assumed track for the 90 day rate from both the June and September *Monetary Policy Statements*, together with market pricing prevailing at the end of September.



Near term direction of New Zealand swap rates will be largely dependant on developments offshore, specifically in Europe, with volatility unlikely to decrease from the present elevated levels.

## **LOCAL AUTHORITY SECTOR**

After a flurry of bond issues by both rated and unrated local authorities in the June quarter, issuance volumes declined significantly in the September quarter. Judging from what bonds were issued, it appeared that margins initially stabilised around the levels that prevailed at the end of June, although late



in the September quarter there was some upward pressure evident as the credit markets adjusted to the worsening global economic position.

Margins for bank debt also were relatively unchanged from the end of June levels, with bank debt still a little more expensive than bond issuance of a similar tenor. This situation will most likely continue for some time as institutions jostle for scrip ahead of the expected introduction of the Local Government Funding Agency.

Below are details of issues by local authorities in the latter part of the quarter.

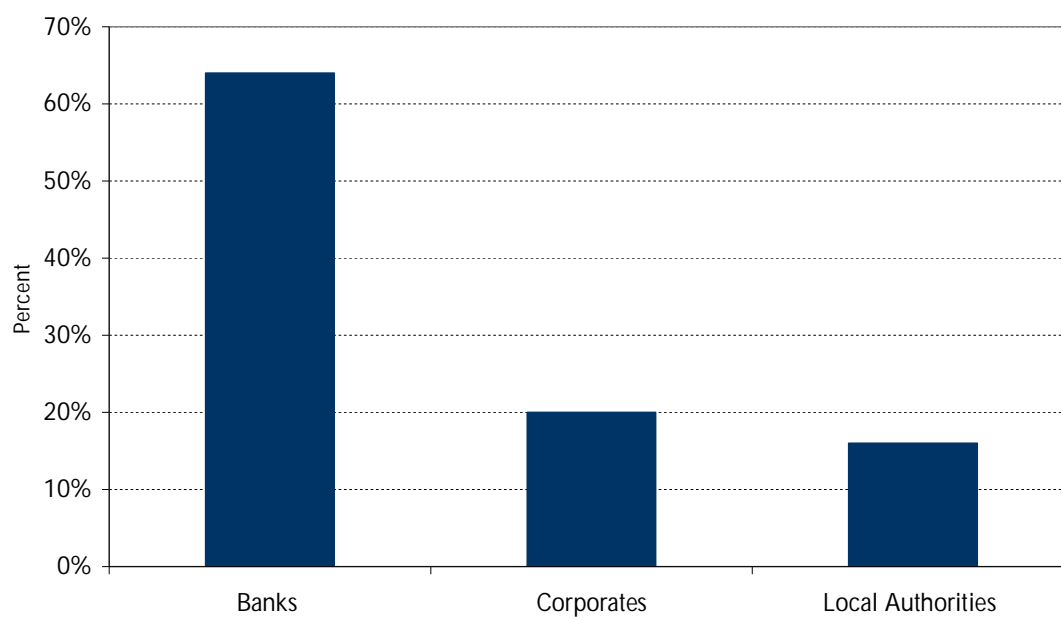
- Selwyn District Council issued \$15.0 million of 1 year Floating Rate Notes at a margin of 88 basis points over swap. It should be noted that the margin seems high when compared to other recent issues, albeit for a longer tenor, however Selwyn is perceived to have 'earthquake issues' which probably had a detrimental effect on the margin.
- Dunedin City Treasury issued \$50.0 million of 4 year Floating Rate Notes at a margin of 90 basis points over swap.
- Ashburton District Council issued \$2.0 million of 7 year fixed rate bonds in late September for settlement in October at a margin of 145 basis points over swap.

### **POLICY ADHERENCE**

- As at 30 September 2011, all financial market investments comply with the counterparty exposure limits.
- As far as liquidity is concerned, all of the bonds (with the possible exception of the Morgan Stanley and Merrill Lynch bonds) in the portfolio have been traded regularly on the secondary market over the quarter.
- The duration of the MDC portfolio at 2.38 years is within the 25% allowable fluctuation band of the benchmark portfolio's duration of 2.06 years.
- The asset category percentages comply with the Treasury Policy. These are listed below and are depicted in the graph below.

-	Registered Banks	64.00%
-	Corporates	20.00%
-	Local Authorities	16.00%

## Mackenzie Asset Category Percentages

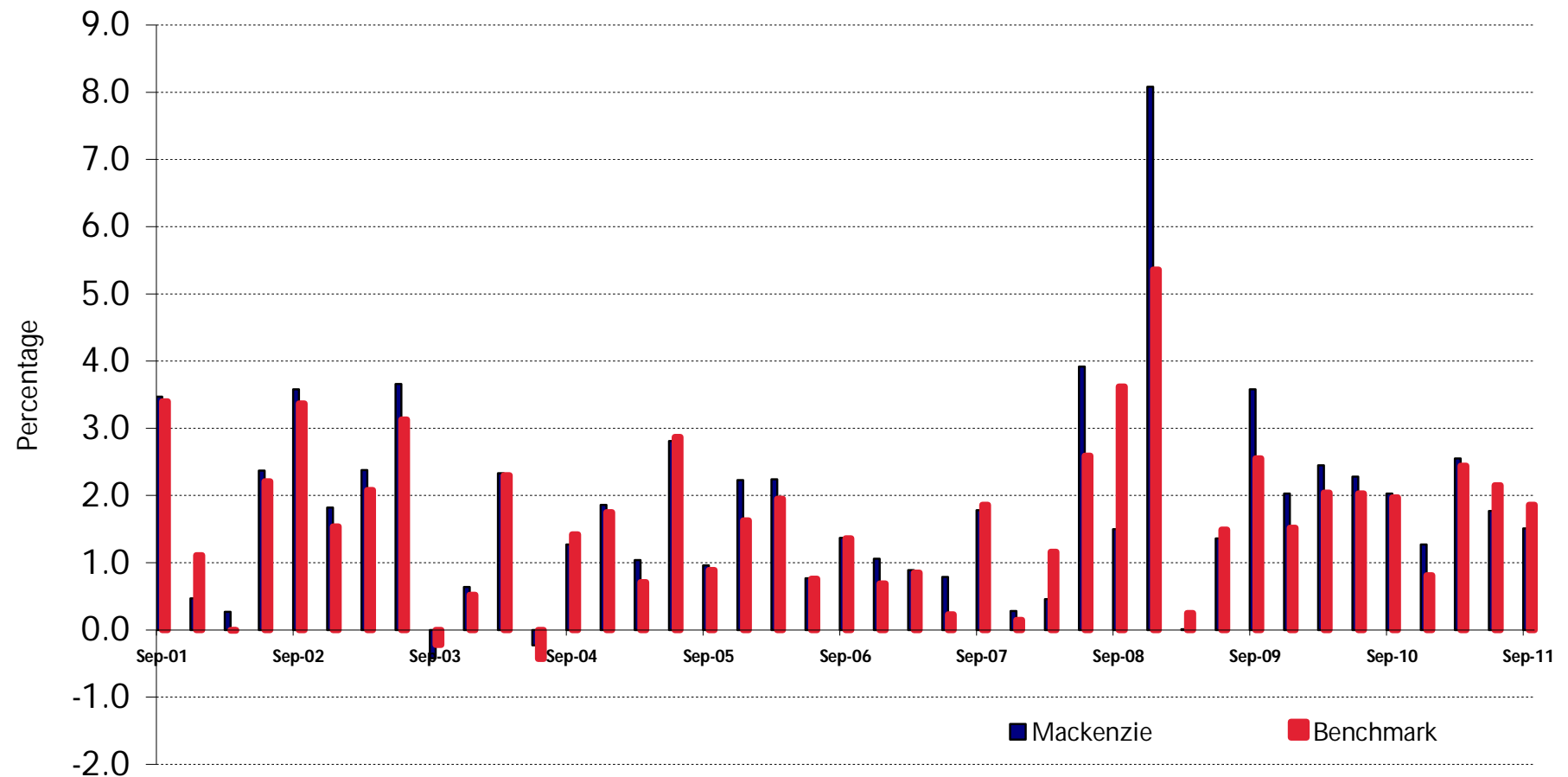


<b>Benchmark</b>											
<b>Security</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Coupon</b>	<b>30-Jun-11</b>	<b>Yield</b>	<b>Value</b>	<b>30-Sep-11</b>	<b>Coupons</b>	<b>Yield</b>	<b>Value</b>	<b>Effective cash</b>
				<b>Nominal</b>			<b>Nominal</b>				<b>30/09/2011</b>
				<b>\$</b>		<b>\$</b>	<b>\$</b>	01/07/ to 30/09		<b>\$</b>	<b>\$</b>
								<b>\$</b>			
3 month Bank Bill	30-Sep-11	31-Dec-11		1,000,000	2.66	993,340	1,000,000		2.85	992,868	992,868
NZ Post	15-Nov-06	15-Nov-11	7.10	1,000,000	2.97	1,024,115	1,000,000		3.07	1,031,564	1,031,564
ANZ National (sub)	16-Nov-07	23-Jul-12	8.23	1,000,000	4.97	1,069,234	1,000,000	\$41,150	4.89	1,041,607	1,082,757
Westpac	16-Sep-02	28-Nov-13	7.04	1,000,000	4.52	1,063,197	1,000,000		4.32	1,079,363	1,079,363
Auckland Council	20-Apr-04	24-Mar-14	6.42	1,000,000	4.45	1,067,193	1,000,000	\$32,100	4.02	1,057,238	1,089,338
Fonterra	21-Apr-04	21-Apr-14	6.86	1,000,000	4.58	1,072,484	1,000,000		4.18	1,094,694	1,094,694
BNZ	21-Apr-04	27-May-15	8.67	1,000,000	5.38	1,122,491	1,000,000		4.91	1,154,066	1,154,066
ASB	20-Oct-10	20-Oct-15	6.10	1,000,000	5.51	1,034,080	1,000,000		5.07	1,064,455	1,064,455
Chch City Holdings	27-Jun-10	27-Jun-16	6.87	1,000,000	5.47	1,060,996	1,000,000		5.02	1,094,915	1,094,915
				<u>\$9,000,000</u>		<u>\$9,507,130</u>	<u>\$9,000,000</u>	<u>\$73,250</u>		<u>\$9,610,771</u>	<u>\$9,684,021</u>
Value as at 30/06/2011						\$9,507,130			30/09/2011		9,610,771
									Coupons		73,250
									Net Purchases/Sales		Nil
											9,684,021
									Effective change in cash		\$176,890
									% change		1.86%
									Duration-years		2.06

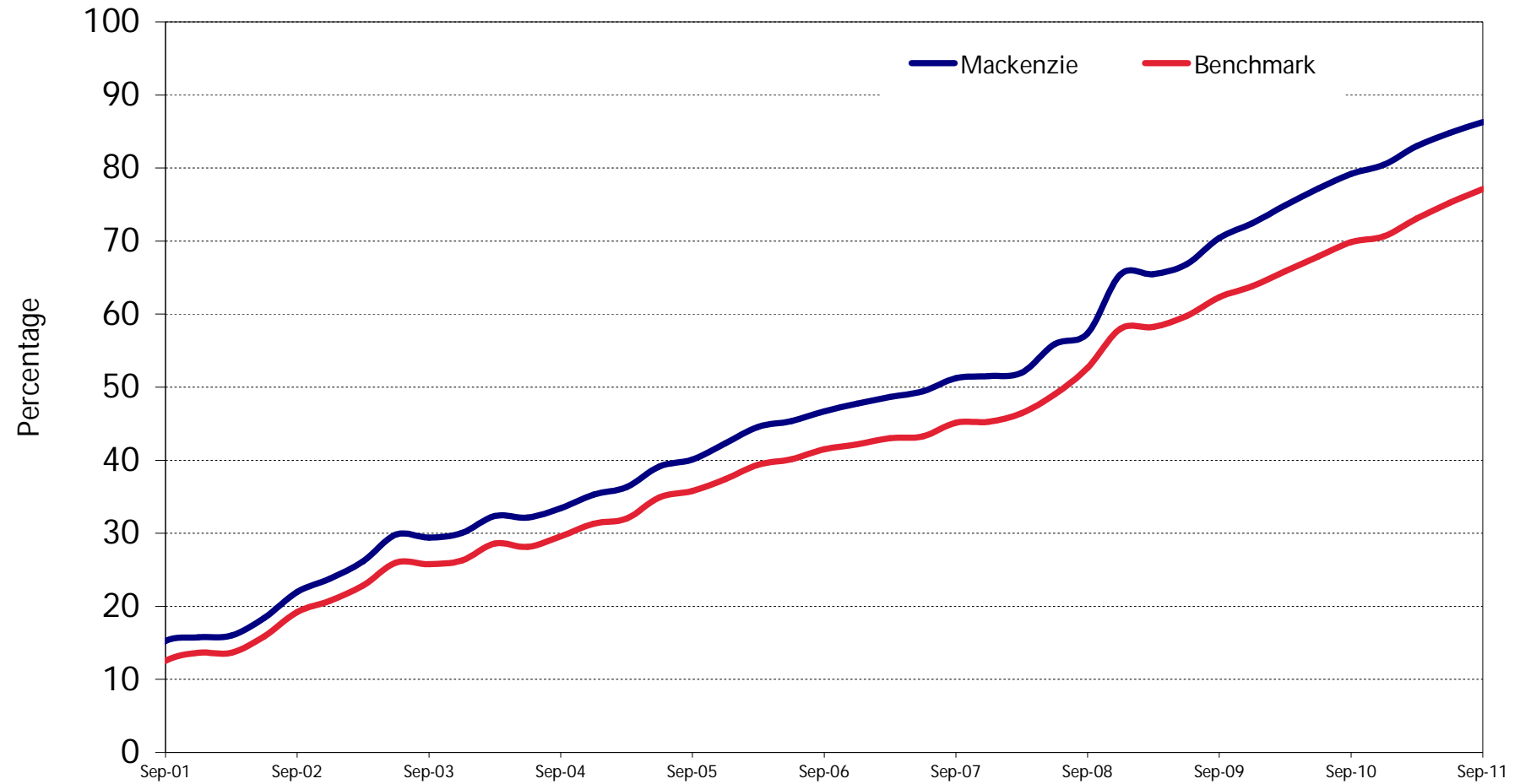
## Mackenzie District Council

Security	Issue Date	Maturity Date	Coupon	30-Jun-11	Yield	Value	30-Sep-11	Coupons 01/07/ to 30/09	Yield	Value	Effective Cash 30/09/2011
				Nominal \$			Nominal \$				
TELSTRA	24-Nov-04	24-Nov-11	6.99	500,000	3.21	510,934	500,000		3.32	514,935	514,935
ANZ NATIONAL sub	2-Mar-07	2-Mar-12	7.60	250,000	4.74	260,858	250,000	9,500	4.85	254,292	263,792
ANZ NATIONAL sub	2-Mar-07	2-Mar-12	7.60	250,000	4.74	260,858	250,000	9,500	4.85	254,292	263,792
ANZ NATIONAL sub	23-Jul-07	23-Jul-12	8.23	250,000	4.97	267,308	250,000	10,287	4.89	260,402	270,689
MORGAN STANLEY	6-Sep-05	6-Sep-12	6.86	500,000	4.83	522,317	500,000	17,150	5.46	508,526	525,676
ASB Bank	15-Nov-07	15-Nov-12	8.77	398,000	4.92	422,457	500,000		4.89	537,381	537,381
ANZ NATIONAL	18-Apr-08	18-Apr-13	9.66	500,000	9.66	533,995	500,000		9.66	538,500	538,500
BNZ	27-May-08	27-May-13	8.56	500,000	4.31	542,438	500,000		4.14	549,662	549,662
ASB	16-Jul-08	16-Jul-13	8.52	500,000	4.44	558,847	500,000	21,300	4.22	545,509	568,473
MERRILL LYNCH	4-Sep-05	4-Sep-13	7.16	250,000	5.19	265,739	250,000	8,937	6.44	254,477	263,414
DEUTSCHE	16-Jun-04	16-Jun-14	7.14	250,000	3.48	238,175	250,000	2,253	3.60	234,705	236,958
ROTORUA DC	25-Sep-09	25-Sep-14	6.49	500,000	4.83	533,100	500,000	16,225	4.43	528,957	545,182
BNZ	27-May-08	27-May-15	8.67	500,000	5.38	561,246	500,000		4.91	577,033	577,033
AUCKLAND COUNCI	27-Sep-10	27-Sep-17	6.52	500,000	5.58	532,848	500,000	16,300	5.08	537,061	553,361
ANZNATIONAL	20-Sep-11	20-Sep-18	6.08				500,000		5.96	504,206	504,206
				\$5,648,000		\$6,011,122	\$6,250,000	\$111,452		\$6,599,938	\$6,713,054
Value 30/06/2011						\$6,011,122					
							Value 30/06/2011				
							Coupons				
							Net purchases/sales/maturities				
							Effective change in cash				
							% change				
							Duration-Years				

## Mackenzie vs Benchmark - Quarterly



## Mackenzie vs Benchmark - Cumulative



## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE

**FROM:** MANAGER – FINANCE AND ADMINISTRATION

**SUBJECT:** MACKENZIE TOURISM AND DEVELOPMENT TRUSTEES' TERMS OF OFFICE

**MEETING DATE:** 8 NOVEMBER 2011

**REF:** LAN 7/1/1

### **PURPOSE OF REPORT:**

At the Mackenzie Tourism and Development Trust meeting on 28 September 2011 the Trustees recommended terms of office to the Council.

### **RECOMMENDATIONS:**

1. That the report be received.
2. That the Council confirms the following terms of office for the Mackenzie Tourism and Development Trustees:
 

1 year	Paul Morris and John Bishop
2 years	Cathy Hemsworth
3 years	Jim Scott and Ken Davidson

**PAUL MORRIS**  
**MANAGER – FINANCE AND ADMINISTRATION**

**NATHAN HOLE**  
**ACTING CHIEF EXECUTIVE OFFICER**

## **MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE  
**SUBJECT:** ANNUAL REPORT SUMMARY FINANCIAL YEAR  
ENDED 30 JUNE 2011  
**MEETING DATE:** 8 NOVEMBER 2011  
**REF:** FIN 1/4/2  
**FROM:** MANAGER – FINANCE AND ADMINISTRATION  
**ENDORSED:** ACTING CHIEF EXECUTIVE OFFICER

### **PURPOSE OF REPORT:**

Council is required under Local Government Act 2002 Sec 98 4(b), to make publicly available, a summary of the information contained in its Annual Report.

Sec 98 (5) requires the summary to fairly and consistently represent the information regarding the major matters dealt with in the Annual Report.

### **RECOMMENDATIONS:**

1. That the report be received.
2. That the Annual Report Summary for the year ended 30 June 2011 be adopted and the Manager of Finance & Administration be authorized to publicly release the summary.

**PAUL MORRIS**  
**MANAGER – FINANCE AND ADMINISTRATION**

**NATHAN HOLE**  
**ACTING CHIEF EXECUTIVE OFFICER**





# Mackenzie District Council

## Annual Report Summary

2010—2011

### Statement from the Mayor and CEO

The year ending 30 June 2011 was a challenging one for Council as the national economy remained flat, our local growth dividend diminished from what we have enjoyed in recent years and investment returns were reduced.

Council continued to make steady progress in several areas in the face of these challenges and successfully adjusted its rating regime to moderate some of the more extreme effects of the latest District revaluation.

The progress we have made is due to the dedication and effort of both elected members and staff and it is appropriate to acknowledge the efforts and successes of the Mackenzie team.

#### Financial Overview

During the year ended 30 June 2011, the Council recorded an operating deficit of \$685,000 compared with a budgeted surplus of \$1,051,000. The budget includes \$1,090,000 of real estate sales. Only \$207,000 was realised and was recorded as other gains/(losses).

The Council's net operating expenditure (excluding depreciation and asset impairment) was \$7,156,000, \$23,000 ahead of the budget of \$7,133,000 primarily due to the expenses of Plan Change 13 not being able to be capitalised as planned. The 2010 figure was \$7,314,000.

Operating revenue was \$9,804,000 (net of vested asset income nil, forestry revaluation. \$82,000, carbon credits \$140,000, investment revaluations \$82,000 and write downs of assets available for sale \$372,000) \$599,000 below the budget of \$10,403,000. This was principally due to delays in completing a planned property sale in Tekapo. The comparable figure from 2010 was \$10,583,000.

#### Performance Measures

Of the 101 performance measures reported against in the Plan, 61 were fully achieved, 25 were not achieved and 15 were either not measured or were not applicable to the current year. These results were broadly similar to those achieved in 2010 where the comparable figures were 106, 65, 21 and 20.

#### Capital Works

A total of \$2,547,000 of capital work was undertaken during the year which was 77% of the budget of \$3,294,000 (excluding vested assets).

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

Work	Budget (\$'000's)	Actual (\$'000's)
Fairlie main water pipeline	600	472
Eversley sewage reticulation	165	162
Urban reseals	166	199
Rural reseals	184	288
Metalling & pavement rehabilitation	470	451
Minor safety works	183	110
Hangar & crosswind runway – Pukaki Airport	-	236
Total major projects	1,768	1,918
Other minor projects	1,526	629
	<b>3,294</b>	<b>2,547</b>

#### Governance

The elections in October 2010 drew a voter turnout of 66% and were run smoothly by council staff. The outcome saw a number of new faces around the Council table. John O'Neill, Mayor since 2004 and councillor since 1998, did not seek re-election and was succeeded by Claire Barlow. Other newly elected members were all in the Pukaki Ward, where John Bishop, Peter Maxwell and Annette Monney joined returning Opuha Ward Councillors Graeme Page, Graham Smith and Evan Williams. Former Councillors Simon McDermott (1998-2010) Dave Pullen (2004-10) and Leon O'Sullivan (2007-10) did not seek re-election as Councillors. The four retiring members contributed a total of thirty three years of service to the community as councillors or mayor, which is a remarkable record.

The elections also saw new members on Council's three community boards. Ashley Shore and Julia Bremner were elected in Fairlie, Ian Radford was elected in Tekapo and Elaine Curin and Kieran Walsh were new members in Twizel.

The transition to the new bodies went smoothly with an orientation programme provided for new members and other training opportunities

undertaken.

The incoming Council and community boards were soon busy with the budget round for the 2011/12 year. A different approach was taken with the Annual Plan, trying to present the contents in a more readable way and actively seeking feedback on a number of issues. The response from the community was heartening with a total of 201 submissions being received.

It has also been pleasing to see community boards becoming more proactive in setting local priorities and either taking the lead or facilitating others in advancing a number of community projects. These include the greenway developments in Twizel, the village green and streetscape improvements in Fairlie and the footbridge, playground, sundial and solar system model in Tekapo.

#### Water Supplies

The provision of water for both urban and farming purposes remains a key strategic issue for the District. The implementation of the Canterbury Water Management Strategy in the Mackenzie will be a challenging task as utilisation of alpine water for down country land is opposed by some and a careful balance has to be struck between economic, environmental and cultural interests. During this year, two

zone implementation committees were established in the area with Council represented on both the Upper Waitaki and the Orari Opihi Pareora committees.

Upgrading of the Council's supplies to meet national water standards is another significant challenge with the large capital costs of improvements having to be borne by a very small number of ratepayers.

During the past year, the main pipeline servicing the Fairlie township was renewed from the reservoir through to the township at a cost of \$472,000, less than originally anticipated.

Council proposed as part of its annual plan consultation that temporary chlorination be installed in the Twizel Water Supply, which has not been treated for many years. Council decided to proceed with this after gauging the responses from Twizel residents and ratepayers.

Progress on other areas of capital spend has not been so good. The key strategic decision on whether to relocate the Twizel water supply has still to be made and investigations are still continuing.

The renewal of the existing Twizel water supply consent was still outstanding at 30 June 2011. At Manuka Terrace, testing of existing bores did not yield satisfactory results and more work will be needed here.

Design work for a new treatment regime for Tekapo was not completed.

Upgrading water schemes to required standards needs a health risk assessment of each catchment to be agreed with the Ministry of Health. This work is behind schedule.

### **Sewerage**

Council completed the extension of the Fairlie sewerage reticulation into the Eversley Reserve to alleviate a long standing issue with poorly functioning septic tanks in an area with high ground water. A small bore pressure sewerage system has been installed at a cost of \$236,000 for on-property works and \$162,000 for reticulation. Residents have until January 2012 to connect their houses to the new system.

Upgrading of the Twizel oxidation ponds was required when Council obtained a renewal of its existing resource consent. The disposal trench was shortened, and the ponds reconfigured to improve treatment. Meters still have to be installed and the trench fenced off.

Negotiations with the adjoining land owner to purchase land for rapid infiltration ponds have not progressed. At Tekapo a small extension to the existing disposal field drainage system was designed and installed to resolve a problem.

### **Stormwater**

Some work has been done on the ongoing Regional Council administration charges for discharge of stormwater from residential properties in Twizel and elsewhere. The possibility of Council taking over some form of global stormwater consent has been mooted but no resolution was reached during the past year.

### **Solid Waste**

The past year saw a major change in Council's means of dealing with solid waste. A heads of agreement was signed with Envirowaste Services Ltd for a ten year contract to undertake this work on behalf of Council. Wheelie bins have replaced plastic bags as the main means of collecting household refuse. From 2012 targeted rates will bear a greater proportion of the costs of the operation. Twizel will be the hub for sorting recyclable material with residual waste compacted and disposed of at a facility in Winton, Southland. The mothballed Vertical Composting Unit will not be required and will be sold.

Consultation on this change showed strong community support for such a change which came into effect on 3 October 2011.

### **Roading**

The capital programme for the year included the replacement of a small bridge at Lake Alexandrina and the widening of the Clayton Road seal where 1km was completed before the threat of poor weather caused the remainder to be deferred until Spring 2011.

Resealing and road metalling made up the bulk of the capital portion of the programme \$487,000 of reseals were completed and \$406,000 worth of metalling undertaken.

A successful initiative this year was the introduction of clay to maintenance metal and wearing course aggregate to compensate for the lack of fines and poor cohesion of maintenance metal available in the area. Initial results have been encouraging with a 17% reduction in grading required.

Safety footpaths were installed on Mt Cook Road and Nixons Road in Fairlie, a new access road was formed at Lake Ruataniwha and the boat ramp roads upgraded. In Tekapo, Alexandra Terrace was formed and sealed.

Council's contractor has focused attention on improving substandard drainage on targeted roads including work on Godley Peaks Road and Braemar Road. Pavement failures resulting from drainage failure were repaired as part of this work.

During the year the Council tendered its road-maintenance contract which was successfully won by the incumbent contractor Whitestone Ltd for a three year period with two one-year extensions based on perfor-

mance.

Council reviewed its bridge stock and committed to a programme of progressive replacement.

The Council also decided to take responsibility for the ownership of Hayman Road from the penstocks of Tekapo B to State Highway 8 after it negotiated a contribution towards deferred maintenance from Meridian and Genesis.

### **Planning and Regulation**

Two major projects dominated activity in resource management during the year. Significant planning changes for Twizel township were incorporated into Plan Change 15 which was agreed to by Council in July 2011. No appeals were lodged. The degree of work was greater than expected which caused an initial delay in publicly notifying the change.

The Mackenzie Basin plan changes were appealed to the Environment Court which concluded its hearing in August 2010. No decision had been released by the Court by 1 November 2011.

Plans to incorporate existing guidelines for the Lake Alexandrina settlements into the District Plan did not proceed.

During the year consent was granted to Meridian Energy for the construction of a small hydro facility at the Pukaki outlet dam.

Compliance with statutory timeframes varied during the year:

Resource Consents—100% compliance (target 95%)

Land Information Memorandums—97% compliance (target 100%)

Building consents were issued in accordance with the required timeframes 99% of the time, better than the target of 95%. Building Consent Authority accreditation was maintained during the year.

Due to staff shortages, there were delays in following up unregistered dogs this year, which led to 100 known dogs remaining unregistered at year end.

### **Community and Recreational Facilities and Services**

A highlight of the year was the completion of extensions to the Fairlie Medical Centre with much of the fundraising facilitated by the Mackenzie Medical Trust.

Council also assisted a community group with the installation of a new playground and stage at the Village Green in Fairlie. The entrance to the Twizel Events Centre was refurbished as the major township project there.

Resource Consent was not granted for the proposed Lake Tekapo Community Centre on

Its lakeside site and there has been a degree of rethinking and further consultation on the priorities for community facilities in the township. Council has agreed to provide seed funding for the Tekapo Footbridge and other community based projects such as the playground and sundial have been supported.

Lighting was installed on the Tekapo walkway and replacement equipment purchased for the existing community hall.

In Twizel work also continued on the Twizel greenway upgrading and trees on the State Highway 8 frontage were cleared for later re-planting. The pool was repainted and new covers installed.

The outside of the Community Centre was repainted and seats in the theatre refurbished.

New arrangements were agreed with Mackenzie College for the operation of the Community Library.

Other work included refurbishment of a pensioner flat in Twizel, improvements to the Council offices in Fairlie and Twizel, new toilets at Lake Alexandrina and internal repainting of halls at Albury and Sherwood.

#### Commercial Activities

The Forestry Board's financial health has been partly restored as a result of the sale of carbon credits which have maintained cash flow during a period of limited timber sales.

Real estate activity was largely limited to the conclusion of the planned sale of the leased Tekapo Camping Ground. Other plans to develop Village Centre land at Tekapo have been progressed with a partnership entered into with a commercial party for that purpose.

Section sales at the Pukaki Airport have been halted due to the depressed real estate market but Council did approve two initiatives by the Board – the installation of a grass cross-wind runway and the construction of a hangar that is planned to be leased.

Council also revisited its policy on the use of investment income. From next year, between 40-50% of the general rate requirement can be offset by investment interest and any surplus retained for other purposes. Council felt that there should be limitations on how much of its interest income should be used for normal operations.

#### Other Activities

During the year, there were ongoing concerns about the financial performance of the Mackenzie Tourism and Development Trust, which is a Council controlled organisation. Council offered loan assistance but was reluctant to increase its rating contribution until it had a clearer direc-

tion on the sustainability of all of the Trust's operation. After balance date new trustees were appointed by Council.

The Trust's work in securing government funding to construct an Alps to Ocean cycle trail culminated in an agreement with Waitaki District Council to manage the ongoing operation of the trail through a Council controlled organisation.

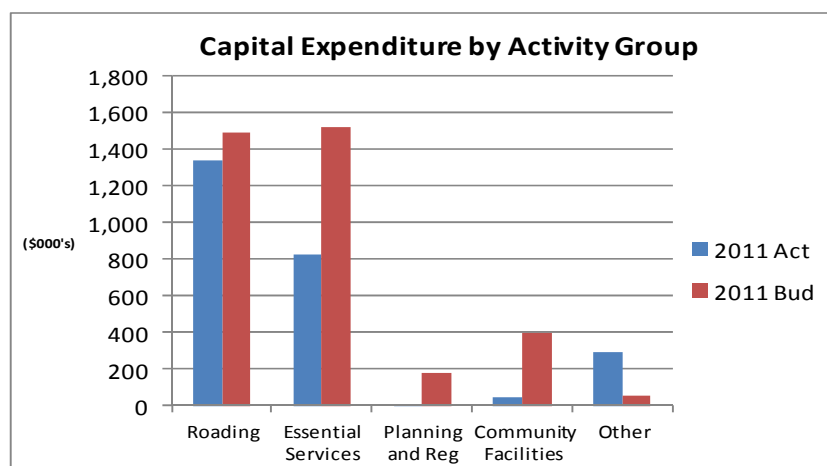
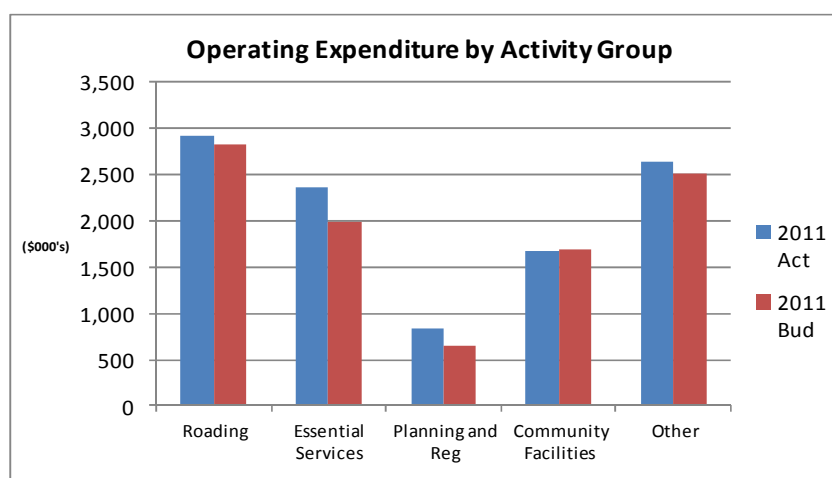
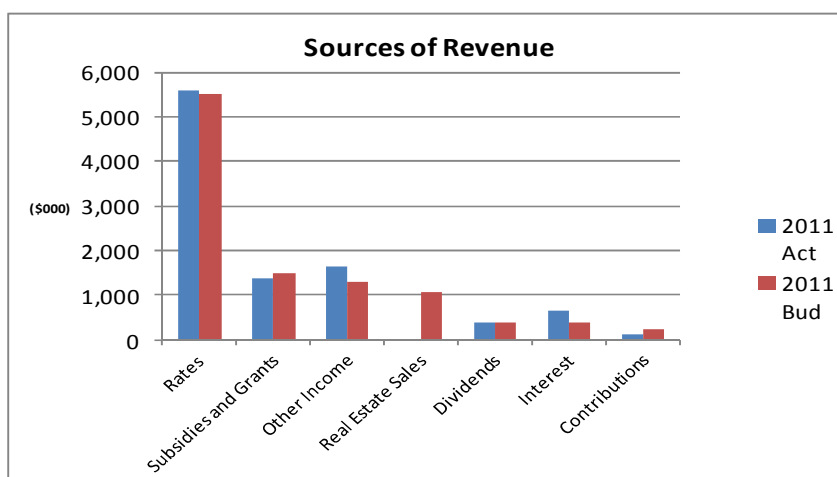


Nathan Hole  
Acting Chief Executive Officer



Claire Barlow  
Mayor

## Key Financial Highlights



## Summary Statement of Service Performance for the Year Ended 30 June 2011

Mackenzie District Council aims to contribute to the economic, environmental, social and cultural wellbeing of the community by helping to realise 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.

The following are the key performance measures which have been extracted from the full Statement of Service Performance

### Significant Activity - Governance

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>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.</li> <li>No identified breaches of the Local Government (Official Information and Meetings) Act 1987.</li> </ul>	<ul style="list-style-type: none"> <li>At least 9 meetings of Council held during the year, and 20 meetings of Council committees.</li> <li>No identified breaches of the Local Government (Official Information and Meetings) Act.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved ((2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>A summary of the long-term council community plan, annual plan and annual report is sent to all ratepayers annually.</li> </ul>	<ul style="list-style-type: none"> <li>Number of special consultations held during the year and number of submissions made in response.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>Community boards meet regularly and provide recommendations on local issues to Council.</li> </ul>	<ul style="list-style-type: none"> <li>Each Community Board meets eight times during the year.</li> <li>Recommendations including budget submissions are forwarded to Council for approval</li> </ul>	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>

### Significant Activity - Water

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Access the level of E coli in the drinking water supply.</li> <li>Scheduled monitoring completed.</li> <li>No failure to issue boil water notices when hazard identified.</li> </ul>	<ul style="list-style-type: none"> <li>Fairlie, Tekapo, Burkes Pass and Allandale 100% compliance.</li> <li>100%</li> <li>100%</li> </ul>	<p>Achieved (2009-2010 Achieved)</p> <p>Not Achieved (2009-2010 Not Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>Complete Public Health Risk Management Plans (PHRMP).</li> </ul>	<ul style="list-style-type: none"> <li>Complete catchment risk assessments for five catchments. Determine design parameters for new treatment in Tekapo.</li> </ul>	<p>Not Achieved (2009-2010 Not Measured)</p>
<ul style="list-style-type: none"> <li>Maintenance budget is sufficient for both planned and reactive maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance programme is achieved.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>No disruption exceeds eight hours.</li> <li>Normal duration of 90% of disruptions is less than six hours.</li> </ul>	<ul style="list-style-type: none"> <li>100%.</li> <li>100%.</li> </ul>	<p>Not Achieved (2009-2010 Not Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>Set achievable budgets for the available resources and complete what we plan each year.</li> </ul>	<ul style="list-style-type: none"> <li>Work planned is completed within budget.</li> </ul>	<p>Not Achieved (2009-2010 Not Achieved)</p>
<ul style="list-style-type: none"> <li>All resource consent conditions are complied with.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance.</li> </ul>	<p>Not Achieved (2009-2010 Not Achieved)</p>

### Significant Activity - Sewerage

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Pump stations cope with effluent volumes.</li> </ul>	<ul style="list-style-type: none"> <li>No sewage overflows from pump stations.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p>

## Summary Statement of Service Performance for the Year Ended 30 June 2010 cont...

### Significant Activity - Sewerage

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Systems operate with minimal disruption due to blockages.</li> </ul>	<ul style="list-style-type: none"> <li>Annual blockages are less than six per 10km of sewer.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Effluent is treated to required standards of resource consents.</li> </ul>	<ul style="list-style-type: none"> <li>All resource consent conditions are met.</li> </ul>	Not Achieved (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>Sewage is able to be disposed of without significant disruption.</li> </ul>	<ul style="list-style-type: none"> <li>Temporary or permanent repairs within 6 hours (during working hours) or 9 hours (outside working hours).</li> </ul>	Achieved (2009-2010 Achieved)

### Significant Activity - Storm Water

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Specified flood event protection is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>No complaints about damage caused by flooding.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>All resource consent conditions are met.</li> </ul>	<ul style="list-style-type: none"> <li>100% Compliance.</li> </ul>	Not Achieved (2009-2010 Not Achieved)

### Significant Activity - Roading

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>The average roughness of urban roads as measured by NAASRA counts</li> <li>The % of measures exceeding 150 NAASRA counts.</li> <li>The average roughness of rural roads as measured by NAASRA counts.</li> <li>The % of measures exceeding 110 NAASRA counts.</li> </ul>	<ul style="list-style-type: none"> <li>Average &lt; 100 counts</li> <li>&lt;10%.</li> <li>Average &lt; 80 counts</li> <li>&lt;10%</li> </ul>	Not Measured (2009-2010 Not Measured) <i>This measure covers all four targets.</i>
<ul style="list-style-type: none"> <li>Mackenzie's urban and rural sealed roads are smoother than the national average.</li> </ul>	<ul style="list-style-type: none"> <li>Smoothness is higher than the National average.</li> </ul>	Not Measured (2009-2010 Not Measured)
<ul style="list-style-type: none"> <li>For audited sections of the roading network, contract specifications are fully met or identified defects are remedied within agreed time frames.</li> </ul>	<ul style="list-style-type: none"> <li>98%</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Number of projects completed each year.</li> </ul>	<ul style="list-style-type: none"> <li>2 Minor Improvement projects.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Number of fatal accidents due to road factors</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Percentage of requested budget carried forward compared with total operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>&lt;5% .</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Emergency work response times. On-site within 1 ½ hours to begin reinstatement</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> </ul>	Not Achieved (2009-2010 Not Measured)

### Significant Activity - Solid Waste

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>The number of compliant bags of waste put out for collection at the kerbside. .</li> </ul>	<ul style="list-style-type: none"> <li>100% of bags put out for collection will be collected.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>The percentage of solid waste from the District Resource Recovery Parks diverted from landfill.</li> </ul>	<ul style="list-style-type: none"> <li>70%.</li> </ul>	Not Achieved (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>The sales of quality compost produced through the VCU using green waste and putrescible waste.</li> </ul>	<ul style="list-style-type: none"> <li>100m³ per annum</li> </ul>	Not Measured (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>Compliance with resource consent conditions.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance</li> </ul>	Not Achieved (2009-2010 Not Achieved)

## Summary Statement of Service Performance for the Year Ended 30 June 2011cont...

### Significant Activity – Building Control

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>To process 95% building consents and property information memoranda within the statutory timeframe.</li> </ul>	<ul style="list-style-type: none"> <li>95% compliance .</li> </ul>	Achieved (2009-2010 Not Measured)
<ul style="list-style-type: none"> <li>Council maintained the audit to occur in November 2009.</li> </ul>	<ul style="list-style-type: none"> <li>Accreditation Maintained.</li> </ul>	Achieved (2009-2010 Achieved)

### Significant Activity – Resource Management

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Complete the Twizel township plan change during the 2009/10 year.</li> </ul>	<ul style="list-style-type: none"> <li>Twizel township plan changes completed by 30 June 2010.</li> </ul>	Not Achieved (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>To prioritise and complete plan changes identified as necessary by Council.</li> </ul>	<ul style="list-style-type: none"> <li>Other agreed changes processed within agreed timeframes.</li> </ul>	Achieved (2009-2010 Not Applicable)
<ul style="list-style-type: none"> <li>To process non-notified resource consents within the statutory timeframe of 20 working days.</li> </ul>	<ul style="list-style-type: none"> <li>95% compliance</li> </ul>	Achieved (2009-2010 Not Measured)
<ul style="list-style-type: none"> <li>To process land information memoranda within statutory timeframe of 10 working days.</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance.</li> </ul>	Not Achieved (2009-2010 Not Measured)

### Significant Activity - Regulatory

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>All dogs are registered and national dog database is continually kept up to date.</li> </ul>	<ul style="list-style-type: none"> <li>100% of dogs are registered by year end.</li> </ul>	Not Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Respond to all complaints of wandering dogs and stock within 12 hours.</li> </ul>	<ul style="list-style-type: none"> <li>All registered dogs on the national database.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Respond to all complaints of wandering dogs and stock within 12 hours.</li> </ul>	<ul style="list-style-type: none"> <li>Target met.</li> </ul>	Not Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>To carry out two civil defence training sessions per year with staff and volunteers on familiarisation with Council Civil Defence arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Plan requirements complied with.</li> </ul>	Not Achieved (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>To promote and carry out fire control measures in the Mackenzie District in accordance with the combined rural fire authority "Rural Fire Plan".</li> </ul>	<ul style="list-style-type: none"> <li>All volunteer rural fire teams are registered with the NRFA and meet the industry standards.</li> </ul>	Not Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>To ensure all premises selling liquor are licensed and all registered food premises are licensed.</li> </ul>	<ul style="list-style-type: none"> <li>No premises lack the appropriate licence.</li> </ul>	Achieved (2009-2010 Achieved)

### Significant Activity – Community Services

Targets/Objectives	Performance Measures (2009-2019)	Result
<ul style="list-style-type: none"> <li>Pensioner housing occupancy is maintained at 95%</li> </ul>	<ul style="list-style-type: none"> <li>Housing Occupancy Rate.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>No rentals exceed 80% of market value, and no increase exceeds \$5 per week.</li> </ul>	<ul style="list-style-type: none"> <li>Rentals and annual increases do not exceed targets.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Programmed work is completed.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with planned maintenance programme.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Medical Centres—Programmed Work is Completed.</li> </ul>	<ul style="list-style-type: none"> <li>Buildings provided and maintained in compliance with building maintenance plan.</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>Public Toilets—Toilets maintained in line with contract specifications as revealed by audit and complaints.</li> </ul>	<ul style="list-style-type: none"> <li>Four clear quarterly audits and less than 12 complaints per annum. .</li> </ul>	Achieved (2009-2010 Achieved)
<ul style="list-style-type: none"> <li>User charges cover the majority of costs associated with cemeteries.</li> </ul>	<ul style="list-style-type: none"> <li>User charges recover 75% of operational cost.</li> </ul>	Achieved (2009-2010 Not Achieved)
<ul style="list-style-type: none"> <li>Cemeteries maintained in line with contract specification as revealed by staff audits.</li> </ul>	<ul style="list-style-type: none"> <li>As determined by quarterly audits performed by staff.</li> </ul>	Achieved (2009-2010 Achieved)

## Summary Statement of Service Performance for the Year Ended 30 June 2010<sup>5</sup>cont...

### Significant Activity – Community Services

Targets/Objectives	Performance Measures (2009-2010)	Result
<ul style="list-style-type: none"> <li>Grants to resource centres in Fairlie and Twizel—All contractual requirements are met</li> <li>That all funds are allocated in line with rules from the granting organisations (Sport &amp; Recreation New Zealand and Creative New Zealand).</li> </ul>	<ul style="list-style-type: none"> <li>No contractual breach.</li> <li>Full compliance.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<ul style="list-style-type: none"> <li>Sport South Canterbury fulfils the agreed work programme.</li> </ul>	<ul style="list-style-type: none"> <li>Satisfactory Report.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p>

### Significant Activity – Recreational Facilities

Targets/Objectives	Performance Measures (2009-2010)	Result
<p>Swimming Pools</p> <ul style="list-style-type: none"> <li>Pools available for use during programmed opening times.</li> <li>Pool water quality meets New Zealand Standard (NZS 5826: 2000) .</li> <li>Increase usage outside public hours by an average of two hours per week of opening</li> </ul>	<ul style="list-style-type: none"> <li>No programmed opening hours lost.</li> <li>No breach of standard.</li> <li>Two hours of extra use per week of opening .</li> </ul>	<p>Achieved (2009-2010 Not Achieved)</p> <p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<p>Halls and Community Centres</p> <ul style="list-style-type: none"> <li>Facilities are kept clean and always available for use.</li> <li>Fees and charges are reviewed annually, to ensure they move in line with operational costs.</li> <li>Buildings are maintained in line with the building maintenance plan.</li> </ul>	<ul style="list-style-type: none"> <li>No instances of hall unavailability.</li> <li>Fees reviewed and publicised.</li> <li>Programmed work completed.</li> </ul>	<p>Not Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Achieved)</p>
<p>Parks, Reserves and Amenity Areas</p> <ul style="list-style-type: none"> <li>Walkways adequately maintained in line with the National Standard.</li> <li>All new or upgraded playgrounds meet appropriate safety standards.</li> <li>Contract specifications as determined by regular audits.</li> </ul>	<ul style="list-style-type: none"> <li>Standards met.</li> <li>Full compliance New Zealand Standard 5828:2004.</li> <li>No significant breaches identified.</li> </ul>	<p>Achieved (2009-2010 Achieved)</p> <p>Achieved (2009-2010 Not Measured) Not Achieved (2009-2010 Not Achieved)</p>
<p>Libraries</p> <ul style="list-style-type: none"> <li>Use of library is maintained as measured by ratio of issues per ratepayer.</li> <li>Agreed opening hours are met.</li> </ul>	<ul style="list-style-type: none"> <li>12.66 issues per ratepayer.</li> <li>No departure from agreed opening hours.</li> </ul>	<p>Not Achieved (2009-2010 Not Achieved) Achieved (2009-2010 Achieved)</p>

### Significant Activity – Commercial Activities

Targets/Objectives	Performance Measures (2009-2010)	Result
<p>Investments</p> <ul style="list-style-type: none"> <li>Investments outperform benchmark portfolio.</li> <li>Reviews undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>Council's cash investment portfolio independently reviewed each quarter.</li> <li>Council will review the annual report and statement of intent for its investments in Alpine Energy Limited on an annual basis .</li> </ul>	<p>Not Achieved (2009-2010 Achieved)</p> <p>Not Achieved (2009-2010 Achieved)</p>
<p>Mackenzie Forestry Board</p> <ul style="list-style-type: none"> <li>Approval of the statement of intent is made prior 30 June in each year .</li> <li>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 .</li> <li>To complete the final stage of planting at Fox Peak Plantation.</li> </ul>	<ul style="list-style-type: none"> <li>Council will approve the statement of intent for the Mackenzie Forestry Board.</li> <li>To ensure that all new planting should achieve the minimum internal rate of return.</li> <li>To achieve the strategic direction for the Council's forestry estate to have 900 planted hectares.</li> </ul>	<p>Achieved (2009-2010 Not Achieved)</p> <p>Not Applicable (2009-2010 Not Applicable)</p> <p>Achieved (2009-2010 Not Achieved)</p>

**Significant Activity – Commercial Activities**

<b>Targets/Objectives</b>	<b>Performance Measures (2009-2019)</b>	<b>Result</b>
<b>Real Estate</b> <ul style="list-style-type: none"> <li>Market analysis is undertaken on a regular basis for the land identified for disposal as scheduled in the significance policy.</li> <li>A full land rationalisation process will be completed by June 2010.</li> </ul>	<ul style="list-style-type: none"> <li>Council will progress the disposal of the areas of land identified for sale.</li> <li>Council will progress the land rationalisation process to identify further areas of land deemed surplus to its requirements.</li> </ul>	<b>Achieved (2009-2010 Not Achieved)</b>  <b>Not Achieved (2009-2010 Not Achieved)</b>
<b>Rental Properties</b> <ul style="list-style-type: none"> <li>All lease agreements are reviewed on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>Council will ensure that the terms of each commercial lease agreement are adhered to.</li> </ul>	<b>Achieved (2009-2010 Achieved)</b>
<b>Pukaki Airport Board</b> <ul style="list-style-type: none"> <li>The board will report to Council on regular basis on its activities and progress towards meeting its goals.</li> </ul>	<ul style="list-style-type: none"> <li>The board achieves the goals set in its Statement of Intent.</li> </ul>	<b>Achieved (2009-2010 Achieved)</b>

**Significant Activity – Corporate Services**

<b>Targets/Objectives</b>	<b>Performance Measures (2009-2019)</b>	<b>Result</b>
<ul style="list-style-type: none"> <li>All plans and reports completed in accordance with the Local Government Act 2002.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of Annual Reports by 31 October each year.</li> <li>Adoption of long-term council community plans by 30 June every three years.</li> <li>Adoption of Annual Plans by 30 June in the intervening years.</li> </ul>	<b>Not Achieved (2009-2010 Achieved)</b> <b>Not Applicable (2009-2010 Not Applicable)</b> <b>Achieved (2009-2010 Achieved)</b>

FRS43 Disclosures to be read in conjunction with the following summary accounts:

**Explanation of Major Variances against Budget**

Explanations for major variances from Mackenzie District Council's estimated figures in the 2010/11 Annual Plan are as follows:

**Statement of Comprehensive Income**

The operating deficit was below budget by \$1,736,000, due to the following:

Income from vested assets estimated to be \$300,000 did not eventuate this financial year. Vested assets depend on subdivision and development occurring and for the 2010/11 year, this did not occur due to the prevailing economic climate.

Real estate sales was nil for the year while the budget was \$1,090,000. This was due to a delay in progressing the sale concerned. This is expected to occur in 2011/12 year. Investment income was \$1,012,000 which was \$258,000 greater than budget. Council managed to secure higher interest returns on its bond portfolio as well as investing its surplus cash in short-term deposit offering 1-1.5% higher return than its investments in the 2010 year.

Subsidies and grants were \$1,365,000 which was lower than budget of \$1,478,000. The bulk of those subsidies, are from NZTA and is dependent on the level of roading work undertaken. Total roading expenditure (capital and operational) was also down on budget by \$313,000 which had an impact on subsidies claimed. Rental income contributed \$136,000 to the favourable other income variance mainly due to increased returns from rentals such as Tekapo camping ground and Depot rentals. Member expenses increased by \$39,000 above budget due to costs associated with running the local body elections for 2010 as well as additional costs associated with water zone committees. Consultancy expenses of \$554,000 have exceeded budget by \$228,000 mainly due to the costs of Plan Change 13 and 15 which Council had budgeted to capitalise.

Asset impairment of \$358,000 consists of \$7,000 relating to the reduction in value of carbon credits held at balance date along with an allowance for full impairment of Councils Vertical Composting Unit (VCU). The VCU net book value has been impaired as it has been mothballed for 12 months and is now considered obsolete with the introduction of Councils new wheelie bin service.

Loss on sale and assets written off are \$112,000 above budget and relate to prior years work in progress for the Western Catchment stormwater project being written off and expensed. Depreciation has increased by \$388,000 on a budget of \$2,519,000 due to changes in asset revaluation undertaken this year. Operational and maintenance costs amounted to \$2,575,000 which was \$222,000 below budget of \$2,797,000. The major contributors to the favourable variance were in solid waste of \$102,000 due to the mothballing of the VCU and costs relating to liquor licensing being offset against revenue by Councils contractor but being budgeted for on a grossed-up basis.

**Events after Balance Date**

On 10 August 2011 High Country Health Ltd repaid in full its loan owing to Mackenzie District Council.

A fire occurred on 3rd October 2011 in The Old Library Cafe, a Council owned building. The building is subject to an insurance claim.

Council has, upon renewing its insurance cover for the period 1 July 2011 to 30 June 2012 had to accept a lower insurance cover for its assets. The major changes are:

- \$1million below ground infrastructure cover has been lost
- Cover for above ground assets is covered 100% for all perils except where the cause is due to earthquake, geothermal activity and tsunami
- Where damage is caused by any of the above, three perils cover is limited to 80% of value

Council is reviewing whether to join LAPP to cover its below ground infrastructure assets. It is not currently a member.

**Prior Period Adjustments and Changes in Accounting Policies**

Council's subsidiary Mackenzie Tourism and Development Trust (the Trust) has been required to restate its results for the financial year ended 30 June 2010. The adjustment arises from the Trust accounting for commissions received as agent for various accommodation providers on gross sales basis rather than a net sales basis. The Trust has also taken into account as an expense the difference between the gross sales and the net sales. This change in accounting treatment has reduced Group Other Income and Group Operating and Maintenance Expenditure by \$445,000.



Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's		Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		<b>REVENUE</b>			
1,951	1,951	General Rates	1,173	1,259	1,259
3,374	3,374	Targeted Rates	4,344	4,336	4,336
1,421	1,532	Subsidies & Grants	1,478	1,365	1,365
884	885	Investment Income	754	1,012	1,013
1,922	2,295	Other	1,310	1,643	2,072
1,047	1,047	Real Estate Sales	1,090	-	-
251	251	Financial/Upgrade Contributions	234	95	95
85	85	Reserve Contributions	20	27	27
625	625	Other – Gains/(losses)	-	(1)	(1)
<b>11,560</b>	<b>12,045</b>	<b>Total Revenue</b>	<b>10,403</b>	<b>9,736</b>	<b>10,166</b>
		<b>OPERATING EXPENSES</b>			
1,735	2,124	Employment Expenses	1,763	1,749	2,165
231	231	Member Expenses	237	276	276
557	557	Consultancy Expenses	326	554	554
680	714	Administration	745	762	833
2,434	2,555	Operational & Maintenance Expenses	2,797	2,575	2,617
1,084	1,084	Roading Expenses	1,265	1,101	1,101
2,739	2,745	Depreciation	2,519	2,907	2,916
350	350	Cost of Sales real Estate	-	27	27
243	243	Loss on Sale and Assets Written Off	-	112	112
191	164	Asset Impairment	-	358	358
<b>10,244</b>	<b>10,767</b>	<b>Total Expenditure</b>	<b>9,652</b>	<b>10,421</b>	<b>10,959</b>
<b>1,316</b>	<b>1,278</b>	<b>OPERATING SURPLUS (DEFICIT)</b>	<b>751</b>	<b>(685)</b>	<b>(793)</b>
<b>2,141</b>	<b>2,141</b>	<b>VESTED ASSETS</b>	<b>300</b>	<b>-</b>	<b>-</b>
<b>3,457</b>	<b>3,419</b>	<b>OPERATING SURPLUS (DEFICIT) BEFORE TAXATION</b>	<b>1,051</b>	<b>(685)</b>	<b>(793)</b>
-	-	Provision For Taxation	-	-	-
<b>3,457</b>	<b>3,419</b>	<b>OPERATING SURPLUS (DEFICIT) AFTER TAXATION</b>	<b>1,051</b>	<b>(685)</b>	<b>(793)</b>
<b>492</b>	<b>492</b>	<b>Increase/(Decrease) in revaluation reserves</b>	<b>-</b>	<b>9,565</b>	<b>9,565</b>
<b>3,949</b>	<b>3,911</b>	<b>Net Comprehensive Income</b>	<b>1,051</b>	<b>8,880</b>	<b>8,772</b>

# Statement of Changes in Equity for the Year Ended 30 June 2011

98

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's			Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
171,227	171,251	Equity at the start of the Period		173,281	175,176	175,162
3,949	3,911	Net comprehensive income		1,051	8,880	8,772
175,176	175,162	Total Equity at the End of the Period as restated.		174,332	184,056	183,934

# Statement of Financial Position as at 30 June 2011

Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's			Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
93,700	93,686	Accumulated General Funds		91,392	93,147	92,994
(882)	(882)	Capital Reserves		(2,001)	457	457
1,640	1,640	Operational Reserves		-	(33)	(33)
6,333	6,333	Special Funds		7,469	6,533	6,533
48	48	Other Reserves		-	50	50
74,337	74,337	Asset Revaluation Reserve		77,472	83,902	83,902
175,176	175,162	<b>PUBLIC EQUITY</b>		<b>174,332</b>	<b>184,056</b>	<b>183,934</b>
		<b>NON CURRENT LIABILITIES</b>				
-	-	Housing New Zealand		516	-	-
61	61	Accrued Landfill Closure Costs		55	61	61
61	61	<b>Total Non Current Liabilities</b>		<b>571</b>	<b>61</b>	<b>61</b>
		<b>CURRENT LIABILITIES</b>				
1,342	1,512	Trade & other payables		1,858	1,249	1,363
145	176	Employee Entitlements		129	154	199
-	30	Other Liabilities		-	-	25
1,487	1,718	<b>Total Current Liabilities</b>		<b>1,987</b>	<b>1,403</b>	<b>1,587</b>
176,724	176,941	<b>TOTAL PUBLIC EQUITY &amp; LIABILITIES</b>		<b>176,890</b>	<b>185,520</b>	<b>185,582</b>
		<b>NON CURRENT ASSETS</b>				
144,695	144,734	Property, Plant & Equipment		150,454	161,461	161,493
258	259	Intangible Assets		-	120	120
2,306	2,306	Forestry		1,529	2,388	2,388
3,301	3,301	Non-Current Portion Property Intended for Resale		-	-	-
11,028	11,027	Investments		12,203	11,549	11,499
161,588	161,627	<b>Total Non Current Assets</b>		<b>164,186</b>	<b>175,518</b>	<b>175,500</b>
		<b>CURRENT ASSETS</b>				
1,400	1,518	Trade & other receivables		1,718	1,368	1,394
61	90	Inventories		-	1,349	1,374
3,280	3,311	Cash and Cash Equivalents		2,128	3,602	3,631
9,238	9,238	Current Portion Properties Identified for Disposal		8,858	2,650	2,650
1,157	1,157	Current portion of Investments		-	1,033	1,033
15,136	15,314	<b>Total Current Assets</b>		<b>12,704</b>	<b>10,002</b>	<b>10,082</b>
176,724	176,941	<b>TOTAL ASSETS</b>		<b>176,890</b>	<b>185,520</b>	<b>185,582</b>

Lake Tekapo Winter—Photo : George Empson



Council Actual 2009/10 \$000's	Group Actual 2009/10 \$000's			Council Budget 2010/11 \$000's	Council Actual 2010/11 \$000's	Group Actual 2010/11 \$000's
		<b>OPERATING ACTIVITIES</b>				
		<b>Cash was Provided From</b>				
5,325	5,325	Rates		5,529	5,595	5,595
4,631	5,018	Other Income		5,157	2,780	3,317
489	490	Interest Received		375	607	608
385	385	Dividends Received		379	390	390
(23)	(23)	Goods and services tax (net)		-	64	70
10,807	11,195			11,440	9,436	9,980
		<b>Cash was Applied To:</b>				
6,829	7,227	Payment to Suppliers and Employees		6,826	6,177	6,789
<b>3,978</b>	<b>3,968</b>	<b>Net Cashflow from Operating Activities</b>		<b>4,614</b>	<b>3,259</b>	<b>3,191</b>
		<b>INVESTING ACTIVITIES</b>				
		<b>Cash was Provided From</b>				
-	-	Sale of Investments		14	64	64
-	-			14	64	64
2,000	2,016	Applied to: Purchase assets		3,696	2,554	2,537
940	940	Purchasing of Assets		244	447	398
<b>(2,940)</b>	<b>(2,956)</b>			<b>(3,940)</b>	<b>(3,001)</b>	<b>(2,935)</b>
<b>(2,940)</b>	<b>(2,956)</b>	<b>Net Cashflow from Investing Activities</b>		<b>(3,926)</b>	<b>(2,937)</b>	<b>(2,871)</b>
		<b>FINANCING ACTIVITIES</b>				
-	-	Applied to: Debt repayment		3	-	-
-	-	<b>Net cashflow from Financing Activities</b>		<b>(3)</b>	<b>-</b>	<b>-</b>
		<b>SUMMARY OF NET CASHFLOWS</b>				
3,978	3,968	Net cashflow from Operating Account		4,614	3,259	3,191
(2,940)	(2,956)	Net cashflow from Investing Account		(3,926)	(2,937)	(2,871)
-	-	Net cashflow from Financing Account		(3)	-	-
<b>1,038</b>	<b>1,012</b>	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>685</b>	<b>322</b>	<b>320</b>
2,242	2,299	Cash & cash equivalents at beginning of period (1 July)		1,443	3,280	3,311
<b>3,280</b>	<b>3,311</b>	<b>Cash &amp; cash equivalents at end of period (30 June)</b>		<b>2,128</b>	<b>3,602</b>	<b>3,631</b>

### Notes to the Financial Statements for the Year Ended 30 June 2011

#### NOTES

1. Part 6 s 98(b) of the Local Government Act 2002 requires Council to make publicly available a summary of information contained in its Annual Report.
2. All figures reported in the summary are presented in New Zealand dollars, rounded to the nearest thousand.
3. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 28 October 2011. This summary has been prepared in accordance with FRS 43: Summary Financial Statements.
4. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The report dated 28 October 2011 has received an unmodified audit report. A copy of the financial report may be obtained from the Council's offices or on the Council's website ([www.mackenzie.govt.nz](http://www.mackenzie.govt.nz)).
5. This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.
6. The Council has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities.
7. The information included in the Summary Financial Report has been extracted from the audited full financial report and authorised for issue by Council's Manager—Finance and Administration on 8 November 2011
8. The Group consists of Mackenzie District Council and its subsidiary Mackenzie Tourism and Development Trust.

***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 2011**



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



**MACKENZIE DISTRICT COUNCIL**

**REPORT TO:** FINANCE COMMITTEE  
**SUBJECT:** FAIRLIE AND TWIZEL PENSIONER HOUSING POLICY  
**DATE:** 8 NOVEMBER 2011  
**REF:** WAS 8  
**FROM:** COMMUNITY FACILITIES MANAGER  
**ENDORSED BY:** ACTING CHIEF EXECUTIVE OFFICER

**REASON FOR REPORT**

To review and confirm the Fairlie and Twizel Pensioner Housing Policy.

**RECOMMENDATIONS:**

1. That the report be received.
2. That Council considers the identified change in relation to this policy and adopts the amended Fairlie and Twizel Pensioner Housing Policy 2011.

**GARTH NIXON**  
**COMMUNITY FACILITIES MANAGER**

**NATHAN HOLE**  
**ACTING CHIEF EXECUTIVE OFFICER**



## **BACKGROUND**

Council had requested that its current policies reviewed and submitted for re-adoption.

## **ATTACHMENTS**

- Revised Fairlie and Twizel Pensioner Housing Policy with tracked changes
- Amended application form

## **CONSIDERATIONS**

The Fairlie and Twizel Pensioner Housing Policy was originally adopted in 2007 in conjunction with the completion of the new pensioner housing in Fairlie.

The amendments aim to deal with minor issues that have arisen through the application process and are seen as appropriate changes to the policy.

## **CONCLUSIONS**

That the amended Fairlie and Twizel Pensioner Housing Policy be adopted with changes and be known as the Fairlie and Twizel Pensioner Housing Policy 2011

# MACKENZIE DISTRICT COUNCIL

## FAIRLIE AND TWIZEL PENSIONER HOUSING POLICY

REVIEWED October 2011~~07~~

### ***Introduction***

This policy sets out the Council's practice in regard to the provision, management and tenancy of pensioner housing in the Mackenzie District.

### ***Objectives***

The objectives of this policy are:

- To provide clear guidelines on tenant eligibility for persons wanting to live in Council-owned pensioner units.
- To provide clear guidelines for the level of rental, funding of the facilities and treatment of surpluses.

### ***Principles***

The principles underlying this policy are:

- Council sees its role in this area as “to respond to the community requirements for an appropriate level of pensioner housing”. It maintains the buildings and grounds, selects tenants, reviews tenancy agreements and rentals, and monitors long term demand for housing and maintenance
- That the Council's investment in pensioner housing will continue to be self-funding as much as possible without rates input. Relevant corporate overhead will be applied to the activity. Depreciation is recognised as an operating expense. The funded depreciation will be utilised to fund the ongoing refurbishments of units on a cyclic basis.
- That the Council's pensioner housing units shall continue to be available for rental of 80% of private market rentals and no greater than 1/3 of National Superannuation
- Surpluses (or proceeds from divestment) will be applied to retire debt, support the Pensioner Flats Account for future maintenance, upgrades or development of pensioner units or considered for any other use which the Council at the time may think appropriate.

In developing this policy, the Council recognises that it is not the sole provider of accommodation for the District's elderly residents.



## ***Definitions***

"Current Market Rental" is the level of rental the units would attract if exposed to the open market, as determined by the local real estate market which will be reviewed annually.

## ***Background***

The Council owns a total of ten pensioner units, of which seven are located in Fairlie and three in Twizel.

The Fairlie units, when upgrades are complete, will consist of four two bedroom units suitable for elderly couples and three one bedroom units suitable for occupation by one or two persons. All units come with one or two bedrooms plus lounge/kitchen area, a storage space and a shower/toilet and separate laundry room.

The three Twizel units were constructed during 1992 and are made up of two one bedroom units and one two bedroom unit all with separate kitchen, bathroom, laundry and living areas

All units have off street parking.

All of the new Fairlie Units will have full level access, 810mm doors and wet floor bathrooms. One unit will be fully adapted for tenants with physical disabilities, however, handrails at entrances and wet area showers are provided as a standard.

For the complexes the Council provides vinyl floor coverings in the bathroom and kitchen areas, an oven, a storage unit, one smoke detector per unit, clothes-lines and all other fittings, furnishings and chattels are the responsibility of the tenant. Outdoor lawn and grounds maintenance is provided by the Council with the tenant being responsible for the small garden area adjacent to their unit.

## ***Responsibility***

The Manager Community Facilities has responsibility for review of this policy. The implementation of this policy is delegated to the Manager Community Facilities.

## ***Policy Statement***

### **Acceptance of an application for pensioner units**

The acceptance (or otherwise) of applications remains at the full discretion of the Council. Amongst matters that the Council will take into account in the exercise of its discretion are the following selection criteria:

Whether the applicant can demonstrate a need for housing owing to

- Personal health and mobility
- Present Housing Situation
- Ability to care for themselves
- Age
- Marital Status
- Personal financial situation

- Waiting list position
- Residency in the district

## Eligibility

To be eligible for a pensioner unit, prospective tenants must meet the following criteria:

- Pensioner - being a person of 65 years of age or more *or* a person who qualifies for National Superannuation or a War Pension
- The pensioner must be of low income and provide evidence of cash assets of less than \$100,000.
- All applicants must complete the application form
- Proof of income before tax will be required

## Waiting List Management

Once the application form is submitted and there are no current vacancies, the forms will be kept on file.

Where a vacancy occurs all current applicants will be contacted to confirm their continued interest or any changed circumstances.

Applications will be evaluated by the local selection committee.

## Tenant Selection

Selection of tenants will be carried out by the Selection Committee who will make a recommendation to the Chief Executive Officer of Council who may then enter into a Tenancy Agreement with the successful applicant. Applications will then be assessed In two stages

Stage 1: an informal interview with one of the Committee members to ascertain circumstances and suitability.

Stage 2: by the Selection Committee using the selection criteria in the standard form (Pensioner Housing Eligibility Assessment Form) Appendix 2.

## Selection Committee

The selection committee will be made up of the following persons:

### Fairlie

- An Opuha Ward Councillor
- Practice~~District~~ Nurse
- The Community Facilities Manager
- Member of the Aged Welfare Association.

### Twizel

- A Twizel Ward Councillor

- ~~District Practice Nurse~~
- Twizel Community Worker
- The Community Facilities Manager

### **Other Occupancy**

Notwithstanding the above, where a vacancy cannot be filled and has been advertised, the units may be let to non-qualifying applicants at full market rental. Specific arrangements will be put in place to ensure the units are vacated in the event that they are required for Pensioner Housing.

### **Location Options**

An applicant's preference for any particular location will be taken into account and accommodated where possible. Tenants can transfer to another Council unit or complex only in extenuating or special circumstances.

### **Changes in Circumstances**

A tenant's eligibility to occupy a pensioner unit will be re-assessed if reasonable grounds to indicate a change in eligibility status exist.

Where it is suspected that there are existing or impending eligibility issues for medical reasons, the Council will in the first instance seek to facilitate the provision of the appropriate social service support. Subsequently, if the tenant is clearly unable to meet the eligibility on an ongoing basis, the Council will give the tenant notice to vacate. This is based on the need to protect the interest and wellbeing of the tenant and the interests and wellbeing of other tenants.

### **Smoking**

The Council does not support smoking. As at the adoption date of this policy, tenants will not be permitted to smoke within the units. This will not apply to tenants who were occupying units prior to the adoption of this policy. However, for these existing tenants, planned refurbishments will be undertaken (approximately every seven years) only if the tenant agrees not to smoke in the unit, or to allow others to do so.

### **Animals**

Pets such as ~~a one bird or cat or small dog~~ are be permitted (upon application and (with at the Council's consent discretion)) provided that any such animal must be well behaved, and properly cared for so it does not pose a nuisance to other tenants.

### **Rental**

Rental for the units shall be set at 80% of the current market rental and no more than 1/3 of current National Superannuation is to be updated every year. Tenants are required to pay a bond of up to two weeks' rent on acceptance of a unit. Rent must be paid fortnightly in advance by automatic bank payment.

### **Level of Service**

Through its draft Long-Term Council Community Plan 2006-2016, the Council has reviewed levels of service associated with pensioner housing 2006

### **Standards for Pensioner Housing**

Council will provide a safe, secure, healthy, adequately designed unit in a good state of repair. The Council will conduct an annual feedback and suggestion survey of its occupiers to support communication with tenants.

### **Marketing and usage**

The Council will maintain a waiting list of prospective tenants which will be regularly review and updated. If a waiting list does not exist the Council will market and promote its pensioner housing to ensure maximum usage.

### **Welfare**

The Council acknowledges its role as landlord, and as such, will be accessible and diligent towards the general welfare of its tenants. This will not extend to the provision of social services to tenants as these services are better provided by other professional service providers.

The Council will endeavour to provide its tenants with the contact information for professional services and service providers. Council staff will consult with health, social welfare and other professional service providers where tenant concerns or difficulties arise outside of the Council's expertise.

### **Complaints Procedure**

The Council wishes to be as flexible as possible in receiving complaints. All complaints will be registered

Your complaint will be:

- Dealt with as quickly as possible
- Handled fairly and politely; and
- Investigated thoroughly

Our Complaints Procedure is set out below:

#### **If You Want To Complain**

Register your complaint by the following means:

By letter, phone, email, fax or in person at the Council offices in Fairlie or Twizel.

We will acknowledge your complaint within 3 working days and aim to address the complaint within 10 working days.

The complaint will be dealt with by the Community Facilities Manager.

#### **My Complaint Has Been Investigated, But I Am Still Not Satisfied**

At this stage the complaint will be addressed by the Chief Executive Officer

Again we will acknowledge your complaint within 3 working days and aim to address the complaint within 10 working days.

If this target of 10 days cannot be met, you will be informed of the delay, the reason for the delay, and the new target for responding.

### **Not Satisfied, What I Can Do?**

If your complaint has still not been settled to your satisfaction, the Chief Executive Officer may refer you to the Commissioner of Complaints known as the Ombudsman.

Our complaints procedure does not remove your right, at any stage of the process, to complain to the Ombudsman. However, the Ombudsman will normally expect you to have thoroughly gone through Council's complaints procedure first.

The Ombudsman is completely independent of Council and of Government and the If you feel that your complaint has been dealt with unsatisfactorily please contact the Ombudsman on telephone (03) 366 8556 free call 0800 802 602

### **Management of Pensioner Units**

The Mackenzie District Council currently administers and manages the pensioner units in-house. The Council may consider alternative arrangements or partnerships for the future administration and management of pensioner units if it is in the best interests of tenants and is cost-effective.

### **References and Relevant legislation**

Residential Tenancies Act 1986

### **Appendices**

Rentals as at 1 July 2006

Pensioner Housing Eligibility Assessment Sheet

Application Form

## Appendix One

### Rentals

As From 1 July 2010 (80% Market)

Fairlie Single Unit	\$105.00
Fairlie Double Unit	\$135.00
Twizel Single Unit	\$105.00
Twizel Double Unit	\$135.00
Single person in double unit – Fairlie	\$120.00
Single person in double unit – Twizel	\$120.00



# APPLICATION FOR PENSIONER HOUSING

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The selection of tenants will be based on an assessment of the following criteria:

- Personal health and mobility
- Present Housing Situation
- Ability to care for themselves
- Age
- Marital Status
- Personal financial situation
- Waiting list position
- Residency in the district

**All information supplied in this application will be treated in strict confidence.**

When fully completed, together with any additional information which the applicant(s) may wish to submit, the application should be forwarded to:

*The Community Facilities Manager Services  
Mackenzie District Council  
PO Box 52  
FAIRLIE*



## PENSIONER HOUSING APPLICATION FORM

1. Where a couple is applying, names of both applicants must be given.

	APPLICANT ONE	APPLICANT TWO
Surname		
First Names		
Date of Birth		
Length of Residence in Mackenzie District If not a rate payer a referee will be required.		

2. Address:

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3. Telephone Numbers:

Home: \_\_\_\_\_ Business: \_\_\_\_\_

4. Marital Status (Please tick the box which applies)

☐ Single
 ☐ Married
 ☐ Widow
 ☐ Widower  
☐ In a civil union
 ☐ In a relationship
 ☐ Living apart separated.

5. Are you able to care for yourself?

☐ Yes  
☐ No (If no please could you provide details of health or mobility issues.)



**6. Present Accommodation**

Do you occupy one of the following (please tick the box which applies)

☐ Whole House      ☐ Flat      ☐ Home Unit      ☐ Boarding

Are these premises rented?      ☐ Yes      ☐ No

If YES, then state name and address of landlord:

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Telephone: \_\_\_\_\_

Weekly RENTAL \$ \_\_\_\_\_

Are you the sole occupant(s)?      ☐ Yes      ☐ No

**7. Do you own any property?**      ☐ Yes *(Please give the details below)*  
☐ No

Location of this property:

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**First Mortgage \$**

**Other Mortgage \$**

**Ground Lease \$**

**House Insurance \$ Yearly/ monthly/ weekly**

**Rates \$**

**What was the total cost of essential repairs and maintenance in the last 12 months?**

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**8. Emergency Contact**

Please provide the name, address and contact phone number of a person the Council can contact in an emergency.

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Relationship to you: 

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**9. Name and Address of Solicitor:**


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Telephone: 

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**10. Do you own a motor vehicle or mobility scooter?**


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**11. Do you have any assets over \$100,000? (cash assets, shares, Bonus bonds, money in the bank, money lent out)**


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**12. Do you have any other income other than National Superannuation. If so what would this yearly income be?**


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**13. Reason for applying for a “Housing for the Elderly” unit:**

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**14. Please state in order of preference, the area where you would prefer to live:**

Fairlie 1<sup>st</sup> or 2<sup>nd</sup> preference

Twizel 1<sup>st</sup> or 2<sup>nd</sup> preference

**15. Consent under the Privacy Act 1993**

The Mackenzie District Council requires your consent to collect personal information to assist the assessment of the applicants' suitability for housing for the elderly.

The Mackenzie District Council will hold the information requested securely. The Council is unable to assess your suitability if the authorisation section is not signed. You have the right of access to, and if necessary correction of, any of the personal information provided.

I / We authorise an officer of the Mackenzie District Council to contact my / our solicitor and / or my doctor for any necessary further information.

**Signature of Applicant One:** \_\_\_\_\_

**Signature of Applicant Two:** \_\_\_\_\_

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**18. Declaration**

I / We, \_\_\_\_\_

of \_\_\_\_\_

do solemnly and sincerely declare that the particulars supplied are correct in every detail;  
and

I / We make this solemn declaration conscientiously believing the same to be true and by  
virtue of the Oaths and Declarations Act 1957.

Declared at \_\_\_\_\_

this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

**Signed by Declarants:**

\_\_\_\_\_

\_\_\_\_\_

Before Me: (Justice of the Peace or other person authorised to take statutory declaration or  
Authorised Officer)

*Name*

\_\_\_\_\_

*Signature*

\_\_\_\_\_